

# **Yapı ve Kredi Bankası A.Ş.**

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

**(Convenience translation of publicly announced consolidated 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 consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at March 31, 2012 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated 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 Group'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 consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at March 31, 2012 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 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 Articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Selim Elhadeif  
Partner, SMMM

Istanbul, May 9, 2012

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

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

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

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

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows.

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Sigorta A.Ş. 2. Yapı Kredi Emeklilik A.Ş. 3. Yapı Kredi Finansal Kiralama A.O. 4. Yapı Kredi Faktoring A.Ş. 5. Yapı Kredi Yatırım Menkul Değerler A.Ş. 6. Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. 7. Yapı Kredi Portföy Yönetimi A.Ş. 8. Yapı Kredi Holding B.V. 9. Yapı Kredi Bank Nederland N.V. 10. Yapı Kredi Bank Moscow 11. Sticking Custody Services YKB 12. Yapı Kredi Bank Azerbajjan CJSC 13. Yapı Kredi Invest LLC	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

Additionally, although, Yapı Kredi Diversified Payment Rights Finance Company, a "Special Purpose Entity", is not a subsidiary of the Bank, as our Bank has a control of 100% it has been included in the consolidation.

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

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

**H. Faik AÇIKALIN**  
Chief Executive Officer

**Marco CRAVARIO**  
Chief Financial Officer

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

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

**Francesco GIORDANO**  
Member of Audit Committee

**Füsun Akkal BOZOK**  
Member of Audit Committee

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

**Name-Surname / Title** : Serkan Savaş / International Reporting and Consolidation Manager  
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**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section one**

**General information about the Group**

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

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

**II. Explanation about the Parent 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 Parent Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted in London Stock Exchange. As of March 31, 2012, 18,20% of the shares of the Bank are publicly traded (December 31, 2011 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

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

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

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank	July 2, 2007	Yapı Kredi NV
	Nederland N.V.		

After the merger and the share transfer procedures in 2007 and the capital increase by TL 920 million in 2008, KFS owns 81,80% of the shares of the Bank.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

Board of Directors Members:

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

Audit Committee Members:

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

Statutory Auditors:

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

General Manager and Assistant General Managers:

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**IV. Information on the individual and corporate shareholders having control shares of the Parent 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	-

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

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

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

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

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

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

As of March 31, 2012, the Parent Bank has 14.966 employees (December 31, 2011 - 14.859 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of March 31, 2012 the Group has 17.546 employees (December 31, 2011 - 17.306 employees).

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

## Section two Consolidated financial statements

### I. Consolidated balance sheet

		(31/03/2012)			(31/12/2011)		
Assets	Note (Section five)	TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	<b>I-a</b>	<b>4.996.581</b>	<b>5.554.524</b>	<b>10.551.105</b>	<b>4.652.286</b>	<b>5.429.417</b>	<b>10.081.703</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	<b>I-b</b>	<b>540.854</b>	<b>152.901</b>	<b>693.755</b>	<b>440.707</b>	<b>116.123</b>	<b>556.830</b>
2.1 Trading financial assets		540.854	152.901	693.755	440.707	116.123	556.830
2.1.1 Government debt securities		237.496	47.145	284.641	199.631	27.459	227.090
2.1.2 Share certificates		7.624	-	7.624	-	-	-
2.1.3 Derivative financial assets held for trading		244.828	104.244	349.072	188.600	86.018	274.618
2.1.4 Other marketable securities		50.906	1.512	52.418	52.476	2.646	55.122
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	<b>I-c</b>	<b>804.120</b>	<b>3.418.712</b>	<b>4.222.832</b>	<b>268.424</b>	<b>3.160.100</b>	<b>3.428.524</b>
<b>IV. Money markets</b>		<b>2.726</b>	<b>-</b>	<b>2.726</b>	<b>2.136.726</b>	<b>36.835</b>	<b>2.173.561</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul stock exchange money market		2.453	-	2.453	15.000	36.835	51.835
4.3 Receivables from reverse repurchase agreements		273	-	273	2.121.726	-	2.121.726
<b>V. Available-for-sale financial assets (net)</b>	<b>I-d</b>	<b>6.922.735</b>	<b>1.121.258</b>	<b>8.043.993</b>	<b>6.520.393</b>	<b>1.490.883</b>	<b>8.011.276</b>
5.1 Share certificates		17.104	312	17.416	17.100	326	17.426
5.2 Government debt securities		5.429.866	839.059	6.268.925	5.097.440	1.138.590	6.236.030
5.3 Other marketable securities		1.475.765	281.887	1.757.652	1.405.853	351.967	1.757.820
<b>VI. Loans and receivables</b>	<b>I-e</b>	<b>47.126.085</b>	<b>23.146.369</b>	<b>70.272.454</b>	<b>45.160.589</b>	<b>24.910.325</b>	<b>70.070.914</b>
6.1 Loans and receivables		46.563.607	22.953.413	69.517.020	44.592.162	24.733.855	69.326.017
6.1.1 Loans to bank's risk group		524.644	722.421	1.247.065	336.681	790.617	1.127.298
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		46.038.963	22.230.992	68.269.955	44.255.481	23.943.238	68.198.719
6.2 Loans under follow-up		1.876.872	391.439	2.268.311	1.835.600	302.518	2.138.118
6.3 Specific provisions (-)		(1.314.394)	(198.483)	(1.512.877)	(1.267.173)	(126.048)	(1.393.221)
<b>VII. Factoring receivables</b>		<b>920.759</b>	<b>759.227</b>	<b>1.679.986</b>	<b>795.163</b>	<b>995.598</b>	<b>1.790.761</b>
<b>VIII. Held-to-maturity securities (net)</b>	<b>I-f</b>	<b>3.363.020</b>	<b>8.579.880</b>	<b>11.942.900</b>	<b>3.468.882</b>	<b>9.241.740</b>	<b>12.710.622</b>
8.1 Government debt securities		3.363.020	8.579.880	11.942.900	3.468.882	9.241.740	12.710.622
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. Investments in associates (net)</b>	<b>I-g</b>	<b>4.503</b>	<b>180.731</b>	<b>185.234</b>	<b>4.503</b>	<b>183.940</b>	<b>188.443</b>
9.1 Consolidated based on equity method		-	180.731	180.731	-	183.940	183.940
9.2 Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1 Investments in financial associates		-	-	-	-	-	-
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
<b>X. Subsidiaries (net)</b>	<b>I-h</b>	<b>2.300</b>	<b>-</b>	<b>2.300</b>	<b>2.300</b>	<b>-</b>	<b>2.300</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	<b>I-i</b>	<b>19.574</b>	<b>-</b>	<b>19.574</b>	<b>19.650</b>	<b>-</b>	<b>19.650</b>
11.1 Accounted based on equity method		19.574	-	19.574	19.650	-	19.650
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Lease receivables (net)</b>	<b>I-j</b>	<b>595.471</b>	<b>2.119.952</b>	<b>2.715.423</b>	<b>540.478</b>	<b>2.254.005</b>	<b>2.794.483</b>
12.1 Financial lease receivables		724.461	2.491.160	3.215.621	655.326	2.643.519	3.298.845
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(128.990)	(371.208)	(500.198)	(114.848)	(389.514)	(504.362)
<b>XIII. Derivative financial assets held for hedging</b>	<b>I-k</b>	<b>158.117</b>	<b>296</b>	<b>158.413</b>	<b>376.973</b>	<b>362</b>	<b>377.335</b>
13.1 Fair value hedge		150.814	-	150.814	369.747	-	369.747
13.2 Cash flow hedge		7.303	296	7.599	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>		<b>1.008.642</b>	<b>23.034</b>	<b>1.031.676</b>	<b>1.043.112</b>	<b>20.272</b>	<b>1.063.384</b>
<b>XV. Intangible assets (net)</b>	<b>I-l</b>	<b>1.294.647</b>	<b>4.100</b>	<b>1.298.747</b>	<b>1.281.233</b>	<b>2.932</b>	<b>1.284.165</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		315.154	4.100	319.254	301.740	2.932	304.672
<b>XVI. Investment property (net)</b>	<b>I-m</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. Tax asset</b>		<b>360.502</b>	<b>1.141</b>	<b>361.643</b>	<b>359.938</b>	<b>4.524</b>	<b>364.462</b>
17.1 Current tax asset		-	52	52	-	2.584	2.584
17.2 Deferred tax asset		360.502	1.089	361.591	359.938	1.940	361.878
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	<b>I-n</b>	<b>120.864</b>	<b>-</b>	<b>120.864</b>	<b>103.572</b>	<b>-</b>	<b>103.572</b>
18.1 Held for sale purposes		120.864	-	120.864	103.572	-	103.572
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	<b>I-o</b>	<b>1.152.954</b>	<b>961.334</b>	<b>2.114.288</b>	<b>1.029.662</b>	<b>1.398.484</b>	<b>2.428.146</b>
<b>Total assets</b>		<b>69.394.454</b>	<b>46.023.459</b>	<b>115.417.913</b>	<b>68.204.591</b>	<b>49.245.540</b>	<b>117.450.131</b>

