

Yapı ve Kredi Bankası A.Ş.

Publicly announced unconsolidated financial statements and related disclosures at June 30, 2013 together with independent auditor's review report

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

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

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

We have reviewed the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at June 30, 2013 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at June 30, 2013 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, August 1, 2013

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

**The unconsolidated interim financial report of
Yapı ve Kredi Bankası A.Ş. as of June 30, 2013**

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

- **Section one** - General information about the 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** - Independent auditor’s review report

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

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

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Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2013

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

Section One

General Information

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

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

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

The Bank’s publicly traded shares are traded on the Borsa İstanbul (“BIST”) since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of June 30, 2013, 18,20% of the shares of the Bank are publicly traded (December 31, 2012 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. (“KFS”), a joint venture of UniCredit (“UCG”) and Koç Group.

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

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

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

As of June 30, 2013, the Bank’s Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Mustafa V. KOÇ	Chairman
Gianni F.G. PAPA	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Executive Director and Deputy Chief Executive Officer
Adil Giray ÖZTOPRAK	Member
Ahmet Fadıl ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Füsun Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA	Member
Osman Turgay DURAK	Member

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2013 (continued)

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

General information (continued)

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Adil Giray ÖZTOPRAK	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Fusun Akkal BOZOK	Member

General Manager and Deputy General Manager:

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

Assistant General Managers:

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

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

- (1) With the decision of Board of Directors dated June 26, 2013, due to resignation of E.Yüksel Rizeli, the Assistant General Manager responsible for the Information Technologies and Operation Management, it was decided to appoint Akif Cahit Erdoğan as the Assistant General Manager responsible for the Information Technologies and Operation Management effective July 1, 2013.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2013 (continued)

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

General information (continued)

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

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

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

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

The Bank's activities summarized from the section 3 of the articles of association are as follows.

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

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

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

As of June 30, 2013, the Bank has 931 branches operating in Turkey and 1 branch overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas). As of June 30, 2013, the Bank has 15.003 employees (December 31, 2012 - 14.733 employees).

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

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

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

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., and Enternasyonal Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled and there is no significant influence by the Bank.

All other subsidiaries are fully consolidated.

VII. The existing or potential, actual or legal obstacles on the immediate transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities: None.

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2013 and December 31, 2012

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

Section two Unconsolidated financial statements

I. Balance sheet (Statement of Financial Position)

Assets	Note (Section Five)	Current Period (30/06/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	2.796.187	12.684.262	15.480.449	1.620.811	9.455.751	11.076.562
II. Financial assets at fair value through profit or (loss) (net)	I-b	785.927	122.710	908.637	629.323	211.078	840.401
2.1 Trading financial assets		785.927	122.710	908.637	629.323	211.078	840.401
2.1.1 Government debt securities		85.063	35.900	120.963	341.736	110.557	452.293
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading	I-c	700.864	85.081	785.945	287.587	92.640	380.227
2.1.4 Other marketable securities		-	1.729	1.729	-	7.881	7.881
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-ç	767.680	2.651.207	3.418.887	297.735	2.423.218	2.720.953
IV. Money markets		527.564	24.061	551.625	2.618.818	111.234	2.730.052
4.1 Interbank money market placements		-	-	-	330.046	-	330.046
4.2 Receivables from Istanbul Stock Exchange Money Market		527.564	24.061	551.625	1.396.571	111.234	1.507.805
4.3 Receivables from reverse repurchase agreements		-	-	-	892.201	-	892.201
V. Financial assets available-for-sale (net)	I-d,e	8.014.842	5.984.240	13.999.082	7.742.462	7.119.001	14.861.463
5.1 Share certificates		5.754	196	5.950	5.132	179	5.311
5.2 Government debt securities		6.512.881	5.595.145	12.108.026	6.200.265	6.939.048	13.139.313
5.3 Other marketable securities		1.496.207	388.899	1.885.106	1.537.065	179.774	1.716.839
VI. Loans and receivables	I-f	59.464.563	25.575.987	85.040.550	54.892.258	20.877.058	75.769.316
6.1 Loans and receivables		58.502.647	25.473.481	83.976.128	54.024.235	20.770.277	74.794.512
6.1.1 Loans to bank's risk group		874.247	301.049	1.175.296	602.690	305.441	908.131
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		57.628.400	25.172.432	82.800.832	53.421.545	20.464.836	73.886.381
6.2 Loans under follow-up		2.754.624	322.479	3.077.103	2.202.516	323.389	2.525.905
6.3 Specific provisions (-)		(1.792.708)	(219.973)	(2.012.681)	(1.334.493)	(216.608)	(1.551.101)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	I-g	3.246.807	2.641.287	5.888.094	3.286.761	2.399.687	5.686.448
8.1 Government debt securities		3.246.807	2.641.287	5.888.094	3.286.761	2.399.687	5.686.448
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-ğ	4.503	43.404	47.907	4.503	43.404	47.907
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	43.404	47.907	4.503	43.404	47.907
9.2.1 Investments in financial associates		-	43.404	43.404	-	43.404	43.404
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	I-h	1.885.724	617.759	2.503.483	3.254.382	565.797	3.820.179
10.1 Unconsolidated financial subsidiaries		1.883.424	617.759	2.501.183	3.252.082	565.797	3.817.879
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	19.623	-	19.623	19.623	-	19.623
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		19.623	-	19.623	19.623	-	19.623
11.2.1 Financial joint ventures		19.623	-	19.623	19.623	-	19.623
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-ı	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	I-j	280.501	2.609	283.110	94.166	-	94.166
13.1 Fair value hedge		188.201	-	188.201	93.996	-	93.996
13.2 Cash flow hedge		92.300	2.609	94.909	170	-	170
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	933.530	-	933.530	984.674	-	984.674
XV. Intangible assets (net)	I-l	1.330.520	-	1.330.520	1.329.944	-	1.329.944
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		351.027	-	351.027	350.451	-	350.451
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		66.419	-	66.419	52.535	-	52.535
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	I-n	66.419	-	66.419	52.535	-	52.535
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	1.551.342	-	1.551.342	132.195	-	132.195
18.1 Held for sale purposes		1.551.342	-	1.551.342	132.195	-	132.195
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	595.025	820.848	1.415.873	1.006.493	1.007.296	2.013.789
Total assets		82.270.757	51.168.374	133.439.131	77.966.683	44.213.524	122.180.207

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

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

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of June 30, 2013 and December 31, 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

I. Balance sheet (Statement of Financial Position)

	Note (Section Five)	Current Period (30/06/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	45.681.862	29.456.824	75.138.686	41.440.810	26.603.130	68.043.940
1.1 Deposits of the Bank's risk group		5.432.000	6.066.180	11.498.180	4.838.601	3.907.990	8.746.591
1.2 Other		40.249.862	23.390.644	63.640.506	36.602.209	22.695.140	59.297.349
II. Derivative financial liabilities held for trading	II-b	382.090	80.947	463.037	286.669	84.585	371.254
III. Funds borrowed	II-c	544.736	12.251.276	12.796.012	638.396	11.782.055	12.420.451
IV. Money markets		2.061.319	5.132.426	7.193.745	1.711.008	3.019.074	4.730.082
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		2.061.319	5.132.426	7.193.745	1.711.008	3.019.074	4.730.082
V. Marketable securities issued (net)	II-ç	1.687.221	1.925.359	3.612.580	1.441.014	885.367	2.326.381
5.1 Bills		1.193.355	-	1.193.355	737.778	-	737.778
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		493.866	1.925.359	2.419.225	703.236	885.367	1.588.603
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		5.302.295	620.799	5.923.094	4.759.776	617.741	5.377.517
VIII. Other liabilities	II-d	522.403	1.374.843	1.897.246	1.605.587	1.027.930	2.633.517
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-e	446	1.416	1.862	596	6.791	7.387
10.1 Financial lease payables		495	1.446	1.941	681	6.983	7.664
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		(49)	(30)	(79)	(85)	(192)	(277)
XI. Derivative financial liabilities held for hedging	II-f	93.578	374.080	467.658	412.001	492.686	904.687
11.1 Fair value hedge		3.807	-	3.807	90.233	-	90.233
11.2 Cash flow hedge		89.771	374.080	463.851	321.768	492.686	814.454
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.470.306	504.383	2.974.689	2.438.060	461.105	2.899.165
12.1 General loan loss provision		920.828	432.369	1.353.197	919.039	385.793	1.304.832
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		230.360	-	230.360	213.610	-	213.610
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.319.118	72.014	1.391.132	1.305.411	75.312	1.380.723
XIII. Tax liability	II-ğ	170.542	-	170.542	408.142	-	408.142
13.1 Current tax liability		170.542	-	170.542	408.142	-	408.142
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5.720.086	5.720.086	-	5.195.642	5.195.642
XVI. Shareholders' equity	II-ı	16.646.809	433.085	17.079.894	15.926.652	935.390	16.862.042
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		2.621.139	433.085	3.054.224	2.758.337	935.390	3.693.727
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		503.500	749.098	1.252.598	2.039.404	1.377.550	3.416.954
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)		91.647	(316.013)	(224.366)	(118.653)	(442.160)	(560.813)
16.2.9 Value increase in assets held for sale and related to discontinued operations		1.183.497	-	1.183.497	-	-	-
16.2.10 Other capital reserves		298.614	-	298.614	293.705	-	293.705
16.3 Profit reserves		8.516.652	-	8.516.652	6.907.792	-	6.907.792
16.3.1 Legal reserves		463.786	-	463.786	359.847	-	359.847
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		8.051.473	-	8.051.473	6.546.849	-	6.546.849
16.3.4 Other profit reserves		1.393	-	1.393	1.096	-	1.096
16.4 Income or (loss)		1.161.967	-	1.161.967	1.913.472	-	1.913.472
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1.161.967	-	1.161.967	1.913.472	-	1.913.472
Total liabilities and shareholders' equity		75.563.607	57.875.524	133.439.131	71.068.711	51.111.496	122.180.207

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2013 and December 31, 2012 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