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



(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

#### I. Consolidated balance sheet

		(31/03/2012)			(31/12/2011)			
		Note (Section five)	TL	FC	Total	TL	FC	Total
I	Liabilities							
	Deposits	II-a	36.647.336	27.537.522	64.184.858	35.075.620	31.110.930	66.186.550
1.1	Deposits of the Bank's risk group		3.760.583	3.246.578	7.007.161	3.373.946	3.964.002	7.337.948
1.2	Other		32.886.753	24.290.944	57.177.697	31.701.674	27.146.928	58.848.602
II.	Derivative financial liabilities held for trading	II-b	224.346	97.702	322.048	409.917	130.422	540.339
III.	Borrowings	II-c	1.275.342	11.425.212	12.700.554	1.367.084	13.315.818	14.682.902
IV.	Money markets		1.566.111	4.903.550	6.469.661	1.845.799	5.040.094	6.885.893
4.1	Funds from interbank money market		-	-	-	-	19.137	19.137
4.2	Funds from Istanbul stock exchange money market		1.179.018	-	1.179.018	942.043	-	942.043
4.3	Funds provided under repurchase agreements		387.093	4.903.550	5.290.643	903.756	5.020.957	5.924.713
V.	Marketable securities issued (net)	II-d	1.634.426	2.815.748	4.450.174	1.095.354	2.153.363	3.248.717
5.1	Bills		1.309.005	7.334	1.316.339	951.004	5.582	956.586
5.2	Asset backed securities		-	1.944.254	1.944.254	-	2.147.781	2.147.781
5.3	Bonds		325.421	864.160	1.189.581	144.350	-	144.350
VI.	Funds		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	Miscellaneous payables		4.072.136	562.643	4.634.779	3.961.864	833.636	4.795.500
VIII.	Other liabilities	II-e	693.624	891.847	1.585.471	767.922	842.187	1.610.109
IX.	Factoring payables		-	-	-	-	-	-
X.	Lease payables (net)	II-f	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		-	-	-	-	-	-
XI.	Derivative financial liabilities held for hedging	II-g	144.061	431.403	575.464	62.652	440.189	502.841
11.1	Fair value hedge		94.808	-	94.808	18.959	-	18.959
11.2	Cash flow hedge		49.253	431.403	480.656	43.693	440.189	483.882
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	Provisions	II-h	2.817.718	716.224	3.533.942	2.760.713	784.192	3.544.905
12.1	General loan loss provision		717.075	364.770	1.081.845	670.146	382.122	1.052.268
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		207.094	4.990	212.084	201.362	4.979	206.341
12.4	Insurance technical provisions (net)		778.271	300.474	1.078.745	731.166	332.728	1.063.894
12.5	Other provisions		1.115.278	45.990	1.161.268	1.158.039	64.363	1.222.402
XIII.	Tax liability	II-i	363.244	2.039	365.283	292.396	929	293.325
13.1	Current tax liability		361.844	1.808	363.652	292.396	929	293.325
13.2	Deferred tax liability		1.400	231	1.631	-	-	-
XIV.	Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1	Held for sale purpose		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	Subordinated loans	II-j	-	3.463.953	3.463.953	-	2.523.816	2.523.816
XVI.	Shareholders' equity	II-k	13.603.322	(471.596)	13.131.726	13.151.420	(516.186)	12.635.234
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		1.104.638	(471.596)	633.042	916.528	(516.186)	400.342
16.2.1	Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	II-k	189.610	33.218	222.828	114.015	17.109	131.124
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)		76.615	(504.814)	(428.199)	111.991	(533.295)	(421.304)
16.2.9	Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		294.532	-	294.532	146.641	-	146.641
16.3	Profit reserves		6.906.696	-	6.906.696	5.197.101	-	5.197.101
16.3.1	Legal reserves		359.847	-	359.847	266.973	-	266.973
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		6.546.849	-	6.546.849	4.930.128	-	4.930.128
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Income or (loss)		1.178.258	-	1.178.258	2.623.562	-	2.623.562
16.4.1	Prior years' income or (loss)		766.076	-	766.076	338.858	-	338.858
16.4.2	Current year income or (loss)		412.182	-	412.182	2.284.704	-	2.284.704
16.5	Minority interest	II-l	66.679	-	66.679	67.178	-	67.178
Total liabilities and shareholders' equity			63.041.666	52.376.247	115.417.913	60.790.741	56.659.390	117.450.131

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

## II. Consolidated off-balance sheet commitments

		(31/03/2012)			(31/12/2011)		
	Note (Section five)	TL	FC	Total	TL	FC	Total
<b>A</b>	<b>Off-balance sheet commitments (I+II+III)</b>	<b>88.508.114</b>	<b>114.676.863</b>	<b>203.184.977</b>	<b>81.022.711</b>	<b>111.769.068</b>	<b>192.791.779</b>
<b>I</b>	<b>Guarantees and warranties</b>	<b>10.725.076</b>	<b>16.459.670</b>	<b>27.184.746</b>	<b>10.695.392</b>	<b>15.677.117</b>	<b>26.372.509</b>
1.1	Letters of guarantee	10.225.212	9.181.028	19.406.240	9.943.564	8.871.149	18.814.713
1.1.1	Guarantees subject to state tender law	520.286	558.448	1.078.734	502.263	628.039	1.130.302
1.1.2	Guarantees given for foreign trade operations	1.146.491	8.487.248	9.633.739	1.105.998	8.126.300	9.232.298
1.1.3	Other letters of guarantee	8.558.435	135.332	8.693.767	8.335.303	116.810	8.452.113
1.2	Bank acceptances	-	146.078	146.078	-	158.915	158.915
1.2.1	Import letter of acceptance	-	146.078	146.078	-	158.915	158.915
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	12.078	5.459.142	5.471.220	13.687	4.993.297	5.006.984
1.3.1	Documentary letters of credit	12.078	5.443.293	5.455.371	13.687	4.983.502	4.997.189
1.3.2	Other letters of credit	-	15.849	15.849	-	9.795	9.795
1.4	Prefinancing given as guarantee	143	2.364	2.507	143	2.519	2.662
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	487.643	713.986	1.201.629	737.998	614.488	1.352.486
1.9	Other warranties	-	957.072	957.072	-	1.036.749	1.036.749
<b>II</b>	<b>Commitments</b>	<b>54.697.097</b>	<b>32.790.479</b>	<b>87.487.576</b>	<b>50.502.978</b>	<b>30.435.022</b>	<b>80.938.000</b>
2.1	Irrevocable commitments	27.785.596	11.018.496	38.804.092	23.716.890	6.930.298	30.647.188
2.1.1	Asset purchase and sale commitments	1.698.764	10.344.417	12.043.181	42.700	6.067.378	6.110.078
2.1.2	Deposit purchase and sales commitments	1.442	201	1.643	1.692	301	1.993
2.1.3	Share capital commitments to associates and subsidiaries	1.000	-	1.000	-	-	1.000
2.1.4	Loan granting commitments	4.693.712	637.120	5.330.832	4.345.796	814.989	5.160.785
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.297.818	-	5.297.818	4.220.740	-	4.220.740
2.1.8	Tax and fund liabilities from export commitments	37.627	-	37.627	37.251	-	37.251
2.1.9	Commitments for credit card limits	14.617.160	36.701	14.653.861	13.666.113	47.569	13.713.682
2.1.10	Commitments for credit cards and banking services promotions	-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	1.438.073	57	1.438.130	1.401.598	61	1.401.659
2.2	Revocable commitments	26.911.501	21.771.983	48.683.484	26.786.088	23.504.724	50.290.812
2.2.1	Revocable loan granting commitments	26.911.501	21.771.983	48.683.484	26.786.088	23.504.724	50.290.812
2.2.2	Other revocable commitments	-	-	-	-	-	-
<b>III</b>	<b>Derivative financial instruments</b>	<b>23.085.941</b>	<b>65.426.714</b>	<b>88.512.655</b>	<b>19.824.341</b>	<b>65.656.929</b>	<b>85.481.270</b>
3.1	Hedging derivative financial instruments	10.345.408	27.682.519	38.027.927	9.094.408	29.549.643	38.644.051
3.1.1	Transactions for fair value hedge	2.663.808	3.040.913	5.704.721	2.782.808	3.424.046	6.206.854
3.1.2	Transactions for cash flow hedge	7.681.600	24.641.606	32.323.206	6.311.600	26.125.597	32.437.197
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	12.740.533	37.744.195	50.484.728	10.729.933	36.107.286	46.837.219
3.2.1	Forward foreign currency buy/sell transactions	3.767.025	8.104.719	11.871.744	3.531.519	7.107.230	10.638.749
3.2.1.1	Forward foreign currency transactions-buy	1.595.136	4.306.246	5.901.382	1.219.066	4.078.821	5.297.887
3.2.1.2	Forward foreign currency transactions-sell	2.171.889	3.798.473	5.970.362	2.312.453	3.028.409	5.340.862
3.2.2	Swap transactions related to foreign currency and interest rates	4.476.152	18.911.963	23.388.115	3.156.690	20.650.084	23.806.774
3.2.2.1	Foreign currency swap-buy	2.640.943	7.028.523	9.669.466	1.915.136	7.568.292	9.483.428
3.2.2.2	Foreign currency swap-sell	1.835.209	7.743.986	9.579.195	1.241.554	8.502.444	9.743.998
3.2.2.3	Interest rate swap-buy	-	2.069.727	2.069.727	-	2.289.674	2.289.674
3.2.2.4	Interest rate swap-sell	-	2.069.727	2.069.727	-	2.289.674	2.289.674
3.2.3	Foreign currency, interest rate and securities options	3.790.356	10.107.874	13.898.230	3.334.724	7.566.881	10.901.605
3.2.3.1	Foreign currency options-buy	1.109.029	3.356.656	4.465.685	1.159.806	1.778.865	2.938.671
3.2.3.2	Foreign currency options-sell	1.637.194	2.855.806	4.493.000	1.643.280	1.704.174	3.347.454
3.2.3.3	Interest rate options-buy	187.350	1.982.512	2.169.862	337.350	2.655.238	2.992.588
3.2.3.4	Interest rate options-sell	262.350	1.912.900	2.175.250	112.350	1.354.184	1.466.534
3.2.3.5	Securities options-buy	383.890	-	383.890	18.044	13.729	31.773
3.2.3.6	Securities options-sell	210.543	-	210.543	63.894	60.691	124.585
3.2.4	Foreign currency futures	-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate futures	-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	707.000	619.639	1.326.639	707.000	783.091	1.490.091
<b>B</b>	<b>Custody and pledges received (IV+V+VI)</b>	<b>110.600.899</b>	<b>26.405.437</b>	<b>137.006.336</b>	<b>107.146.729</b>	<b>27.609.924</b>	<b>134.756.653</b>
<b>IV</b>	<b>Items held in custody</b>	<b>55.147.057</b>	<b>4.352.191</b>	<b>59.499.248</b>	<b>53.463.516</b>	<b>4.289.298</b>	<b>57.752.814</b>
4.1	Customer fund and portfolio balances	11.122	118	11.240	10.497	122	10.619
4.2	Investment securities held in custody	43.763.431	3.632.055	47.395.486	42.441.549	3.581.191	46.022.740
4.3	Checks received for collection	9.001.199	79.106	9.080.305	8.669.405	92.110	8.761.515
4.4	Commercial notes received for collection	2.366.077	616.824	2.982.901	2.336.837	590.894	2.927.731
4.5	Other assets received for collection	-	24.088	24.088	-	24.981	24.981
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	5.228	-	5.228	5.228	-	5.228
4.8	Custodians	-	-	-	-	-	-
<b>V</b>	<b>Pledges received</b>	<b>54.307.700</b>	<b>21.443.205</b>	<b>75.750.905</b>	<b>52.561.567</b>	<b>22.673.972</b>	<b>75.235.539</b>
5.1	Marketable securities	206.777	192	206.969	207.970	204	208.174
5.2	Guarantee notes	596.322	418.568	1.014.890	560.893	442.768	1.003.661
5.3	Commodity	45.538	-	45.538	38.944	-	38.944
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	37.131.941	16.060.842	53.192.783	36.292.482	16.967.526	53.260.008
5.6	Other pledged items	16.327.122	4.960.451	21.287.573	15.461.278	5.260.128	20.721.406
5.7	Pledged items-depository	-	3.152	3.152	-	3.346	3.346
<b>VI</b>	<b>Accepted independent guarantees and warranties</b>	<b>1.146.142</b>	<b>610.041</b>	<b>1.756.183</b>	<b>1.121.646</b>	<b>646.654</b>	<b>1.768.300</b>
<b>Total off-balance sheet commitments (A+B)</b>		<b>199.109.013</b>	<b>141.082.300</b>	<b>340.191.313</b>	<b>188.169.440</b>	<b>139.378.992</b>	<b>327.548.432</b>

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

## Yapı ve Kredi Bankası A.Ş.

### Consolidated financial statements at March 31, 2012 and 2011

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

#### III. Consolidated income statement

Income and expense items		Note (Section five)	01/01-31/03/2012	01/01-31/03/2011
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>2.413.316</b>	<b>1.721.737</b>
1.1	Interest on loans	IV-a-1	1.792.839	1.214.062
1.2	Interest received from reserve deposits		71	103
1.3	Interest received from banks	IV-a-2	23.405	23.057
1.4	Interest received from money market transactions		24.240	1.676
1.5	Interest received from marketable securities portfolio	IV-a-3	445.286	400.380
1.5.1	Trading financial assets		6.997	4.155
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		170.848	132.935
1.5.4	Held to maturity investments		267.441	263.290
1.6	Financial lease income		56.750	51.117
1.7	Other interest income		70.725	31.342
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(1.320.791)</b>	<b>(837.174)</b>
2.1	Interest on deposits	IV-b-4	(1.031.240)	(671.542)
2.2	Interest on funds borrowed	IV-b-1	(151.936)	(114.085)
2.3	Interest expense on money market transaction		(80.716)	(45.161)
2.4	Interest on securities issued	IV-b-3	(52.916)	(5.356)
2.5	Other interest expenses		(3.983)	(1.030)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>1.092.525</b>	<b>884.563</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>415.782</b>	<b>451.115</b>
4.1	Fees and commissions received		531.522	543.067
4.1.1	Non-cash loans		62.491	58.827
4.1.2	Other	IV-k	469.031	484.240
4.2	Fees and commissions paid		(115.740)	(91.952)
4.2.1	Non-cash loans		(1.604)	(1.099)
4.2.2	Other		(114.136)	(90.853)
<b>V.</b>	<b>Dividend income</b>		<b>105</b>	<b>4.009</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(44.515)</b>	<b>49.910</b>
6.1	Trading gains/(losses) on securities		19.083	1.145
6.2	Derivative financial transactions gains/(losses)	IV-d	(301.897)	30.941
6.3	Foreign exchange gains/(losses)		238.299	17.824
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>131.401</b>	<b>316.349</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>1.595.298</b>	<b>1.705.946</b>
	<b>Provision for impairment of loans and other</b>			
<b>IX.</b>	<b>receivables (-)</b>	<b>IV-f</b>	<b>(279.171)</b>	<b>(312.848)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(789.989)</b>	<b>(710.933)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII+IX+X)</b>		<b>526.138</b>	<b>682.165</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		<b>4.087</b>	<b>1.970</b>
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-h</b>	<b>530.225</b>	<b>684.135</b>
<b>XVI.</b>	<b>Tax provisions for continuing operations (±)</b>	<b>IV-i</b>	<b>(115.677)</b>	<b>(152.625)</b>
16.1	Current tax provision		(144.409)	(134.517)
16.2	Deferred tax provision		28.732	(18.108)
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>414.548</b>	<b>531.510</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		<b>-</b>	<b>-</b>
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		<b>-</b>	<b>-</b>
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-j</b>	<b>414.548</b>	<b>531.510</b>
23.1	Group's profit/loss		412.182	531.492
23.2	Minority interest profit/losses (-)	IV-l	2.366	18
	Earnings/(loss) per share (in TL full)		0,0009	0,0012