II. Off-balance sheet commitments

	Note (Section Five)	Current Period (30/06/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (H+II+III)	84.729.887	111.850.994	196.580.881	113.305.921	113.241.494	226.547.415
I	Guarantees and warranties	11.589.308	20.630.179	32.219.487	11.376.121	16.986.676	28.362.797
1.1	Letters of guarantee	11.525.099	12.143.549	23.668.648	11.271.953	9.239.705	20.511.658
1.1.1	Guarantees subject to state tender law	525.858	541.552	1.067.410	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations	1.128.589	11.601.997	12.730.586	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee	9.870.652	-	9.870.652	9.573.268	-	9.573.268
1.2	Bank acceptances	-	117.258	117.258	-	121.325	121.325
1.2.1	Import letter of acceptance	-	117.258	117.258	-	121.325	121.325
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	1.840	6.079.722	6.081.562	13.789	5.596.826	5.610.615
1.3.1	Documentary letters of credit	1.840	6.079.722	6.081.562	13.789	5.596.826	5.610.615
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	143	2.633	2.776	143	2.377	2.520
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	62.226	1.274.361	1.336.587	90.236	1.057.479	1.147.715
1.9	Other warranties	-	1.012.656	1.012.656	-	968.964	968.964
II	Commitments	37.028.848	12.543.222	49.572.070	75.280.393	28.375.675	103.656.068
2.1	Irrevocable commitments	37.028.848	12.543.222	49.572.070	29.934.837	7.009.518	36.944.355
2.1.1	Asset purchase and sale commitments	3.240.210	11.908.283	15.148.493	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments	6.582	1.383	7.965	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	5.481.472	572.974	6.054.446	4.992.286	330.326	5.322.612
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.447.472	-	5.447.472	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments	39.476	-	39.476	38.106	-	38.106
2.1.9	Commitments for credit card limits	20.433.491	-	20.433.491	17.856.081	-	17.856.081
2.1.10	Commitments for credit cards and banking services promotions	7.483	-	7.483	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	2.372.662	60.582	2.433.244	1.754.294	18.130	1.772.424
2.2	Revocable commitments	-	-	-	45.345.556	21.366.157	66.711.713
2.2.1	Revocable loan granting commitments	-	-	-	45.345.556	21.366.157	66.711.713
2.2.2	Other revocable commitments	-	-	-	-	-	-
III	Derivative financial instruments	36.111.731	78.677.593	114.789.324	26.649.407	67.879.143	94.528.550
3.1	Derivative financial instruments for hedging purposes	12.726.723	27.271.487	39.998.210	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge	1.435.123	1.781.820	3.216.943	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge	11.291.600	25.489.667	36.781.267	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	23.385.008	51.406.106	74.791.114	12.524.949	41.221.886	53.746.835
3.2.1	Forward foreign currency buy/sell transactions	3.771.855	7.056.932	10.828.787	3.004.739	5.217.724	8.222.463
3.2.1.1	Forward foreign currency transactions-buy	825.508	4.590.312	5.415.820	988.634	3.092.645	4.081.279
3.2.1.2	Forward foreign currency transactions-sell	2.946.347	2.466.620	5.412.967	2.016.105	2.125.079	4.141.184
3.2.2	Swap transactions related to foreign currency and interest rates	9.939.221	29.358.006	39.297.227	5.339.212	24.430.414	29.769.626
3.2.2.1	Foreign currency swap-buy	6.050.183	11.226.377	17.276.560	2.604.049	10.715.333	13.319.382
3.2.2.2	Foreign currency swap-sell	3.889.038	13.044.557	16.933.595	2.735.163	10.500.961	13.236.124
3.2.2.3	Interest rate swap-buy	-	2.543.536	2.543.536	-	1.607.060	1.607.060
3.2.2.4	Interest rate swap-sell	-	2.543.536	2.543.536	-	1.607.060	1.607.060
3.2.3	Foreign currency, interest rate and securities options	8.815.932	14.378.835	23.194.767	3.473.998	10.919.644	14.393.642
3.2.3.1	Foreign currency options-buy	3.658.430	5.344.894	9.003.324	1.246.132	3.539.644	4.785.776
3.2.3.2	Foreign currency options-sell	4.153.863	4.913.331	9.067.194	1.684.220	3.214.377	4.898.597
3.2.3.3	Interest rate options-buy	70.800	2.060.305	2.131.105	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell	70.800	2.060.305	2.131.105	145.800	2.047.816	2.193.616
3.2.3.5	Securities options-buy	510.545	-	510.545	215.704	-	215.704
3.2.3.6	Securities options-sell	351.494	-	351.494	111.342	-	111.342
3.2.4	Foreign currency futures	-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate futures	-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	858.000	612.333	1.470.333	707.000	654.104	1.361.104
B	Custody and pledges received (IV+V+VI)	124.974.428	28.304.554	153.278.982	115.496.598	25.192.246	140.688.844
IV	Items held in custody	54.264.948	4.592.903	58.857.851	51.688.636	4.089.103	55.777.739
4.1	Customer fund and portfolio balances	-	129	129	-	117	117
4.2	Investment securities held in custody	42.082.239	3.935.707	46.017.946	40.031.441	3.492.529	43.523.970
4.3	Checks received for collection	9.785.908	114.331	9.900.239	9.364.237	88.780	9.453.017
4.4	Commercial notes received for collection	2.389.026	516.416	2.905.442	2.282.730	483.701	2.766.431
4.5	Other assets received for collection	-	26.320	26.320	-	23.976	23.976
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	7.775	-	7.775	10.228	-	10.228
4.8	Custodians	-	-	-	-	-	-
V	Pledges received	69.528.388	23.076.613	92.605.001	62.639.447	20.520.383	83.159.830
5.1	Marketable securities	213.522	213	213.735	220.994	193	221.187
5.2	Guarantee notes	736.017	409.206	1.145.223	703.951	365.205	1.069.156
5.3	Commodity	24.200	-	24.200	28.559	-	28.559
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	47.664.408	16.574.990	64.239.398	41.434.412	15.196.331	56.630.743
5.6	Other pledged items	20.890.241	6.088.703	26.978.944	20.251.531	4.955.489	25.207.020
5.7	Pledged items-depository	-	3.501	3.501	-	3.165	3.165
VI	Accepted independent guarantees and warranties	1.181.092	635.038	1.816.130	1.168.515	582.760	1.751.275
Total off-balance sheet commitments (A+B)		209.704.315	140.155.548	349.859.863	228.802.519	138.433.740	367.236.259

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2013 and 2012 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

III. Income statement

	Note (Section Five)	Current Period 01/01/2013- 30/06/2013	Prior Period 01/01/2012- 30/06/2012
Income and expense items			
I. Interest income	IV-a	4.562.098	4.522.022
1.1 Interest on loans	IV-a-1	3.764.144	3.650.632
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks	IV-a-2	12.056	17.697
1.4 Interest received from money market transactions		70.501	56.597
1.5 Interest received from marketable securities portfolio	IV-a-3	712.539	796.497
1.5.1 Trading financial assets		6.542	9.375
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		513.856	331.089
1.5.4 Held to maturity investments		192.141	456.033
1.6 Financial lease income		-	-
1.7 Other interest income		2.858	599
II. Interest expense	IV-b	(2.110.064)	(2.494.228)
2.1 Interest on deposits	IV-b-4	(1.599.696)	(2.035.022)
2.2 Interest on funds borrowed	IV-b-1	(355.248)	(269.941)
2.3 Interest expense on money market transactions		(41.000)	(84.162)
2.4 Interest on securities issued	IV-b-3	(105.398)	(98.607)
2.5 Other interest expenses		(8.722)	(6.496)
III. Net interest income (I + II)		2.452.034	2.027.794
IV. Net fees and commissions income		977.159	800.429
4.1 Fees and commissions received		1.153.592	1.009.123
4.1.1 Non-cash loans		132.606	128.057
4.1.2 Other	IV-i	1.020.986	881.066
4.2 Fees and commissions paid		(176.433)	(208.694)
4.2.1 Non-cash loans		(189)	(247)
4.2.2 Other		(176.244)	(208.447)
V. Dividend income	IV-c	95.477	167.101
VI. Trading gain/(loss) (net)	IV-ç	29.269	(101.772)
6.1 Trading gains/(losses) on securities		260.570	47.794
6.2 Derivative financial transactions gains/(losses)	IV-d	445.545	(805.542)
6.3 Foreign exchange gains/(losses)		(676.846)	655.976
VII. Other operating income	IV-e	198.708	136.914
VIII. Total operating income (III+IV+V+VI+VII)		3.752.647	3.030.466
IX. Provision for impairment of loans and other receivables (-)	IV-f	(685.806)	(486.657)
X. Other operating expenses (-)	IV-g	(1.612.597)	(1.454.933)
XI. Net operating income/(loss) (VIII-IX-X)		1.454.244	1.088.876
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		-	-
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	1.454.244	1.088.876
XVI. Tax provision for continuing operations (±)	IV-h	(292.277)	(229.418)
16.1 Current tax provision		(133.852)	(330.864)
16.2 Deferred tax provision		(158.425)	101.446
XVII. Net profit/loss from continuing operations (XV±XVI)		1.161.967	859.458
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit/losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI. Tax provision for discontinued operations (±)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	IV-ı	1.161.967	859.458
Earnings/(loss) per share (full TL)		0,0027	0,0020

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2013 and 2012 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