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

**Yapı ve Kredi Bankası A.Ş.**

**Consolidated financial statements at March 31, 2012 and 2011**

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

**IV. Consolidated statement of income and expense items accounted under shareholders' equity**

	Income and expense items accounted under shareholders' equity	(31/03/2012)	(31/03/2011)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	145.644	(159.399)
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	1.552	37.129
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	(49.445)	56.466
VI.	Profit/loss on foreign net investment hedges(effective part of the fair value changes)	17.910	(29.405)
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	-	219
IX.	Deferred tax on valuation differences	(30.648)	23.916
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	85.013	(71.074)
XI.	Current year profit/loss	414.548	531.510
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	11.020	774
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(35.053)	(35.419)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	438.581	566.155
XII.	Total profit/loss accounted for the current period (X+XI)	499.561	460.436

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Consolidated statement of changes in shareholders' equity at March 31, 2011

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

#### V. Consolidated statement of changes in shareholders' equity

March 31, 2011	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net 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 equity except minority interest	Minority interest	Total shareholders equity
I. Period opening balance		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.248.031	151.117	252.797	-	-	(143.436)	-	10.682.674	63.095	10.745.76
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.248.031	151.117	252.797	-	-	(143.436)	-	10.682.674	63.095	10.745.76
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(129.862)	-	-	-	-	(129.862)	(236)	(130.098)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	21.649	-	21.649	-	21.64
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	45.173	-	45.173	-	45.17
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	(23.524)	-	(23.524)	-	(23.524)
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	37.264	-	(108)	-	37.156	-	37.15
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219	-	21
XIX. Current year income or loss		-	-	-	-	-	-	-	-	531.492	-	-	-	-	-	-	531.492	18	531.51
XX. Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	(1.808)	(1.808)
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.808)	(1.808)
20.2 Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+ .....+XVIII+XIX+XX)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	531.492	338.858	160.199	-	-	(121.895)	-	11.143.328	61.069	11.204.39

(\*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 516.475 and TL 5.425.773 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated statement of changes in shareholders' equity at March 31, 2012**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**V. Consolidated statement of changes in shareholders' equity**

	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
March 31, 2012																			
I. Prior period-end balance		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	2.284.704	338.858	131.124	-	-	(421.304)	-	12.568.056	67.178	12.635.234
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	112.525	-	-	-	-	112.525	204	112.729
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(25.228)	-	(25.228)	-	(25.228)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(39.557)	-	(39.557)	-	(39.557)
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	14.329	-	14.329	-	14.329
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		-	-	-	-	-	-	-	-	-	-	(20.821)	-	-	18.333	-	(2.488)	-	(2.488)
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current year income or loss		-	-	-	-	-	-	-	-	412.182	-	-	-	-	-	-	412.182	2.366	414.548
XVIII. Profit distribution		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	(3.069)	(3.069)
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.069)	(3.069)
18.2 Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period end balance (I+II+III+.....+XVII+XVIII)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>359.847</b>	<b>-</b>	<b>6.546.849</b>	<b>294.532</b>	<b>412.182</b>	<b>766.076</b>	<b>222.828</b>	<b>-</b>	<b>-</b>	<b>(428.199)</b>	<b>-</b>	<b>13.065.047</b>	<b>66.679</b>	<b>13.131.726</b>

(\*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 647.784 and TL 7.224.739 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

**Yapı ve Kredi Bankası A.Ş.**

**Consolidated statement of cash flows at March 31, 2012 and 2011**

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

**VI. Consolidated statement of cash flows**

	Note (Section five)	(31/03/2012)	(31/03/2011)
<b>A. Cash flows from banking operations</b>			
1.1 Operating profit before changes in operating assets and liabilities		2.167.794	1.089.563
1.1.1 Interest received		2.536.778	1.966.351
1.1.2 Interest paid		(1.267.545)	(802.186)
1.1.3 Dividend received		105	4.009
1.1.4 Fees and commissions received		534.071	543.787
1.1.5 Other income		(178.790)	249.667
1.1.6 Collections from previously written-off loans and other receivables		345.551	427.297
1.1.7 Payments to personnel and service suppliers		(750.448)	(718.780)
1.1.8 Taxes paid		(161.655)	(162.396)
1.1.9 Other		1.109.727	(418.186)
1.2 Changes in operating assets and liabilities		(4.673.435)	1.406.182
1.2.1 Net (increase)/decrease in trading securities		(58.318)	(210.013)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(454.349)	(151.914)
1.2.4 Net (increase)/decrease in loans		(658.942)	(2.631.681)
1.2.5 Net (increase)/decrease in other assets		321.763	78.515
1.2.6 Net increase /(decrease) in bank deposits		(263.825)	(439.276)
1.2.7 Net increase/(decrease) in other deposits		(1.740.560)	1.281.826
1.2.8 Net increase/(decrease) in funds borrowed		(2.605.507)	3.044.832
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		786.303	433.893
<b>I. Net cash flows from banking operations</b>		<b>(2.505.641)</b>	<b>2.495.745</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>		<b>95.625</b>	<b>(684.002)</b>
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(40.598)	(25.648)
2.4 Disposals of property and equipment		1.199	1.961
2.5 Purchase of investments available-for-sale		(1.453.338)	(1.954.593)
2.6 Sale of investments available-for-sale		1.500.294	146.565
2.7 Purchase of investment securities		(55)	(454.061)
2.8 Sale of investment securities		88.123	1.601.774
2.9 Other		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>		<b>1.265.196</b>	<b>(91.683)</b>
3.1 Cash obtained from funds borrowed and securities issued		1.366.012	-
3.2 Cash used for repayment of funds borrowed and securities issued		(97.747)	(89.875)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.069)	(1.808)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>		<b>(212.692)</b>	<b>100.829</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>(1.357.512)</b>	<b>1.820.889</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>V-a</b>	<b>11.464.375</b>	<b>6.105.032</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>V-a</b>	<b>10.106.863</b>	<b>7.925.921</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements March 31, 2012**

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

**Section three**

**Explanations on accounting policies**

**I. Basis of presentation:**

The Parent 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 consolidated 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 ("POAASA") 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 consolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated February 10, 2007.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

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

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

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

**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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The general strategy of the Group 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 Group is deposits. The Group can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Group 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 Parent Bank exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised 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 unconsolidated 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 realised. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Hedging funds" in equity.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**III. Information on consolidation principles:**

**a. Consolidation principles applied:**

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27").

**1. Consolidation principles of subsidiaries:**

Subsidiaries (including special purpose entity), in which Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies, have been fully consolidated.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) March 31, 2012	Direct and indirect rates (%) March 31, 2012
Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	98,85	98,85
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company <sup>(1)</sup>	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Bank.

**2. Consolidation principles of associates:**

The associate is an entity in which the Parent Bank participates in its capital and has significant influence on it although the Parent Bank has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, unless proved otherwise, it is assumed that the Parent Bank has significant influence on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates March 31, 2012	Direct and indirect rates March 31, 2012
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

3. Consolidation principles of joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is real estate investment trust ("GYO") and operates according to special legislation with permission and license and is established in Turkey. The related joint venture is consolidated with equity method in accordance with materiality principle.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates (%)	Direct and indirect rates (%)
			March 31, 2012	March 31, 2012
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	GYO	30,45	30,45

4. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

**b. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:**

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Consolidated and Separate Financial Statements" ("TAS 27") in the Separate financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

Certain derivative transactions, even though they provide effective economic hedges under the Group'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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

**VII. Explanations on financial assets:**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

**c. Loans and receivables:**

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

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

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

Impairment for held to maturity financial assets carried at amortized cost is calculated as the difference between the expected future cash flows discounted at the effective interest rate method and the carrying value.

The impairment amount transferred from shareholders' equity to profit or loss for available for sale securities is calculated as the difference between the purchase cost (after deduction of principal repayments and redemption) and the fair value less any impairment that was previously recorded in profit or loss. This amount is recorded in expense accounts in accordance with the Uniform Chart of Accounts ("UCA").

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

Securities subject to repurchase agreements ("repos") are classified as "at fair value through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the Group 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 Group has no securities lending transactions.

**XI. Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets:**

According to the TFRS 5, a tangible asset (or a group of assets to be disposed) classified as "asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

Additionally, assets that were acquired due to non-performing receivables are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated November 1, 2006, No. 26333 and classified as assets held for resale.

A discontinued operation is a part of the Group's business classified as sold or held for sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Group has no discontinued operations.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**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 recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, 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 recognised 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 amortisation but is tested annually or more frequently for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36").

**b. Other intangible assets:**

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

The Group 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 Group estimates the recoverable amount. 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 amortised 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 utilise 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%

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

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

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised 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 Group performs financial and operational leasing in the capacity of the lessee and lessor.

**a. Accounting of leasing operations according to lessee:**

**Financial lease**

The Group 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 recognised. 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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**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.

**b. Accounting of leasing operations according to lessor:**

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in consolidated balance sheet. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

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

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

**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 Group 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 Group determined by using certain actuarial assumptions.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**b. Pension rights**

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

The main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalized. The Constitutional Court announced that it has rejected the cancellation request with the decision taken in the meeting dated March 30, 2011. The decision with reasoning is published in the Official Gazette No. 28156 dated December 28, 2011. The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law

**c. Defined contribution plans:**

The Group is required to pay certain contributions to the Social Security Institution on behalf of their employees. Other than these payments, the Group does not have any further obligation in this respect. Such premiums are charged to personnel expenses when incurred.

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

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

**XVII. Explanations on taxation:**

**a. Current tax:**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

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

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

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

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

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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

Under the Turkish Corporate Tax Law, effective from April 24, 2003, investment allowances had provided a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand new fixed assets having economic useful life and exceeding TL 10 and directly related with the production of goods and services and investment allowance that arose prior to April 24, 2003 had been taxed at 19,8% (withholding tax) unless they had been converted to new type at companies' will. Effective from January 1, 2006, Turkish government had ceased to offer investment incentives for capital investments and companies having unused qualifying capital investment amounts as of June 30, 2006 would be able to deduct such amounts from corporate income until the end of December 31, 2008. However, On October 15, 2009, the Ministry of Finance announced that the Turkish Constitutional Court ("TCC") resolved to annul the provision numbered 69 of the Income Tax Law regulating that investment incentives carried forward can only be deducted from the corporate profits of 2006, 2007 and 2008, thus allowing such deduction for unlimited time. The resolution is published in the official gazette dated January 8, 2010. As per the Law numbered 6009, taxpayers are permitted to deduct the investment incentive amount to a limit that does not exceed 25% of the related revenues (within the context of December 31, 2005 legislation including the provision on tax rate stated in the second paragraph of temporary Article 61 of income tax legislation) from their income subject to tax.

As per the decision of the Constitutional Court (decision no: E.2010/93, K. 2012/9 dated February 9, 2012) the effect of the sentence "In so far, the amount to be used as investment incentive exception in the determination of the tax base cannot exceed 25% of the related gain" added to 1st article of the 69th clause of the Law No. 193 was suspended until the date of the publication of the cancellation decision in the Official Gazette to preclude any unpreventable consequences or damages that could rise from the application of the sentence, and to prevent the cancellation decision prove abortive as the sentence was cancelled on February 9, 2012 (decision no: E.2010/93, K.2012/20).

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.

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of March 31, 2012 are as follows:

Netherlands	25,00%
Russia	20,00%
Azerbaijan	20,00%

**b. Deferred tax:**

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS12. The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

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

**c. Transfer pricing:**

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

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

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

**XVIII. Explanations on borrowings:**

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

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

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

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

At capital increases, the Parent Bank accounts for the difference between the issued value and nominal value as share premium under shareholders' equity, in cases where the issued value is higher than the nominal value.

No dividend payments of the Parent Bank 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".

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**XXI. Explanations on government grants:**

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

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

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

**XXIII. Earnings per share:**

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Group's Profit	412.182	531.492
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
<b>Earnings per share (disclosed in full TL)</b>	<b>0,0009</b>	<b>0,0012</b>

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

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

**XXIV. Related parties:**

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

**XXV. Cash and cash equivalents:**

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**XXVI. 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 VII. of Section Four.

**XXVII. Reclassifications:**

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

**XXVIII. Legal mergers under common control:**

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combinations involving entities under common control, by examining the practices included in the generally accepted global accounting standards the Group decided to apply an accounting policy in parallel with the "pooling of interests" method in view of its judgement that the economic substance of the relevant transaction will be most reliably and accurately reflected in this manner. In the accounting of business combinations which occur under common control, assets and liabilities, subject to business combinations, are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year in which the business combinations occurred. Financial statements belonging to previous periods also are adjusted in the same way in order to ensure the comparability. As a result of those transactions, any goodwill or negative goodwill is not calculated. The difference between the investment amount and the share in capital in the acquired company is directly accounted under equity as "the effect of legal mergers under common control".

**XXIX. Other accounting policies:**

Premium income of insurance companies is recognised by deducting the ceded premium of reinsurance over written risk premiums.

Claims are booked as expense when reported and paid. Reserve for Outstanding Claims is set aside for the ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not yet certain, and for the incurred but not reported claims. Reinsurance share of outstanding and paid claims is netted off in mentioned reserves.

**Explanations related to insurance technical reserves**

Insurance companies, according to the insurance regulation in force, are required to account unearned premium reserves, outstanding claims provision, mathematical reserves, provision for bonuses and rebates.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**Non-life**

Unearned premium reserve ("UPR") is calculated on a daily basis for all policies in force for unearned portions of premiums written, except for earthquake premiums issued before June 14, 2007. For marine policies, UPR is calculated as 50% of the last three months' premiums.

Outstanding claims is set for the estimated cost of claims notified but not settled and incurred but not reported claims ("IBNR") at the balance sheet date, less amounts recoverable from reinsurers.

On calculation of outstanding claim provision, calculated amount over winning rate of defendant files is deducted from Outstanding claim provision.

The unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premiums are recorded on a daily basis for all policies in force.

**Life and pension and non-life**

Unearned premium reserve, for insurance contracts in effect, consists of that part of the gross premium which extends to the next fiscal period or periods on a daily basis, and in respect of annual life assurances in effect or those life assurances with periods longer than a year for which accumulation premiums are collected, after the portion that has been set aside for the accumulation and the expense share attributable to the accumulation premium is deducted.

No additional provision was required as a result of the liability adequacy tests. The guaranteed returns in the life insurance portfolio are limited to the lower of technical interest calculated as per the profit share distribution system disclosed in the approved profit share technical principals and annual inflation rate.

Outstanding claims provision, consists of the amount of claims that has been reported but not yet paid, estimated amount of claims that has been incurred but not reported and reserves for expenses arising from such claims. In accordance with the Technical Reserves Communiqué numbered 2010-12-14-16, after September 30, 2010, incurred but not reported outstanding claim balance is calculated with the method is determined by Undersecretariat of Treasury.

Mathematical reserve, is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves.

Provision for bonus and rebate; consists of the amounts of bonuses and rebates reserved for insured or beneficiaries according to the technical results of the current year if the company gives bonuses or applies rebates.

The entrance fee income includes the accrued balance when the participants enter the private pension system for the first time or when they open a new private pension account, not exceeding the monthly minimum wage (half of monthly amount for contracts issued after August 9, 2008) at the date the private pension agreement is signed. In the Group's private pension plans, half of the entrance fee is collected within the first year of the contract and is recorded as income. The collection of the other half is deferred till the date the participants leave the private pension system or make a demand for transfer to another company within 10 years (5 years for the contracts issued after August 9, 2008).