III. Income statement

	Note (Section Five)	Current Period 01/04- 30/06/2013	Prior Period 01/04- 30/06/2012
Income and expense items			
I. Interest income	IV-a	2.231.121	2.309.979
1.1 Interest on loans	IV-a-1	1.856.104	1.898.378
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks	IV-a-2	4.262	10.986
1.4 Interest received from money market transactions		22.527	32.800
1.5 Interest received from marketable securities portfolio	IV-a-3	345.822	367.782
1.5.1 Trading financial assets		1.244	4.236
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		245.415	171.679
1.5.4 Held to maturity investments		99.163	191.867
1.6 Financial lease income		-	-
1.7 Other interest income		2.406	33
II. Interest expense	IV-b	(981.803)	(1.248.164)
2.1 Interest on deposits	IV-b-4	(750.957)	(1.015.811)
2.2 Interest on funds borrowed	IV-b-1	(144.120)	(138.483)
2.3 Interest expense on money market transactions		(26.231)	(35.904)
2.4 Interest on securities issued	IV-b-3	(57.343)	(55.954)
2.5 Other interest expenses		(3.152)	(2.012)
III. Net interest income (I + II)		1.249.318	1.061.815
IV. Net fees and commissions income		510.913	415.093
4.1 Fees and commissions received		601.677	521.627
4.1.1 Non-cash loans		65.588	66.055
4.1.2 Other	IV-i	536.089	455.572
4.2 Fees and commissions paid		(90.764)	(106.534)
4.2.1 Non-cash loans		(62)	(121)
4.2.2 Other		(90.702)	(106.413)
V. Dividend income	IV-c	627	16.759
VI. Trading gain/(loss) (net)	IV-ç	137.338	(69.963)
6.1 Trading gains/(losses) on securities		241.282	30.223
6.2 Derivative financial transactions gains/(losses)	IV-d	564.130	(461.535)
6.3 Foreign exchange gains/(losses)		(668.074)	361.349
VII. Other operating income	IV-e	81.774	39.481
VIII. Total operating income (III+IV+V+VI+VII)		1.979.970	1.463.185
IX. Provision for impairment of loans and other receivables (-)	IV-f	(332.611)	(257.137)
X. Other operating expenses (-)	IV-g	(845.850)	(727.185)
XI. Net operating income/(loss) (VIII-IX-X)		801.509	478.863
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		-	-
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	801.509	478.863
XVI. Tax provision for continuing operations (±)	IV-h	(180.662)	(126.446)
16.1 Current tax provision		(39.045)	(194.049)
16.2 Deferred tax provision		(141.617)	67.603
XVII. Net profit/loss from continuing operations (XV±XVI)		620.847	352.417
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit/losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI. Tax provision for discontinued operations (±)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	IV-i	620.847	352.417
Earnings/(loss) per share (full TL)		0,0012	0,0008

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2013 and 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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

		Restated
	Current Period	Prior Period
Income and expense items accounted under shareholders’ equity	(30/06/2013)	(30/06/2012)
I. Transfers to marketable securities valuation differences from financial assets available for sale	(1.370.168)	517.012
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	86.169	16.230
V. Profit /loss on cash flow hedges (effective part of the fair value changes)	467.278	(159.992)
VI. Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders’ equity according to TAS	297	-
IX. Deferred tax on valuation differences	172.309	(10.897)
X. Net profit or loss accounted directly under shareholders’ equity (I+II+...+IX)	(644.115)	362.353
XI. Current year profit/loss	1.161.967	859.458
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	1.291	2.477
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(196.933)	(75.073)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.357.609	932.054
XII. Total income/loss accounted for the period (X+XI)	517.852	1.221.811

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of June 30, 2012 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Statement of changes in shareholders' equity

Restated Prior Period	Note (Section five)	Paid- in capital	Adjustment to share capital	Share cancellation premium	Share 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
June 30, 2012																	
I. Period opening balance		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	(83.444)	-	-	(308.530)	-	11.700.186
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	1.550.743	-	-	-	-	1.550.743
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	1.550.743	-	-	-	-	1.550.743
III. New balance (I+II)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	1.467.299	-	-	(308.530)	-	13.250.929
Changes in the period																	
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	477.362	-	-	-	-	477.362
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(127.993)	-	(127.993)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(127.993)	-	(127.993)
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		-	-	-	-	-	-	-	-	-	-	(1.533)	-	-	14.517	-	12.984
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current year income or loss		-	-	-	-	-	-	-	-	859.458	-	-	-	-	-	-	859.458
XX. Profit distribution		-	-	-	92.874	-	1.616.721	147.891	-	(1.857.486)	-	-	-	-	-	-	-
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	92.874	-	1.616.721	147.891	-	(1.857.486)	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+.....+ XVIII +XIX+XX)		4.347.051	-	543.881	-	359.847	-	6.546.849	294.532	859.458	-	1.943.128	-	-	(422.006)	-	14.472.740

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of June 30, 2013

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

V. Statement of changes in shareholders' equity

Current Period	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	shareholders' equity	Total
June 30, 2013																		
I. Prior period end balance		4.347.051	-	543.881	-	359.847	-	6.546.849	294.801	1.913.472	-	2.411.057	-	-	(560.813)	-	-	15.856.145
Changes in the period																		
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(1.264.769)	-	-	-	177.600	-	(1.087.169)
IV. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	373.822	-	-	373.822
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	373.822	-	-	373.822
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		-	-	-	-	-	-	-	-	-	-	106.310	-	-	(37.375)	-	-	68.935
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.005.897	1.005.897
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	297	-	-	-	-	-	-	-	-	297
XVII. Current year income or loss		-	-	-	-	-	-	-	-	1.161.967	-	-	-	-	-	-	-	1.161.967
XVIII. Profit distribution		-	-	-	-	103.939	-	1.504.624	4.909	(1.913.472)	-	-	-	-	-	-	-	(300.000)
18.1 Dividend paid		-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	-	-	(300.000)
18.2 Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(1.613.472)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (I+II+III+...+XVI+XVII+XVIII)		4.347.051	-	543.881	-	463.786	-	8.051.473	300.007	1.161.967	-	1.252.598	-	-	(224.366)	1.183.497	-	17.079.894

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2013 and 2012 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VI. Statement of cash flows

	Notes (Section Five)	Current Period (30/06/2013)	Prior Period (30/06/2012)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		2.338.543	2.745.313
1.1.1 Interest received		5.493.106	4.476.263
1.1.2 Interest paid		(2.002.233)	(2.349.445)
1.1.3 Dividend received		80.490	150.349
1.1.4 Fees and commissions received		1.153.115	1.010.670
1.1.5 Other income		129.026	(612.368)
1.1.6 Collections from previously written-off loans and other receivables		675.868	741.213
1.1.7 Payments to personnel and service suppliers		(1.178.785)	(1.140.992)
1.1.8 Taxes paid		(416.526)	(317.361)
1.1.9 Other	VI	(1.595.518)	786.984
1.2 Changes in operating assets and liabilities		(985.995)	(2.650.279)
1.2.1 Net (increase)/decrease in trading securities		326.534	38.722
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(3.137.162)	(2.298.064)
1.2.4 Net (increase)/decrease in loans		(10.264.250)	(4.991.221)
1.2.5 Net (increase)/decrease in other assets		1.812.175	528.443
1.2.6 Net increase /(decrease) in bank deposits		116.643	(65.184)
1.2.7 Net increase /(decrease) in other deposits		6.913.224	2.790.995
1.2.8 Net increase /(decrease) in funds borrowed		3.012.984	66.326
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI	233.857	1.279.704
I. Net cash flows from banking operations		1.352.548	95.034
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(2.551.491)	477.261
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(153)	(2.650)
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(81.993)	(87.518)
2.4 Disposals of property and equipment		29.671	3.712
2.5 Purchase of investments available-for-sale		(5.874.168)	(1.675.839)
2.6 Sale of investments available-for -sale		3.357.666	2.165.105
2.7 Purchase of investment securities		-	(46)
2.8 Sale of investment securities		17.486	74.497
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		762.420	1.029.242
3.1 Cash obtained from funds borrowed and securities issued		5.107.335	3.565.717
3.2 Cash used for repayment of funds borrowed and securities issued		(4.037.848)	(2.506.621)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(300.000)	-
3.5 Payments for finance leases		(7.067)	(29.854)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI	222.756	(214.743)
V. Net increase in cash and cash equivalents (I+II+III+IV)		(213.767)	1.386.794
VI. Cash and cash equivalents at beginning of the period	VI	8.309.106	9.780.424
VII. Cash and cash equivalents at end of the period	VI	8.095.339	11.167.218

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013

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

Section Three

Accounting policies

I. Explanations on basis of presentation:

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

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and other decrees, notes and explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012. The Bank’s accounting books are prepared in accordance with Banking Law, Turkish Commercial Code and Turkish Tax Legislations in Turkish Lira.

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

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

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 2012. IAS/IFRS changes (IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment), IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income, IAS 19 Employee Benefits (Amended), IAS 27 Separate Financial Statements (Amended), IAS 28 Investments in Associates and Joint Ventures (Amended), IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IFRS 13 Fair Value Measurement) do not have a significant effect on the Bank’s accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below. The changes introduced by IFRS 10 as adopted by the Bank is evaluated and it was concluded the changes have no impact on the accounting policies of the Bank.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

Adjustments of the prior periods' financial statements:

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

June 30, 2012	Published	Adjustments	Restated
Subsidiaries (Net)	3.136.126	556.717	3.692.843
Total Assets	116.012.010	556.717	116.568.727
Marketable Securities Valuation Differences	1.386.411	556.717	1.943.128
Other capital reserves	294.532	(827)	293.705
Other profit reserves	-	827	827
Shareholder's Equity	13.916.023	556.717	14.472.740
Total Liabilities	116.012.010	556.717	116.568.727

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

Additional paragraph for convenience translation into English:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

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

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

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

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

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

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

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

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

As of June 30, 2013, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

Credit default swaps are contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily by the valuation model of the Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

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

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

A Credit Valuation Adjustment (CVA) is applied to the Bank's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank's over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with international financial reporting standards, IAS 39, comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expenses:

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

VII. Explanations on financial assets:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

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

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

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

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

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

d. Available-for-sale financial assets:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

VIII. Explanations on impairment of financial assets:

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

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

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

IX. Explanations on offsetting financial assets:

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

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

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

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

The Bank has no securities lending transactions.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

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.

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").

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

b. Other intangible assets:

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

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

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

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

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

XIV. Explanations on leasing transactions:

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

Financial lease

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

Operational lease

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

XV. Explanations on provisions, contingent liabilities:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

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

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Bank determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised TAS 19 standard.

b. Pension rights

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

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

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey (“GNAT”) started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the “Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations” No 5754 (“the New Law”) regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks’ pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the “Amendment of Social Insurance and General Health Insurance Law No. 6283” published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. It was decided to extend the transfer date by one year in accordance with the decision of the Council of Ministers on 3 May, 2013.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

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

The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

c. Short term benefits of employee:

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

XVII. Explanations on taxation:

a. Current tax:

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

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

b. Deferred tax:

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

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

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

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

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

c. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing (previously included as “Disguised profit” in the Corporate Tax Law No.5422). “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at November 18, 2007/26704, explains the application related issues on this topic effective from January 1, 2007, also taking into account the regulations in Article 41 of the Income Tax Law.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

XVIII. Explanations on borrowings:

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

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

Also, the Bank obtains funds by issuing bonds and bills.