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

Based on the entrance fee amount collected at the beginning, the Group contributes a continuity (loyalty) award (for TL contracts, the deferred portion of the entrance fee is increased with the inflation rate), amounting to the deferred portion of the entrance fee which is fixed for foreign currency denominated contracts and the deferred portion of the entrance fee increased with the inflation for TL contracts, to the private pension account of the participants on the condition that the participants hold their private pension account in the Group for 10 years without interruption.

For contracts issued after August 9, 2008, loyalty bonus is given when the participants are entitled to pension therefore the calculation of this provision for contracts issued after this date is made over the probability of the participants to keep their pension accounts in the Group until the date of their eligibility to pension.

Fund management charge, which is charged in return for the fund management services, representation and other services provided to pension funds, is recorded as income in the Group's accounts and is shared between the Group and the funds' portfolio manager according to the ratios specified in the agreement signed between the parties. The total charge is recorded to the Group's technical income as fund management revenue and the part of charge which belongs to the funds' portfolio manager thereof, is recorded in the Group's technical expenses.

Management expense deduction, which is deducted as 8% at most, from contributions made to participants' private pension accounts, is accounted for under the management expense deductions account.

Commission expenses incurred for pension fund operations are accounted as pension operating expenses when incurred. The Group, defers the commissions paid for issuing the private pension contracts in the context of TAS 18 "Revenue" and TAS 39 "Financial Instruments: Recognition and Measurement" with the condition of not exceeding the total guaranteed income from these contracts and by considering the expected period of time to secure this income.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section four**

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

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

- a. The capital adequacy ratio of the Group is 14,61% (December 31, 2011 - 14,88%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006 (together referred as "Regulation on Own Funds of Banks"). The following tables show the details of "Risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

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

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

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

(2) Not weighted.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

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

	Risk Weights <sup>(1)</sup>					
	Consolidated					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (net)</b>	<b>26.772.575</b>	<b>5.300.655</b>	<b>12.622.497</b>	<b>55.740.674</b>	<b>1.442.222</b>	<b>2.969.762</b>
Cash	1.691.250	183	-	12.544	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	5.486.799	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	3.948.240	-	255.633	-	-
Interbank money market placements	2.453	-	-	-	-	-
Receivables from reverse repurchase transactions	-	273	-	-	-	-
Reserve requirements	3.520.867	-	-	-	-	-
Loans	3.310.731	1.092.575	12.246.926	48.927.783	1.442.222	2.969.762
Non-performing receivables (net)	-	-	-	755.434	-	-
Lease receivables	5.023	6.900	160.589	2.512.572	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.811.514	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	19.015	-	-
Miscellaneous receivables	371.094	175.787	-	755.824	-	-
Interest and income accruals	186.641	38.414	214.982	875.880	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	6.803	-	-
Fixed assets	-	-	-	1.057.006	-	-
Other assets	386.203	38.283	-	562.180	-	-
<b>Off-balance sheet items</b>	<b>840.272</b>	<b>8.422.245</b>	<b>599.563</b>	<b>18.503.026</b>	-	-
Non-cash loans and commitments	840.272	6.816.928	599.563	18.306.830	-	-
Derivative financial instruments	-	1.605.317	-	196.196	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets <sup>(2)</sup></b>	<b>27.612.847</b>	<b>13.722.900</b>	<b>13.222.060</b>	<b>74.243.700</b>	<b>1.442.222</b>	<b>2.969.762</b>

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

(2) Not weighted.

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

	The Parent Bank		Consolidated	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Amount subject to credit risk (ASCR)	86.846.022	85.132.603	91.702.167	89.918.261
Amount subject to market risk (ASMR)	4.204.950	3.299.213	5.537.950	3.779.300
Amount subject to operational risk (ASOR)	9.600.083	8.842.703	10.681.311	9.764.669
<b>Shareholder's equity</b>	<b>14.850.455</b>	<b>14.294.439</b>	<b>15.771.394</b>	<b>15.393.036</b>
<b>Shareholder's equity/(ASCR+ASMR+ASOR)*100</b>	<b>14,75</b>	<b>14,69</b>	<b>14,61</b>	<b>14,88</b>

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Core capital</b>		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	359.847	266.973
First legal reserve (Turkish Commercial Code 466/1)	359.847	266.973
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	6.546.849	4.930.128
Reserves allocated by the general assembly	6.546.849	4.930.128
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	1.178.258	2.623.562
Current period profit (net)	412.182	2.284.704
Prior period profit	766.076	338.858
Provisions for possible risks (up to 25% of core capital)	161.620	151.960
Profit on disposal of associates, subsidiaries and immovables	294.532	146.641
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	66.679	67.178
Portion of loss not covered with reserves (-)	-	-
Current period loss (net)	-	-
Prior period loss	-	-
Leasehold improvements (-)	86.698	94.353
Prepaid expenses (-) <sup>(1)</sup>	-	-
Intangible assets (-)	1.298.747	1.284.165
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
<b>Total core capital</b>	<b>12.113.272</b>	<b>11.698.856</b>



(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

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

	March 31, 2012	December 31, 2011
<b>Supplementary capital</b>		
General provisions	1.081.845	1.052.268
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans <sup>(2)</sup>	2.763.924	2.916.370
45% of marketable securities valuation differences	100.273	59.006
Investments in associates and subsidiaries	67.654	80.468
Available-for-sale financial assets	32.619	(21.462)
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)reserves, status reserves and extraordinary reserves)	-	-
<b>Total supplementary capital</b>	<b>3.946.042</b>	<b>4.027.644</b>
<b>Tier III capital</b>		
<b>Capital</b>	<b>16.059.314</b>	<b>15.726.500</b>
<b>Deductions from the capital</b>	<b>287.920</b>	<b>333.464</b>
Investments in Unconsolidated Financial Institutions (domestic, foreign) and Banks	-	4.503
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	-	-
Investments in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	200.305	203.590
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date.	8.836	8.900
Other	78.779	116.471
<b>Total shareholders' equity</b>	<b>15.771.394</b>	<b>15.393.036</b>

- (1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No. 27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.
- (2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**(3) Information related to financial position of the Group (continued)**

**II. Explanations on consolidated market risk:**

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

**a. Information on market risk:**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
(I) Capital to be Employed for General Market Risk - Standard Method	193.680	202.880
(II) Capital to be Employed for Specific Risk –Standard Method	47.238	47.295
(III) Capital to be Employed for Currency Risk - Standard Method	111.730	49.829
(IV) Capital to be Employed for Commodity Risk – Standard method	1.076	1.534
(V) Capital to be employed for settlement risk – Standard method	-	-
(VI) Capital to be employed for market risk due to options-Standard method	89.312	806
(VII) Capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total Capital to be employed for market risk (I+II+III+IV+V+VI+VII)	443.036	302.344
<b>(IX) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)</b>	<b>5.537.950</b>	<b>3.779.300</b>

**III. Explanations on consolidated operational risk:**

The Group calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2011, 2010 and 2009 year-end gross income balances of the Group, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of March 31, 2012, the total amount subject to operational risk is TL 10.681.311 (December 31, 2011 - TL 9.764.669) and the amount of the related capital requirement is TL 854.505 (December 31, 2011 - TL 781.174).