XIX. Explanations on issuance of share certificates:

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

No dividend payments were announced after the balance sheet date.

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until June 30, 2013, the Bank received government grant from TÜBİTAK amounting to TL 1.101 (December 31, 2012 - TL 1.096).

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	1.161.967	859.458
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0027	0,0020

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Accounting policies (continued)

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

As of June 30, 2013 no bonus shares were issued during 2013 (December 31, 2012 - no bonus shares were issued).

XXIV. Related parties:

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

XXV. Explanations on operating segments:

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

XXVI. Explanations on other matters:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (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 15,78% (December 31, 2012 –16,30%)
- b. The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” (the “Regulation”), “Regulation Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitizations” published in the Official Gazette No. 28337 dated June 28, 2012 (“Regulation”) and “Regulation Regarding Banks’ Shareholders’ Equity” published in the Official Gazette No. 26333 as of November 1, 2006”.

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

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

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

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

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

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

(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 June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

Information related to capital adequacy ratio:

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

Summary information about capital adequacy ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	9.074.560	8.639.259
Capital requirement for market risk (II) (MRCR)	141.342	134.553
Capital requirement for operational risk (III) (ORCR)	802.350	746.900
Shareholders' equity	19.766.521	19.397.778
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	15,78	16,30

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

Information about shareholders' equity items:

	Current Period	Prior Period
Core Capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Adjustment to paid-in capital	-	-
Share premium	543.881	543.881
Share repeal	-	-
Legal reserves	8.516.652	6.907.792
Adjustment to legal reserves	-	-
Profit	1.161.967	1.913.472
Net current period profit	1.161.967	1.913.472
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	173.283	229.247
Income on sale of equity shares and real estates ⁽¹⁾	298.614	293.705
Primary subordinated loans	-	-
Loss (in excess of Reserves) (-)	-	-
Net current period's losses	-	-
prior periods' losses	-	-
Leasehold Improvements on Operational Leases (-)	63.629	77.850
Intangible assets (-)	1.330.520	1.329.944
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total core capital	13.647.299	12.827.354
	Current Period	Prior Period
Supplementary capital		
General reserves	1.353.197	1.304.832
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	-
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary subordinated loans ⁽²⁾	3.868.740	3.990.969
45% of value increase fund of financial assets available for sale and associates and subsidiaries ⁽³⁾	1.096.242	1.537.629
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Total supplementary capital	6.318.179	6.833.430
Capital	19.965.478	19.660.784
Deductions from the capital	198.957	263.006
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	63.027	63.027
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	4.851	3.190
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	5.924	6.844
Securitization positions that is deducted -preferably- from the shareholders' equity	-	-
Other	125.155	189.945
Total shareholders' equity	19.766.521	19.397.778

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

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

(3) Includes accumulated differences in the valuation of assets held for sale.

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

c. Approaches for assessment of adequacy of internal capital requirements for current and future activities:

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

II. Explanations on credit risk:

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

III. Explanations on market risk:

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

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

Market risk policies, which are approved by the Bank’s Board of Directors and updated annually, if needed, include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and to the Bank’s Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications.

The table below shows details of the market risk as of June 30, 2013 in accordance with “Regulation on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated June 28, 2012.

(1) Explanations on market risk:

a. Information on market risk:

	Current Period	Prior Period
(I) Capital requirement against general market risk - standard method	40.557	24.099
(II) Capital requirement against specific risks - standard method	26.010	22.162
Capital requirement against specific risks of securitization positions– standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	34.329	65.876
(IV) Capital requirement against commodity risks - standard method	1.473	3.024
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	318	1.277
(VII) Capital requirement against counterparty credit risks - standard method	38.655	18.115
(VIII) Capital requirement against market risks of banks applying risk measurement model	-	-
(IX) Total capital requirement against market risk (i+ii+iii+iv+v+vi+vii) (i+ii+iii+iv+v+vi+vii+viii)	141.342	134.553
(IX) Value-at-market risk ((12.5*viii) or (12.5*ix))	1.766.775	1.681.913

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

(2) Quantitative information on counterparty risk:

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

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

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

IV. Explanations on operational risk:

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

V. Explanations on currency risk:

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

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

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

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

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	TL 1,92480	TL 2,51370
First day current bid rate	TL 1,92720	TL 2,51090
Second day current bid rate	TL 1,93200	TL 2,51920
Third day current bid rate	TL 1,93390	TL 2,53800
Fourth day current bid rate	TL 1,94070	TL 2,54260
Fifth day current bid rate	TL 1,93120	TL 2,55080
Arithmetic average of the last 30 days:	TL 1,89499	TL 2,49792
Balance sheet evaluation rate as of Prior Period:	TL 1,73800	TL 2,29290

(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 June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

	EURO	USD	OTHER FC ⁽⁴⁾	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4.266.083	6.088.646	2.329.533	12.684.262
Banks	576.613	1.699.705	374.889	2.651.207
Financial assets at fair value through profit or loss	10.848	111.713	149	122.710
Money market placements	-	24.061	-	24.061
Available-for-sale financial assets	318.410	5.655.717	10.113	5.984.240
Loans ⁽¹⁾	9.137.975	19.788.803	530.105	29.456.883
Investments in associates, subsidiaries and joint ventures	376.935	240.824	43.404	661.163
Held-to-maturity investments	125.882	2.515.405	-	2.641.287
Hedging derivative financial assets	-	2.609	-	2.609
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	233.766	473.722	74.355	781.843
Total assets	15.046.512	36.601.205	3.362.548	55.010.265
Liabilities				
Bank deposits	76.273	29.563	8.680	114.516
Foreign currency deposits	11.170.111	16.579.058	1.593.139	29.342.308
Funds from money market	-	5.132.426	-	5.132.426
Funds borrowed from other financial institutions	5.988.198	6.158.372	104.706	12.251.276
Marketable securities issued	-	1.925.359	-	1.925.359
Miscellaneous payables	482.105	126.375	12.319	620.799
Hedging derivative financial liabilities	81.020	293.060	-	374.080
Other liabilities ⁽³⁾	3.075.339	4.168.580	5.387	7.249.306
Total liabilities	20.873.046	34.412.793	1.724.231	57.010.070
Net on-balance sheet position	(5.826.534)	2.188.412	1.638.317	(1.999.805)
Net off-balance sheet position	6.518.114	(2.191.357)	(2.062.001)	2.264.756
Financial derivative assets	8.526.394	8.955.035	1.382.026	18.863.455
Financial derivative liabilities	2.008.280	11.146.392	3.444.027	16.598.699
Non-cash loans	7.746.707	11.531.376	1.352.096	20.630.179
Prior Period				
Total assets	11.281.116	33.390.424	2.729.917	47.401.457
Total liabilities	17.242.025	30.721.507	1.826.781	49.790.313
Net on-balance sheet position	(5.960.909)	2.668.917	903.136	(2.388.856)
Net off-balance sheet position	5.895.947	(1.553.974)	(1.111.471)	3.230.502
Financial derivative assets	7.533.536	7.960.682	414.402	15.908.620
Financial derivative liabilities	1.637.589	9.514.656	1.525.873	12.678.118
Non-cash loans	6.592.226	10.094.529	299.921	16.986.676

(1) Includes FX indexed loans amounting to TL 3.880.896 (December 31, 2012 – TL 3.221.773) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 39.005 (December 31, 2012 - TL 33.840).

(3) Does not include foreign currency denominated general provisions for foreign currencies, hedge funds and marketable securities valuation differences under equity.

(4) Other FC column also includes gold amounts.

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

VI. Explanations on interest rate risk:

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

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits. The bank utilizes TL/foreign currency and TL/TL interest rate swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the TL balance sheet. Furthermore, in order to reduce the repricing mismatch in the foreign currency balance sheet, foreign currency/foreign currency interest rate swaps are utilized.

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	15.480.449	15.480.449
Banks	1.152.128	120.871	195.894	-	-	1.949.994	3.418.887
Financial assets at fair value through profit/loss	272.531	153.320	333.365	99.878	49.543	-	908.637
Money market placements	551.625	-	-	-	-	-	551.625
Available-for-sale financial assets	837.481	1.722.041	2.968.041	3.041.816	5.423.753	5.950	13.999.082
Loans	18.254.131	19.582.901	24.708.232	15.721.416	4.983.898	1.789.972	85.040.550
Held-to-maturity investments	417.994	1.572.401	1.011.730	244.682	2.641.287	-	5.888.094
Other assets	73.946	112.625	96.539	-	-	7.868.697	8.151.807
Total assets	21.559.836	23.264.159	29.313.801	19.107.792	13.098.481	27.095.062	133.439.131
Liabilities							
Bank deposits	213.671	264.601	112.749	700	-	220.108	811.829
Other deposits	47.762.055	11.118.914	3.751.438	23.716	-	11.670.734	74.326.857
Funds from money market	3.437.055	3.465.610	291.080	-	-	-	7.193.745
Miscellaneous payables	-	-	-	-	-	5.923.094	5.923.094
Marketable securities issued	222.331	27.651	1.437.239	967.027	958.332	-	3.612.580
Funds borrowed from other financial institutions	2.731.845	5.455.709	2.229.592	1.731.958	646.908	-	12.796.012
Other liabilities and shareholders' equity	222.094	2.775.373	3.618.497	33.339	3.341	22.122.370	28.775.014
Total liabilities	54.589.051	23.107.858	11.440.595	2.756.740	1.608.581	39.936.306	133.439.131
Balance sheet long position	-	156.301	17.873.206	16.351.052	11.489.900	-	45.870.459
Balance sheet short position	(33.029.215)	-	-	-	-	(12.841.244)	(45.870.459)
Off-balance sheet long position	2.924.016	16.771.572	-	-	-	-	19.695.588
Off-balance sheet short position	-	-	(4.064.612)	(14.483.008)	(1.362.879)	-	(19.910.499)
Total position	(30.105.199)	16.927.873	13.808.594	1.868.044	10.127.021	(12.841.244)	(214.911)

(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 June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

b. Average interest rates for monetary financial instruments:

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

Current Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,03	-	6,56
Financial assets at fair value through profit/loss	2,03	4,20	-	5,72
Money market placements	-	0,70	-	8,19
Available-for-sale financial assets	5,40	6,92	-	8,65
Loans	5,58	5,53	4,59	12,49
Held-to-maturity investments	5,20	5,51	-	7,19
Liabilities ¹⁾				
Bank deposits	0,40	-	-	6,19
Other deposits	2,40	2,51	1,70	6,89
Funds from money market	-	0,94	-	5,27
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	5,45	-	6,69
Funds borrowed from other financial institutions	1,96	3,51	2,97	10,25

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

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

Information related to financial position of the Bank (continued)

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

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

c. Interest rate risk arising from banking accounts:

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

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

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

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

Economic value differences resulting from interest rate fluctuations as of June 30, 2013 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

Currency	Applied shock (+/- x basis points)*	Gains/Losses	Gains/SE- Losses/SE
TRY	(+)500 bp	(1.451.261)	%(7,34)
TRY	(-)400 bp	1.419.903	%7,18
EURO	(+)200 bp	(28.969)	%(0,15)
EURO	(-)200 bp	36.202	%0,18
USD	(+)200 bp	(375.487)	%(1,90)
USD	(-)200 bp	562.408	%2,85
Total (For negative shocks)		2.018.513	%10,21
Total (For positive shocks)		(1.855.717)	%(9,39)

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

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

Equity shares invested	Comparison		
	Carrying Value	Fair Value	Quoted Market Value
Investments for quoted securities - Group A			
Quoted in a stock exchange	1.418.864	1.418.864	1.418.864

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

Below figures represent valuation differences, after tax, arising from fair value accounting of subsidiaries which are presented in the line item “marketable securities valuation differences” under equity and accumulated differences in the valuation of assets held for sale.

Portfolio	Realized gains (losses) in the current	Revaluation Surpluses		Unrealized gains and losses		
		Total	Amount under supplementary capital	Total	Amount under core capital	Amount under supplementar y capital
1. Equity Shares Investments	-	-	-	-	-	-
2. Quoted Equity Shares ⁽¹⁾	-	1.186.695	534.013	-	-	-
3. Other Equity Shares	-	805.231	362.354	-	-	-
Total	-	1.991.926	896.367	-	-	-

(1) Includes valuation differences of subsidiary classified as assets held for sale.

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

VIII. Explanations on liquidity risk:

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

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

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

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

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

(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 June 30, 2013 (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
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4.440.487	11.039.962	-	-	-	-	-	15.480.449
Banks	1.949.994	1.152.128	120.871	2.093	193.801	-	-	3.418.887
Financial assets at fair value through profit or loss	-	245.753	152.875	270.600	150.695	88.714	-	908.637
Money market placements	-	551.625	-	-	-	-	-	551.625
Available-for-sale financial assets	119.845	5	9.782	861.748	4.953.135	8.048.617	5.950	13.999.082
Loans	-	13.222.222	8.592.212	20.887.528	24.647.889	16.626.277	1.064.422	85.040.550
Held-to-maturity investments	-	-	-	1.572.401	1.674.406	2.641.287	-	5.888.094
Other assets ⁽¹⁾	671.168	886.001	-	86.904	107.356	88.849	6.311.529	8.151.807
Total assets	7.181.494	27.097.696	8.875.740	23.681.274	31.727.282	27.493.744	7.381.901	133.439.131
Liabilities								
Bank deposits	220.108	213.671	264.601	112.749	700	-	-	811.829
Other deposits	11.670.734	47.503.180	11.119.213	3.883.888	149.842	-	-	74.326.857
Funds borrowed from other financial institutions	-	438.726	857.574	6.413.231	3.782.640	1.303.841	-	12.796.012
Funds from money market	-	3.437.055	3.465.610	291.080	-	-	-	7.193.745
Marketable securities issued	-	222.331	-	1.014.784	1.417.133	958.332	-	3.612.580
Miscellaneous payables	646.475	5.276.619	-	-	-	-	-	5.923.094
Other liabilities ⁽²⁾	392.560	342.148	229.537	585.638	4.357.406	3.524.196	19.343.529	28.775.014
Total liabilities	12.929.877	57.433.730	15.936.535	12.301.370	9.707.721	5.786.369	19.343.529	133.439.131
Net liquidity gap	(5.748.383)	(30.336.034)	(7.060.795)	11.379.904	22.019.561	21.707.375	(11.961.628)	-
Prior Period								
Total assets	6.030.719	27.048.810	8.662.255	18.946.861	29.312.329	24.944.257	7.234.976	122.180.207
Total liabilities	11.975.313	50.569.935	15.045.260	10.630.512	9.386.631	4.456.827	20.115.729	122.180.207
Net liquidity gap	(5.944.594)	(23.521.125)	(6.383.005)	8.316.349	19.925.698	20.487.430	(12.880.753)	-

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

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

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

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

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

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

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

Information about guaranties according to risk classifications:

Current Period	Amount⁽¹⁾	Financial guaranties⁽²⁾	Other / Physical guaranties⁽²⁾	Guarantees and credit derivatives⁽²⁾
Conditional and unconditional receivables from central governments or central banks	34.303.893	-	-	-
Conditional and unconditional receivables from regional or local governments	715	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	12.552	-	-	-
Conditional and unconditional receivables from multilateral development banks	153.984	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	27.417.538	32.161	-	-
Conditional and unconditional receivables from corporates	165.484.793	967.160	-	134.680
Conditional and unconditional retail receivables	91.422.011	374.822	-	17.611
Conditional and unconditional receivables secured by mortgages	9.948.717	-	-	-
Past due receivables	1.085.654	-	-	-
Receivables defined in high risk category by the Regulator	8.744.295	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	7.358.809	-	-	-
Total	345.932.961	1.374.143	-	152.291

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

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

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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

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

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of June 30, 2013:

- Fair value Hedge (“FVH”)
- Cash Flow Hedge (“CFH”)

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

Contractual amounts and the fair values as at June 30, 2013 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Hedging instrument						
Interest rate swap	18.390.633	94.909	463.851	18.479.953	170	814.454
Cross currency interest rate swap	1.435.123	188.201	3.807	1.772.858	93.996	90.233
Total	19.825.756	283.110	467.658	20.252.811	94.166	904.687

(1) Only the “sell” legs of the related derivatives are presented with the addition of the “buy” legs of these derivatives amounting to TL 20.172.454 (December 31, 2012 – TL 20.528.904) the total notional of derivative financial assets amounting to TL 39.998.210 (December 31, 2012 – TL 40.781.715) is accounted for in off-balance sheet under “Hedging Derivative Financial Instruments” line item.

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Notes to unconsolidated financial statements at June 30, 2013 (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 funding by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	67.663	188.201	3.807	(80.972)

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 6.366

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

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 5.689.

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

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

Cash flow hedge accounting:

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

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	94.909	463.851	(224.366)	336.447

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

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.

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

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

XV. Explanations on operating segments:

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

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

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

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

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

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

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

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Information related to financial position of the Bank (continued)

Major balance sheet and income statement items based on operating segments:

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, Asset-Liability Management and Other	Total operations of the Bank
Operating revenue	1.621.721	826.637	76.116	1.132.696	3.657.170
Operating expenses	(1.278.972)	(242.412)	(35.183)	(741.836)	(2.298.403)
Net operating income	342.749	584.225	40.933	390.860	1.358.767
Dividend income ⁽¹⁾	-	-	-	95.477	95.477
Profit before tax	342.749	584.225	40.933	486.337	1.454.244
Tax provision ⁽¹⁾	-	-	-	(292.277)	(292.277)
Net profit	342.749	584.225	40.933	194.060	1.161.967
Segment assets ⁽³⁾	42.994.689	34.741.694	176.881	52.954.854	130.868.118
Investments in associates, subsidiaries and joint ventures	-	-	-	2.571.013	2.571.013
Total assets	42.994.689	34.741.694	176.881	55.525.867	133.439.131
Segment liabilities ⁽³⁾	30.500.291	29.484.727	16.280.822	40.093.397	116.359.237
Shareholders' equity	-	-	-	17.079.894	17.079.894
Total liabilities	30.500.291	29.484.727	16.280.822	57.173.291	133.439.131

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, Asset-Liability Management and Other	Total operations of the Bank
Operating revenue ⁽²⁾	1.363.102	788.054	62.039	650.170	2.863.365
Operating expenses ⁽²⁾	(1.075.578)	(161.842)	(34.181)	(669.989)	(1.941.590)
Net operating income⁽²⁾	287.524	626.212	27.858	(19.819)	921.775
Dividend income ⁽¹⁾⁽²⁾	-	-	-	167.101	167.101
Profit before tax⁽²⁾	287.524	626.212	27.858	147.282	1.088.876
Tax provision ⁽¹⁾⁽²⁾	-	-	-	(229.418)	(229.418)
Net profit	287.524	626.212	27.858	(82.136)	859.458
Segment assets ⁽³⁾	38.170.950	31.191.828	169.225	48.760.495	118.292.498
Investments in associates, subsidiaries and joint ventures	-	-	-	3.887.709	3.887.709
Total assets	38.170.950	31.191.828	169.225	52.648.204	122.180.207
Segment liabilities ⁽³⁾	30.189.733	25.936.583	17.125.662	32.066.187	105.318.165
Shareholders' equity	-	-	-	16.862.042	16.862.042
Total liabilities	30.189.733	25.936.583	17.125.662	48.928.229	122.180.207

(1) Dividend income and tax provision have not been distributed based on operating segments and presented under “Treasury, Asset-Liability Management and Other”.

(2) Income statement figures represent balances for the 6 months period ended June 30, 2012.

(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Section Five

Explanations and notes related to unconsolidated financial statements

I. Explanations and notes related to assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.239.985	327.767	1.206.771	308.515
The CBRT ⁽¹⁾	1.556.202	12.355.922	414.040	9.147.081
Other	-	573	-	155
Total	2.796.187	12.684.262	1.620.811	9.455.751

(1) The balance of gold amounting to TL 2.311.255 is accounted for under the Central Bank foreign currency account as of June 30, 2013 (December 31, 2012 – TL 1.398.753).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	1.556.202	1.315.960	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	11.039.962	-	7.830.548
Total	1.556.202	12.355.922	414.040	9.147.081

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

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

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

1. As of June 30, 2013, the Bank does not have financial assets at fair value through profit and loss subject to repo transactions and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2012 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	83.022	-	52.215	-
Swap transactions ⁽¹⁾	526.608	60.154	226.076	70.326
Futures transactions	-	-	-	-
Options	91.234	24.927	9.296	22.314
Other	-	-	-	-
Total	700.864	85.081	287.587	92.640

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

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	717.596	193.971	297.634	372.828
Foreign ⁽¹⁾	50.084	2.457.236	101	2.050.390
Head quarters and branches abroad	-	-	-	-
Total	767.680	2.651.207	297.735	2.423.218

(1) As of June 30, 2013 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 337.258 (December 31, 2012 – TL 401.708).