**IV. Explanations on consolidated currency risk:**

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

(Exchange rates presented as full TL)

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

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

USD : TL 1,73412

Euro : TL 2,29095

Yen : TL 0,02101

**As of December 31, 2011;**

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

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

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

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

	EURO	USD	Yen	Other FC	Total
<b>March 31, 2012</b>					
<b>Assets</b>					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4.336.365	388.173	808	829.178	5.554.524
Banks	1.071.432	2.227.182	9.916	110.182	3.418.712
Financial assets at fair value through profit or loss	21.203	130.800	291	607	152.901
Money market placements	-	-	-	-	-
Available-for-sale financial assets	188.370	887.906	-	44.982	1.121.258
Loans <sup>(1)</sup>	8.605.383	17.143.707	108.515	860.785	26.718.390
Investments in associates, subsidiaries and joint ventures	-	-	-	180.731	180.731
Held-to-maturity investments	592.201	7.987.679	-	-	8.579.880
Hedging derivative financial assets	-	296	-	-	296
Tangible assets	431	-	-	22.603	23.034
Intangible assets	-	-	-	4.100	4.100
Other assets	1.915.471	1.555.329	1.280	342.701	3.814.781
<b>Total assets</b>	<b>16.730.856</b>	<b>30.321.072</b>	<b>120.810</b>	<b>2.395.869</b>	<b>49.568.607</b>
<b>Liabilities</b>					
Bank deposits	601.739	184.987	12	68.269	855.007
Foreign currency deposits	8.785.365	15.965.284	13.590	1.918.276	26.682.515
Funds from money market	467.050	4.436.500	-	-	4.903.550
Funds borrowed from other financial institutions	6.312.773	5.027.373	75.830	9.236	11.425.212
Marketable securities issued	916.365	1.897.479	-	1.904	2.815.748
Miscellaneous payables	294.344	254.456	24	13.819	562.643
Hedging derivative financial liabilities	76.344	355.059	-	-	431.403
Other liabilities	2.886.084	1.862.087	1.391	6.453	4.756.015
<b>Total liabilities</b>	<b>20.340.064</b>	<b>29.983.225</b>	<b>90.847</b>	<b>2.017.957</b>	<b>52.432.093</b>
<b>Net on balance sheet position</b>	<b>(3.609.208)</b>	<b>337.847</b>	<b>29.963</b>	<b>377.912</b>	<b>(2.863.486)</b>
<b>Net off balance sheet position <sup>(2)</sup></b>	<b>4.165.885</b>	<b>(1.225.666)</b>	<b>(22.701)</b>	<b>(85.432)</b>	<b>2.832.086</b>
Financial derivative assets	6.014.216	7.902.749	94.560	384.162	14.395.687
Financial derivative liabilities	1.848.331	9.128.415	117.261	469.594	11.563.601
<b>Non-cash loans</b>	<b>5.203.215</b>	<b>10.759.796</b>	<b>293.295</b>	<b>203.364</b>	<b>16.459.670</b>
<b>December 31, 2011</b>					
Total assets	17.210.270	33.171.768	131.989	2.440.892	52.954.919
Total liabilities	22.184.070	32.385.364	98.073	2.056.605	56.724.112
<b>Net on-balance sheet position</b>	<b>(4.973.800)</b>	<b>786.404</b>	<b>33.916</b>	<b>384.287</b>	<b>(3.769.193)</b>
<b>Net off-balance sheet position</b>	<b>6.151.489</b>	<b>(2.580.679)</b>	<b>(33.673)</b>	<b>(11.875)</b>	<b>3.525.262</b>
Financial derivative assets	7.405.899	7.682.168	32.234	343.688	15.463.989
Financial derivative liabilities	1.254.410	10.262.847	65.907	355.563	11.938.727
<b>Non-cash loans</b>	<b>4.852.200</b>	<b>10.223.512</b>	<b>363.258</b>	<b>238.147</b>	<b>15.677.117</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

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

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

March 31, 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	10.551.105	10.551.105
Banks	2.232.934	100.462	659.112	267.559	-	962.765	4.222.832
Financial assets at fair value through profit/loss	125.941	79.912	250.482	128.254	44.003	65.163	693.755
Money market placements	2.726	-	-	-	-	-	2.726
Available-for-sale financial assets	768.330	389.091	2.950.871	1.297.852	2.620.433	17.416	8.043.993
Loans	10.012.908	7.405.757	16.606.394	20.717.577	13.123.078	2.406.740	70.272.454
Held-to-maturity investments	426.851	1.120.060	2.232.169	2.012.644	6.151.176	-	11.942.900
Other assets	596.834	1.427.579	818.503	1.405.271	183.714	5.256.247	9.688.148
<b>Total assets</b>	<b>14.166.524</b>	<b>10.522.861</b>	<b>23.517.531</b>	<b>25.829.157</b>	<b>22.122.404</b>	<b>19.259.436</b>	<b>115.417.913</b>
<b>Liabilities</b>							
Bank deposits	419.206	487.535	124.945	35.266	86.850	133.820	1.287.622
Other deposits	36.525.015	12.460.714	2.764.529	723.932	24.869	10.398.177	62.897.236
Funds from money market	1.550.927	2.084.252	2.834.482	-	-	-	6.469.661
Miscellaneous payables	40	-	-	-	-	4.634.739	4.634.779
Marketable securities issued	134.614	2.825.531	493.659	995.445	-	925	4.450.174
Funds borrowed from other financial institutions	5.631.817	1.808.915	3.089.025	1.384.506	786.291	-	12.700.554
Other liabilities and shareholders' equity	1.159.226	1.873.005	1.400.325	374.419	122.495	18.048.417	22.977.887
<b>Total liabilities</b>	<b>45.420.845</b>	<b>21.539.952</b>	<b>10.706.965</b>	<b>3.513.568</b>	<b>1.020.505</b>	<b>33.216.078</b>	<b>115.417.913</b>
<b>Balance sheet long position</b>	-	-	<b>12.810.566</b>	<b>22.315.589</b>	<b>21.101.899</b>	-	<b>56.228.054</b>
<b>Balance sheet short position</b>	<b>(31.254.321)</b>	<b>(11.017.091)</b>	-	-	-	<b>(13.956.642)</b>	<b>(56.228.054)</b>
Off-balance sheet long position	6.188.526	12.832.108	-	-	-	-	19.020.634
Off-balance sheet short position	-	-	(706.317)	(17.850.144)	(850.984)	-	(19.407.445)
<b>Total position</b>	<b>(25.065.795)</b>	<b>1.815.017</b>	<b>12.104.249</b>	<b>4.465.445</b>	<b>20.250.915</b>	<b>(13.956.642)</b>	<b>(386.811)</b>

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

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

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

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

December 31, 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	10.081.703	10.081.703
Banks	1.593.147	289.844	268.240	272.225	-	1.005.068	3.428.524
Financial assets at fair value through profit/loss	68.260	74.433	259.683	95.613	17.804	41.037	556.830
Money market placements	2.173.561	-	-	-	-	-	2.173.561
Available-for-sale financial assets	957.834	165.745	2.389.281	1.768.348	2.712.642	17.426	8.011.276
Loans	10.043.452	5.959.171	16.055.788	21.506.848	14.213.791	2.291.864	70.070.914
Held-to-maturity investments	423.296	1.671.715	1.212.450	2.721.385	6.681.776	-	12.710.622
Other assets	696.809	1.599.063	1.068.662	1.457.089	195.030	5.400.048	10.416.701
<b>Total assets</b>	<b>15.956.359</b>	<b>9.759.971</b>	<b>21.254.104</b>	<b>27.821.508</b>	<b>23.821.043</b>	<b>18.837.146</b>	<b>117.450.131</b>
<b>Liabilities</b>							
Bank deposits	665.788	295.368	284.029	43.102	95.463	178.739	1.562.489
Other deposits	37.568.281	13.004.721	2.626.054	556.390	20.032	10.848.583	64.624.061
Funds from money market	3.767.886	2.039.669	1.078.338	-	-	-	6.885.893
Miscellaneous payables	20	-	-	-	-	4.795.480	4.795.500
Marketable securities issued	145.048	2.146.847	956.822	-	-	-	3.248.717
Funds borrowed from other financial institutions	2.029.221	4.652.783	5.954.420	1.462.084	584.394	-	14.682.902
Other liabilities and shareholders' equity	326.274	1.731.901	1.587.816	400.887	135.494	17.468.197	21.650.569
<b>Total liabilities</b>	<b>44.502.518</b>	<b>23.871.289</b>	<b>12.487.479</b>	<b>2.462.463</b>	<b>835.383</b>	<b>33.290.999</b>	<b>117.450.131</b>
<b>Balance sheet long position</b>	-	-	<b>8.766.625</b>	<b>25.359.045</b>	<b>22.985.660</b>	-	<b>57.111.330</b>
<b>Balance sheet short position</b>	<b>(28.546.159)</b>	<b>(14.111.318)</b>	-	-	-	<b>(14.453.853)</b>	<b>(57.111.330)</b>
Off-balance sheet long position	4.590.724	12.445.139	1.162.079	-	-	-	18.197.942
Off-balance sheet short position	-	-	-	(17.481.361)	(658.792)	-	(18.140.153)
<b>Total position</b>	<b>(23.955.435)</b>	<b>(1.666.179)</b>	<b>9.928.704</b>	<b>7.877.684</b>	<b>22.326.868</b>	<b>(14.453.853)</b>	<b>57.789</b>

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

(1) The average interest rates disclosed above are those of the Parent Bank.