2. Information on foreign banks account:

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

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

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

As of June 30, 2013, available-for-sale financial assets given as collateral/blocked amount to TL 1.023.594 (December 31, 2012 - TL 1.118.165) and available-for-sale financial assets subject to repo transactions amount to TL 4.439.408 (December 31, 2012 – TL 2.570.408).

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

	Current Period	Prior Period
Debt securities	14.104.681	14.928.018
Quoted in stock exchange	12.348.990	13.303.177
Not quoted ⁽¹⁾	1.755.691	1.624.841
Share certificates	51.251	50.611
Quoted in stock exchange	-	-
Not quoted	51.251	50.611
Impairment provision (-) ⁽²⁾	(276.695)	(198.106)
Other ⁽³⁾	119.845	80.940
Total	13.999.082	14.861.463

(1) Includes credit linked notes amounting to TL 968.257 as of June 30, 2013 (December 31, 2012 - TL 895.659).

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

(3) As of June 30, 2013, other available-for-sale financial assets include mutual funds amounting to TL 119.845 (December 31, 2012 - TL 80.940).

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

f. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	6.314	222.649	5.390	403.915
Loans granted to employees	111.886	253	104.256	68
Total	118.200	222.902	109.646	403.983

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	81.351.872	1.316.897	-	2.624.256	284.771	82.166
Loans given to enterprises	31.215.668	-	-	565.403	-	67.868
Export loans	3.923.043	159.564	-	91.948	4.508	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.163.175	-	-	-	-	-
Consumer loans	16.026.623	682.988	-	812.167	46.190	7.160
Credit cards	16.746.723	-	-	304.909	-	7.138
Other ⁽¹⁾	11.276.640	474.345	-	849.829	234.073	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	81.351.872	1.316.897	-	2.624.256	284.771	82.166

(1) As explained in the Note XIII of Section IV, TL 67.663 of fair value difference of hedged items is classified under other loans.

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan⁽¹⁾		
Extended by 1 or 2 times	1.211.161	280.605
Extended by 3,4 or 5 times	65.180	2.537
Extended by more than 5 times	40.556	1.629
Total	1.316.897	284.771

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

Extended period of time⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	261.085	4.641
6 - 12 Months	160.349	24.332
1 - 2 Years	220.294	150.437
2 - 5 Years	606.931	103.358
5 Years and over	68.238	2.003
Total	1.316.897	284.771

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

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

3. Loans according to their maturity structure:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (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 consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and long-term	Total
Consumer loans-TL	151.827	16.198.550	16.350.377
Real estate loans	3.739	8.179.048	8.182.787
Automotive loans	6.751	1.057.872	1.064.623
Consumer loans	1.069	55.024	56.093
Other	140.268	6.906.606	7.046.874
Consumer loans-FC indexed	-	107.492	107.492
Real estate loans	-	106.409	106.409
Automotive loans	-	-	-
Consumer loans	-	733	733
Other	-	350	350
Consumer loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TL	13.575.127	709.672	14.284.799
With installments	9.078.446	704.612	9.783.058
Without installments	4.496.681	5.060	4.501.741
Individual credit cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans-TL	4.660	44.480	49.140
Real estate loans	-	777	777
Automotive loans	33	749	782
Consumer loans	-	-	-
Other	4.627	42.954	47.581
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	61.172	789	61.961
With installments	38.591	789	39.380
Without installments	22.581	-	22.581
Personnel credit cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	331.781	-	331.781
Credit deposit account-FC (real person)	-	-	-
Total	14.124.567	17.060.983	31.185.550

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	553.367	5.336.680	5.890.047
Business loans	542	300.352	300.894
Automotive loans	28.655	1.780.288	1.808.943
Consumer loans	-	20	20
Other	524.170	3.256.020	3.780.190
Commercial installments loans-FC indexed	23.810	321.389	345.199
Business loans	-	18.562	18.562
Automotive loans	582	77.219	77.801
Consumer loans	-	-	-
Other	23.228	225.608	248.836
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	2.697.276	7.596	2.704.872
With installment	1.954.881	7.596	1.962.477
Without installment	742.395	-	742.395
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	677.447	-	677.447
Credit deposit account-FC (legal person)	-	-	-
Total	3.951.900	5.665.665	9.617.565

6. Loans according to types of borrowers:

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

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

	Current Period	Prior Period
Domestic loans	82.856.137	73.717.769
Foreign loans	1.119.991	1.076.743
Total	83.976.128	74.794.512

8. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	380.063	203.903
Indirect loans granted to associates and subsidiaries	-	-
Total	380.063	203.903

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

9. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	96.855	95.603
Loans and other receivables with doubtful collectability	419.000	359.150
Uncollectible loans and other receivables	1.496.826	1.096.348
Total	2.012.681	1.551.101

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	10.971	26.318	188.270
Restructured loans and other receivables	10.971	26.318	188.270
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	21.912	40.169	102.289
Restructured loans and other receivables	21.912	40.169	102.289
Rescheduled loans and other receivables	-	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period	554.524	733.508	1.237.873
Additions (+)	1.057.515	109.378	60.173
Transfers from other categories of non-performing loans (+)	-	733.929	546.999
Transfer to other categories of non-performing loans (-)	(733.929)	(546.999)	-
Collections (-)	(334.490)	(119.669)	(221.709)
Write-offs(-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	543.620	910.147	1.623.336
Specific provision (-)	(96.855)	(419.000)	(1.496.826)
Net balance on balance sheet	446.765	491.147	126.510

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	566	9.102	312.811
Specific provision (-)	(111)	(7.046)	(212.816)
Net balance on-balance sheet	455	2.056	99.995
Prior Period			
Period end balance	1.340	1.063	320.986
Specific provision (-)	(184)	(1.019)	(215.405)
Net balance on-balance sheet	1.156	44	105.581

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Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (net)	446.765	491.147	126.510
Loans granted to real persons and corporate entities (gross)	543.620	910.147	1.514.752
Specific provision amount (-)	(96.855)	(419.000)	(1.388.242)
Loans granted to real persons and corporate entities (net)	446.765	491.147	126.510
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-
Prior Period (net)	458.921	374.358	141.525
Loans granted to real persons and corporate entities (gross)	554.524	733.508	1.129.289
Specific provision amount (-)	(95.603)	(359.150)	(987.764)
Loans granted to real persons and corporate entities (net)	458.921	374.358	141.525
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-

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

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

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

12. Explanation on "Write-off" policies:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

g. Information on held-to-maturity investments:

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

As of June 30, 2013 held-to-maturity investments given as collateral / blocked amount to TL 1.240.799 (December 31, 2012 - TL 1.299.927). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 3.786.983 (December 31, 2012 - TL 2.986.312).

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

	Current Period	Prior Period
Government bond	5.888.094	5.686.448
Treasury bill	-	-
Other debt securities	-	-
Total	5.888.094	5.686.448

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

	Current Period	Prior Period
Debt securities	5.994.398	5.725.926
Quoted on stock exchange	5.994.398	5.725.926
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(106.304)	(39.478)
Total	5.888.094	5.686.448

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

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

	Current Period	Prior Period
Beginning balance	5.686.448	12.537.425
Foreign currency differences on monetary assets ⁽¹⁾	285.958	(569.191)
Purchases during year	-	342
Disposals through sales and redemptions ⁽³⁾	(17.486)	(6.282.128)
Impairment provision (-) ⁽²⁾	(66.826)	-
Period end balance	5.888.094	5.686.448

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ğ. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	4.621.433	701.753	5.575	43.938	9.806	23.472	32.209	-
2	84.370	56.141	46.387	496	-	5.365	7.881	-
3	27.080	19.881	14.818	142	-	282	2.485	-

(1) Financial statement information disclosed above shows June 30, 2013 results.

(2) Financial statement information disclosed above shows March 31, 2013 results for these non financial investments in associates.

3. Movement of unconsolidated investments in associates:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

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

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

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

1. Information on shareholders' equity of the subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Yatırım Menkul Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital					
Paid-in capital	98.918	45.599	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Marketable Securities Valuation	-	-	-	-	-
Differences	(196)	-	-	-	(7.285)
Legal reserves	69.400	23.149	79.305	20.469	-
Extraordinary reserves	13.878	-	484.964	-	331.465
Other reserves	-	-	-	-	169.263
Profit/loss	(21.320)	58.105	334.825	10.836	22.700
Current period net profit	51.294	12.647	61.974	10.836	22.700
Prior period profit	(72.614)	45.458	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	927	15	3.364	235	116
Total core capital	159.753	126.838	1.285.658	36.777	628.469
Supplementary capital	-	8.453	19.775	-	108
Capital	159.753	135.291	1.305.433	36.777	628.577
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	159.753	135.291	1.305.433	36.777	628.577

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financials of the Bank as of June 30, 2013.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

2. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1.	Yapı Kredi Holding BV.	Amsterdam/Hollanda	100,00	100,00
2.	Yapı Kredi Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,98	99,99
3.	Yapı Kredi Faktoring A.Ş.	İstanbul/Türkiye	99,95	100,00
4.	Yapı Kredi Moscow	Moskova/Rusya Federasyonu	99,84	100,00
5.	Yapı Kredi Finansal Kiralama A.O.	İstanbul/Türkiye	99,99	99,99
6.	Yapı Kredi Portföy Yönetimi A.Ş.(Yapı Kredi Portföy)	İstanbul/Türkiye	12,65	99,99
7.	Yapı Kredi Niderland	Amsterdam/Hollanda	67,24	100,00
8.	Yapı Kredi Azerbaycan	Bakü/Azerbaycan	99,80	100,00
9.	Enternasyonal Turizm Yatırım A.Ş	İstanbul/Türkiye	99,96	99,99
10.	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	İstanbul/Türkiye	99,99	100,00
11.	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	11,09	56,07

The Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 4.454.669 for a share call price of full 5,02 per share in accordance with the ongoing delisting process and Bank's share has increased to 99,99% as a result of this process.

The Bank has signed share transfer agreement with Allianz SE (“Allianz”) on March 26, 2013 for the sale of its 7.548.164.112 shares with a notional amount of full TL 75.481.641,12 representing 74,01% of its shares in Yapı Kredi Sigorta (“YKS”) for full TL 1.410.079.178. As of the date of the reporting, YKS investment is classified as “Assets held for resale and related to discontinued operations” in the accompanying unconsolidated financial statements. As at June 30, 2013 the ownership and control of this investment belongs to the Bank. However subsequently the transfer of shares has been completed on July 12, 2013.

The Bank has decided to cancel the signed agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (“YKYO”) (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these unconsolidated financial statements, total shareholding of the Bank increased to 93,72%.

The Bank has signed a share purchase agreement with YKS for the purchase (either by the Bank or any of the consolidated subsidiary of the Bank) of 115.574.715 shares with a nominal value of TL full 11.557.471,5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812. Based on this agreement; it was decided to purchase these shares through Yapı Kredi Finansal Kiralama A.O., a consolidated subsidiary of the Bank.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

N o	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value ⁽²⁾	Required equity
1	114.175	114.074	-	-	-	(2)	(11)	355.445	-
2	2.184.428	268.770	5.562	58.907	978	51.294	55.817	497.247	-
3	2.071.019	126.853	504	51.934	-	12.647	3.601	405.959	-
4	390.838	132.180	10.409	11.104	1.543	8.598	6.227	86.871	-
5	3.740.850	1.071.918	4.170	130.742	-	61.974	62.919	952.204	-
6	43.846	37.012	658	1.886	10	10.836	10.083	155.265	-
7	4.007.421	628.586	1.383	88.760	5.238	22.700	26.958	339.259	-
8	641.865	152.612	34.237	26.429	248	1.803	3.977	154.398	-
9	37.918	25.077	3.873	593	-	448	526	-	-
10	17.739	13.495	802	4	-	1.063	885	-	-
11.	88.345	84.618	24	2.066	(466)	680	4.817	79.191	-

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

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

Financial statement information disclosed above shows June 30, 2013 results.

4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	3.817.879	3.349.666
Movements in period	(1.316.696)	468.213
Purchases ⁽¹⁾	153	22.236
Free shares obtained profit from current years share ⁽²⁾	-	35.738
Dividends from current year income	-	-
Sales	-	-
Transfers ⁽³⁾⁽⁴⁾	(1.410.080)	-
Revaluation increase	93.231	410.239
Impairment provision	-	-
Balance at the end of the period	2.501.183	3.817.879
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(1) Yapı Kredi Finansal Kiralama A.O. has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99.99% purchasing the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares.

(2) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012 it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.

(3) The Bank has signed share transfer agreement with Allianz SE (“Allianz”) on March 26, 2013 for the sale of its 7.548.164.112 shares with a notional amount of full TL 75.481.641.12 representing 74,01% of its shares in Yapı Kredi Sigorta (“YKS”) for full TL 1.410.079.178. As of the date of the reporting, carrying value of YKS investment is classified as “Assets held for resale and related to discontinued operations” in the accompanying unconsolidated financial statements. As of June 30, 2013 the shares of YKS are still under the control and ownership of the Bank however subsequently on July 12, 2013 the transfer of shares is completed.

(4) The Bank has decided to cancel the signed agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (“YKYO”) (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these unconsolidated financial statements, total shareholding of the Bank increased to 93,72%.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

(1) Carrying values of YKS are classified as assets held for resale and related to discontinued operations.

6. Subsidiaries quoted to stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges ⁽¹⁾	8.784	1.231.950
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	8.784	1.231.950

(1) Carrying values of YKS are classified as assets held for resale and related to discontinued operations.

I. Information on joint ventures (net):

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

Joint ventures	Bank's share	Group's share	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	82.724	28.939	37.061	19.545	(39.409)
Total	30,45	30,45	82.724	28.939	37.061	19.545	(39.409)

The above figures are extracted from the financial statements on at June 30, 2013.

i. Information on lease receivables (net):

None (December 31, 2012 - None).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

j. Information on hedging derivative financial assets:

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

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

k. Information on tangible assets:

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

l. Information on intangible assets:

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

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

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

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

	Current Period	Prior Period
Net book value at the beginning of the period	132.195	100.396
Additions	32.349	68.043
Transfers ⁽¹⁾	1.410.080	-
Disposals (-), net	(21.682)	(33.226)
Impairment provision reversal	751	983
Impairment provision (-)	(125)	(235)
Depreciation (-)	(2.226)	(3.766)
Net book value at the end of the period	1.551.342	132.195
Cost at the end of the period	1.561.889	141.484
Accumulated depreciation at the end of the period (-)	(10.547)	(9.289)
Net book value at the end of the period	1.551.342	132.195

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

As of June 30, 2013, the Bank booked impairment provision on assets held for resale with an amount of TL 8.417 (December 31, 2012 - TL 9.043).

ö. Information on other assets:

As of June 30, 2013, other assets do not exceed 10% of the total assets.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

II. Explanations and notes related to liabilities

a. Information on deposits:

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

1 (i). Current Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	2.474.030	945.940	18.149.216	1.309.467	481.905	235.334	23.595.892
Foreign currency deposits	3.923.192	3.178.701	16.517.931	2.446.762	730.538	1.340.917	28.138.041
Residents in Turkey	3.740.746	3.115.469	16.262.135	789.849	603.796	768.120	25.280.115
Residents abroad	182.446	63.232	255.796	1.656.913	126.742	572.797	2.857.926
Public sector deposits	255.639	50	154	1.542	1.574.837	29	1.832.251
Commercial deposits	4.133.133	1.729.955	8.679.798	562.021	787.364	122.456	16.014.727
Other institutions deposits	76.219	155.846	1.210.017	84.674	2.014.356	567	3.541.679
Precious metals vault	808.521	3.494	108.147	76.654	79.151	128.300	1.204.267
Bank deposits	220.108	193.173	165.045	179.791	53.012	700	811.829
The CBRT	-	-	-	-	-	-	-
Domestic banks	1.989	190.927	165.045	179.791	52.809	700	591.261
Foreign banks	79.561	2.246	-	-	203	-	82.010
Participation banks	138.558	-	-	-	-	-	138.558
Other	-	-	-	-	-	-	-
Total	11.890.842	6.207.159	44.830.308	4.660.911	5.721.163	1.828.303	75.138.686

1 (ii). Prior Period:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on saving deposits insurance:

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

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits ⁽¹⁾	11.722.195	9.004.712	11.873.751	15.038.237
Foreign currency savings deposit	2.979.047	2.215.005	7.970.319	8.917.028
Other deposits in the form of savings deposits	665.851	527.019	401.565	663.011
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50.000 to TL 100,000.

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.130	6.128
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	66.015	43.584
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

b. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	54.087	-	94.242	-
Swap transactions ⁽¹⁾	245.978	48.134	173.880	59.555
Futures transactions	-	-	-	-
Options	82.025	32.813	18.547	25.030
Other	-	-	-	-
Total	382.090	80.947	286.669	84.585

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Information on borrowings:

1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	172.563	283.510	218.279	259.396
From foreign banks, institutions and funds	372.173	11.967.766	420.117	11.522.659
Total	544.736	12.251.276	638.396	11.782.055

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	152.194	7.648.364	216.477	6.564.928
Medium and long-term	392.542	4.602.912	421.919	5.217.127
Total	544.736	12.251.276	638.396	11.782.055

3. Information on securitization borrowings:

The Bank has a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 194 million and EUR 105 million, the equivalent of TL 637.147 using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010 and during 2013 a total of TL 205.944 is paid (2012 – TL 396.868).

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 950.439 using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

ç. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.193.355	-	737.778	-
Bonds	493.866	1.925.359	703.236	885.367
Collateralized securities	458.337	-	462.720	-
Total	1.687.221	1.925.359	1.441.014	885.367

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

d. Information on other liabilities:

As of June 30, 2013, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	1.941	1.862	7.664	7.387
More than 4 years	-	-	-	-
Total	1.941	1.862	7.664	7.387

2. Information on operational leasing agreements:

The Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under “Other Assets”.

f. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	3.807	-	90.233	-
Cash flow hedge ⁽¹⁾	89.771	374.080	321.768	492.686
Foreign net investment hedge	-	-	-	-
Total	93.578	374.080	412.001	492.686

(1) Explained in Note XIII of Section IV.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	1.008.946	944.130
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	77.924	149.855
Provisions for second group loans and receivables	76.500	119.251
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	9.765	15.593
Provisions for non cash loans	64.957	72.986
Others	202.794	168.465
Total	1.353.197	1.304.832

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on reserve for employee rights:

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

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

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

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.254,44 effective from July 1, 2013 (July 1, 2012: full TL 3.033,98) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	119.086	99.080
Changes during the period	19.443	49.330
Paid during the period	(17.816)	(29.324)
Balance at the end of the period	120.713	119.086

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 109.647 as of June 30, 2013 (December 31, 2012 - TL 94.524).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

As of June 30, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 932 (December 31, 2012 - TL 65.231). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

- (i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	852.062	827.177
Provisions on not indemnified non cash loans	112.470	125.749
Provisions on credit cards and promotion campaigns related to banking services	29.518	36.708
Provision on export commitment tax and funds liability	39.476	38.106
Other	184.323	123.736
Total	1.217.849	1.151.476

- (ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	173.283	229.247
Total	173.283	229.247

ğ. Information on taxes payable:

- (i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	23.522	221.167
Taxation of Marketable Securities	49.775	80.738
Property Tax	1.932	1.705
Banking Insurance Transaction Tax ("BITT")	48.728	56.025
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.432	6.188
Other	22.409	22.130
Total	148.798	387.953

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Information on premium payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Social security premiums – employee	-	-	-	-
Social security premiums – employer	-	-	-	-
Bank pension fund premiums – employee	9.627	-	8.946	-
Bank pension fund premiums – employer	10.052	-	9.327	-
Pension fund deposit and provisions – employee	-	-	-	-
Pension fund deposit and provisions – employer	-	-	-	-
Unemployment insurance – employee	687	-	638	-
Unemployment insurance – employer	1.378	-	1.278	-
Other	-	-	-	-
Total	21.744	-	20.189	-

(iii) Information on deferred tax liability:

None (December 31, 2012 - None).

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	5.720.086	-	5.195.642
From other foreign institutions	-	-	-	-
Total	-	5.720.086	-	5.195.642

At March 31, 2006, the Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years and EURIBOR+3% for the remaining 5 years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor.

In addition, the subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years and EURIBOR+3,25% for the remaining 5 years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor.

The 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 and EURIBOR+2,78% for the remaining 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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 40% since the remaining maturity of these loans is less than 3 years. Subordinated loans obtained from Citibank, N.A. London Branch is considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of this loan is less than 4 years.

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

The Bank had early repaid its borrowing for USD 585 million which was received from Unicredit Bank Austria AG on February 22, 2012 with an interest rate of 3 months Libor + 8.30% and received another subordinated borrowing from the same counterparty for USD 585 million with 10 years of maturity (payable after 5 years) and 5,5% of fixed interest rate. The Bank incurred an early payment fee for TL 57 million with respect to early closing of this subordinated loan. As per the approval of BRSA dated December 31, 2012 this loan is accepted as subordinated loan and is approved to be considered as additional capital as stated in the "Regulation on Own Funds of Banks" decree.

i. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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

The 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, 2012 - None).

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

7. Privileges on the corporate stock: None.

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	618.553	189.873	1.769.966	137.911
Valuation difference	618.553	189.873	1.769.966	137.911
Foreign currency difference ⁽¹⁾	-	-	-	-
From fixed assets held for sale	1.183.497	-	-	-
Valuation difference	1.183.497	-	-	-
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	(115.053)	559.225	269.438	1.239.639
Valuation differences ⁽²⁾	(115.053)	452.915	269.438	1.241.631
Foreign currency differences ⁽¹⁾	-	106.310	-	(1.992)
Total	1.686.997	749.098	2.039.404	1.377.550

(1) Includes current period foreign currency differences.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	20.433.491	17.856.081
Loan granting commitments	6.054.446	5.322.612
Commitments for cheques	5.447.472	5.258.480
Other irrevocable commitments	17.636.661	8.507.182
Total	49.572.070	36.944.355

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside general provision for its non-cash loans amounting to TL 64.957 (December 31, 2012 - TL 72.986) and specific provision for TL 279.239 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet for TL 112.470 (December 31, 2012 - TL125.749).

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

	Current Period	Prior Period
Bank acceptance loans	117.258	121.325
Letter of credits	6.081.562	5.610.615
Other guarantees and collaterals	2.352.019	2.119.199
Total	8.550.839	7.851.139

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

	Current Period	Prior Period
Temporary letter of guarantees	1.302.247	1.572.512
Definite letter of guarantees	16.799.649	14.471.452
Advance letter of guarantees	3.586.299	2.677.145
Letter of guarantees given to customs	1.022.742	1.032.686
Other letter of guarantees	957.711	757.863
Total	23.668.648	20.511.658

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

	Current Period	Prior Period
Non-cash loans given against cash loans	765.950	583.744
With original maturity of 1 year or less than 1 year	74.373	72.182
With original maturity of more than 1 year	691.577	511.562
Other non-cash loans	31.453.537	27.779.053
Total	32.219.487	28.362.797

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

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

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

b. Information on derivative financial instruments:

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

c. Information on credit derivatives and risk exposures:

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

ç. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 37.158 (December 31, 2012 - TL 34.091) for litigation and has accounted for it in the financial statements under the “Other Provisions” account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

As a result of the investigation of the Turkish Competition Board initiated on some banks including the Bank to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054, an administrative fine amounting to TL 149.961 was imposed against the Bank in accordance with the decision of Competition Board numbered 13-13/198-100 dated March 8, 2013.

In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay only 75% of such administrative fine amounting to TL 112.471 in thirty days following the notification of the decision. The Bank has provided the necessary provisions in the accompanying unconsolidated financial statements.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	1.682.917	72.344	1.712.255	84.315
Medium/long-term loans ⁽¹⁾	1.431.769	525.059	1.313.684	496.339
Interest on loans under follow-up	50.000	2.055	44.027	12
Premiums received from resource utilization support fund	-	-	-	-
Total	3.164.686	599.458	3.069.966	580.666

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

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	6.667	317	11.097	770
From foreign banks	1.712	3.360	1.120	4.710
Headquarters and branches abroad	-	-	-	-
Total	8.379	3.677	12.217	5.480

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	4.735	1.807	8.162	1.213
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	318.805	195.051	309.887	21.202
From held-to-maturity investments	124.249	67.892	169.942	286.091
Total	447.789	264.750	487.991	308.506

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest received from associates and subsidiaries		9.981		9.829

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	27.744	327.504	34.123	235.818
The CBRT	-	-	-	-
Domestic banks	6.116	5.295	8.354	3.499
Foreign banks	21.628	322.209	25.769	232.319
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	-
Total ⁽¹⁾	27.744	327.504	34.123	235.818

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	29.068	34.043

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	55.639	49.759	74.380	24.227
Total	55.639	49.759	74.380	24.227

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposits	140	736	934	1.017	299	4	-	3.130	4.576
Saving deposits	1	29.761	632.506	45.052	10.598	12.773	-	730.691	1.047.687
Public sector deposits	-	11	635	60	16	1	-	723	119
Commercial deposits	10	96.254	279.093	39.246	24.691	5.352	-	444.646	502.682
Other deposits	-	2.045	40.782	8.934	102.946	19	-	154.726	69.722
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	151	128.807	953.950	94.309	138.550	18.149	-	1.333.916	1.624.786
FC									
Foreign currency deposits	52	62.392	165.710	10.374	7.185	18.431	-	264.144	408.118
Bank deposits	27	332	-	-	1	-	-	360	796
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	469	617	108	66	16	-	1.276	1.322
Total	79	63.193	166.327	10.482	7.252	18.447	-	265.780	410.236
Grand total	230	192.000	1.120.277	104.791	145.802	36.596	-	1.599.696	2.035.022

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Information on dividend income:

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

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

	Current Period	Prior Period
Gain	18.066.667	22.604.433
Gain from capital market transactions	297.793	54.505
Derivative financial transaction gains	6.239.579	8.788.143
Foreign exchange gains	11.529.295	13.761.785
Loss(-)	(18.037.398)	(22.706.205)
Loss from capital market transactions	(37.223)	(6.711)
Derivative financial transaction losses	(5.794.034)	(9.593.685)
Foreign exchange loss	(12.206.141)	(13.105.809)
Net gain/loss	29.269	(101.772)

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 714.698 income (June 30, 2012 – TL 544.372 loss).

e. Information on other operating income:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	497.397	266.853
III. Group loans and receivables	4.695	16.169
IV. Group loans and receivables	65.630	105.096
V. Group loans and receivables	427.072	145.588
General provision expenses	97.084	196.464
Provision expense for possible risks	14.878	13.776
Marketable securities impairment expenses ⁽¹⁾	24.336	-
Financial assets at fair value through profit or loss	884	-
Available-for-sale financial assets	23.452	-
Impairment of investments in associates, subsidiaries and held-to-maturity securities	14.421	9.020
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	14.421	9.020
Other	37.690	544
Total	685.806	486.657

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

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	650.342	609.304
Reserve for employee termination benefits	1.919	6.941
Provision expense for pension fund	24.885	21.700
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	78.821	76.312
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	35.809	31.240
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	125	110
Depreciation expenses of assets held for resale	2.226	1.971
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	516.325	441.897
Operational lease expenses	80.874	71.832
Repair and maintenance expenses	24.964	22.906
Advertising expenses	49.753	38.284
Other expense	360.734	308.875
Loss on sales of assets	144	23
Other	302.001	265.435
Total	1.612.597	1.454.933

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

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

As of June 30, 2013, the Bank has current tax expense amounting to TL 133.852 (June 30, 2012 – TL 330.864) and deferred tax expense amounting to TL 158.425 (June 30, 2012 – TL 101.446 revenue).

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

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

i. Other items in income statement:

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

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

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

VI. Explanations and notes related to statement of cash flows

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

VII. Explanations and notes related to the Bank’s risk group

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

1. Current Period:

Bank’s risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	203.903	151.354	15.430	403.915	706.576	936.967
Balance at the end of the period	380.063	269.498	27.331	222.649	849.397	1.467.006
Interest and commission income received	9.981	1.091	1.964	1.040	27.716	5.480

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

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

Prior Period:

Bank’s risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	701.047	291.713	8.292	230.061	673.086	722.958
Balance at the end of the period	203.903	151.354	15.430	403.915	706.576	936.967
Interest and commission income received⁽³⁾	9.829	771	1.799	1.170	34.450	8.539

(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) Represent profit / loss figures for the 6 months period ended June 30, 2012.

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

Bank’s risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	770.943	1.239.623	5.838.878	5.160.138	8.016.750	4.414.388
End of the period	1.220.804	770.943	8.216.679	5.838.878	6.081.238	8.016.750
Interest expense on deposits⁽³⁾	29.068	34.043	172.517	141.870	150.702	95.497

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

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

(3) Prior period columns represent profit / loss figures for the 6 months period ended June 30, 2012.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

Bank’s risk group ⁽¹⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	1.403.949	2.044.472	300.627	216.174	273.177	97.206
End of the period ⁽³⁾	1.647.234	1.403.949	403.609	300.627	568.557	273.177
Total profit / (loss)⁽⁴⁾	19.984	(95.146)	(30)	(579)	2.422	(11.948)
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / (loss)⁽¹⁾	-	-	-	-	-	-

(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) Prior period columns represent profit / loss figures for the 6 months period ended June 30, 2012.

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

Salaries and benefits paid to the Bank’s top management amount to TL 20.659 as of June 30, 2013 (June 30, 2012 – TL 17.716).

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

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

IX. Explanations and notes related to subsequent events

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2013 (continued)

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

Section Six

Explanations on independent review report

I. Explanations on independent auditor's review report

The unconsolidated financial statements for the period ended June 30, 2013 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated August 1, 2013 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.