(2) Does not include credit card loans.

(3) Does not include demand/non-interest transactions

**VI. Explanations on consolidated liquidity risk:**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified <sup>(1) (2)</sup>	Total
<b>March 31, 2012</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	7.030.239	3.520.866	-	-	-	-	-	10.551.105
Banks	962.765	2.232.935	14.026	745.547	267.559	-	-	4.222.832
Financial assets at fair value through profit or loss	57.539	107.634	83.330	267.347	82.884	87.397	7.624	693.755
Money market placements	-	2.726	-	-	-	-	-	2.726
Available-for-sale financial assets	80.344	16.595	47.598	1.401.797	2.159.377	4.320.866	17.416	8.043.993
Loans	-	11.483.645	7.392.708	16.552.919	20.877.676	13.210.072	755.434	70.272.454
Held-to-maturity Investments	-	100	-	656.688	4.087.287	7.198.825	-	11.942.900
Other assets <sup>(1)</sup>	872.737	1.094.936	1.556.226	964.069	1.672.003	229.855	3.298.322	9.688.148
<b>Total assets</b>	<b>9.003.624</b>	<b>18.459.437</b>	<b>9.093.888</b>	<b>20.588.367</b>	<b>29.146.786</b>	<b>25.047.015</b>	<b>4.078.796</b>	<b>115.417.913</b>
<b>Liabilities</b>								
Bank deposits	133.820	419.206	487.535	124.945	35.266	86.850	-	1.287.622
Other deposits	10.398.177	36.002.468	12.336.410	3.170.265	965.047	24.869	-	62.897.236
Funds borrowed from other financial institutions	-	3.469.785	1.068.256	4.553.813	2.580.051	1.028.649	-	12.700.554
Funds from money market	-	1.356.897	2.048.052	2.638.104	426.608	-	-	6.469.661
Marketable securities issued	503	-	986.844	913.803	2.421.548	127.476	-	4.450.174
Miscellaneous payables	415.773	3.864.766	196.869	37.798	179	94	119.300	4.634.779
Other liabilities <sup>(2)</sup>	1.835.552	174.481	298.459	817.214	4.078.049	1.605.316	14.168.816	22.977.887
<b>Total liabilities</b>	<b>12.783.825</b>	<b>45.287.603</b>	<b>17.422.425</b>	<b>12.255.942</b>	<b>10.506.748</b>	<b>2.873.254</b>	<b>14.288.116</b>	<b>115.417.913</b>
<b>Net liquidity gap</b>	<b>(3.780.201)</b>	<b>(26.828.166)</b>	<b>(8.328.537)</b>	<b>8.332.425</b>	<b>18.640.038</b>	<b>22.173.761</b>	<b>(10.209.320)</b>	<b>-</b>
<b>December 31, 2011</b>								
Total assets	8.800.029	20.271.069	7.646.772	19.435.121	30.964.178	26.505.875	3.827.087	117.450.131
Total liabilities	13.264.260	47.158.808	16.145.014	15.457.901	9.726.194	2.422.734	13.275.220	117.450.131
<b>Net liquidity gap</b>	<b>(4.464.231)</b>	<b>(26.887.739)</b>	<b>(8.498.242)</b>	<b>3.977.220</b>	<b>21.237.984</b>	<b>24.083.141</b>	<b>(9.448.133)</b>	<b>-</b>

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

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**VII. Explanations on hedge accounting:**

The Bank applies the following hedge accounting models as of March 31, 2012;

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")
- Net Investment Hedge ("NIH")

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

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

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

(1) Includes total of buy and sell legs.

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

**Fair value hedge accounting:**

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

The impact of application of FVH accounting is summarized below;

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

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 727.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

December 31, 2011

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

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

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

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

**Cash flow hedge accounting:**

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

The impact of application of FVH accounting is summarized below:

March 31, 2012

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

- (1) Includes deferred tax impact.
- (2) Includes tax and foreign exchange differences.
- (3) The ineffective portion of the mentioned hedging transaction is TL 513.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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

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

**Net Investment Hedge**

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at March 31, 2012 is EUR 237 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 98.446 (December 31, 2011 - TL 112.775 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**VIII. Explanations on consolidated operating segments:**

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

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

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

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

The Group'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.

Foreign operations include the Group's banking transactions in the Netherlands, Azerbaijan and Russia.

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

March 31, 2012	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other <sup>(1)</sup>	Consolidation adjustments <sup>(2)</sup>	Total operations of the Group
Operating revenue	646.855	459.638	62.747	37.155	418.236	(29.438)	1.595.193
Operating expenses	(510.837)	(113.488)	(29.638)	(12.850)	(412.996)	10.649	(1.069.160)
<b>Net operating income</b>	<b>136.018</b>	<b>346.150</b>	<b>33.109</b>	<b>24.305</b>	<b>5.240</b>	<b>(18.789)</b>	<b>526.033</b>
Dividend income <sup>(3)</sup>					105		105
Income/Loss from Investments accounted based on equity method					4.087		4.087
<b>Profit before tax</b>	<b>136.018</b>	<b>346.150</b>	<b>33.109</b>	<b>24.305</b>	<b>9.432</b>	<b>(18.789)</b>	<b>530.225</b>
Tax provision <sup>(3)</sup>					(115.677)		(115.677)
<b>Net Profit</b>	<b>136.018</b>	<b>346.150</b>	<b>33.109</b>	<b>24.305</b>	<b>(106.245)</b>	<b>(18.789)</b>	<b>414.548</b>
Minority interest					(2.366)		(2.366)
<b>Group income/loss</b>	<b>136.018</b>	<b>346.150</b>	<b>33.109</b>	<b>24.305</b>	<b>(108.611)</b>	<b>(18.789)</b>	<b>412.182</b>
Segment assets <sup>(4)</sup>	32.448.237	34.510.176	1.857.214	4.886.491	43.485.819	(1.977.132)	115.210.805
Investments in associates, subsidiaries and joint ventures					207.108		207.108
<b>Total assets</b>	<b>32.448.237</b>	<b>34.510.176</b>	<b>1.857.214</b>	<b>4.886.491</b>	<b>43.692.927</b>	<b>(1.977.132)</b>	<b>115.417.913</b>
Segment liabilities <sup>(4)</sup>	26.472.826	24.619.210	17.758.163	4.069.607	31.338.252	(1.971.871)	102.286.187
Shareholders' equity					13.131.726		13.131.726
<b>Total liabilities</b>	<b>26.472.826</b>	<b>24.619.210</b>	<b>17.758.163</b>	<b>4.069.607</b>	<b>44.469.978</b>	<b>(1.971.871)</b>	<b>115.417.913</b>

- (1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.
- (2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
- (3) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Other" column.
- (4) Segment assets and liabilities balances are prepared according to Management Information Systems ("MIS") data.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

December 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other <sup>(1)</sup>	Consolidation adjustments <sup>(2)</sup>	Total operations of the Group
Operating revenue <sup>(4)</sup>	590.731	352.289	71.621	31.103	639.212	16.981	1.701.937
Operating costs <sup>(4)</sup>	(362.259)	(113.527)	(27.179)	(11.016)	(522.801)	13.001	(1.023.781)
<b>Net operating profit</b>	<b>228.472</b>	<b>238.762</b>	<b>44.442</b>	<b>20.087</b>	<b>116.411</b>	<b>29.982</b>	<b>678.156</b>
Dividend income <sup>(3)(4)</sup>					4.009		4.009
Income/Loss from investments accounted based on equity method					1.970		1.970
<b>Income before tax</b>	<b>228.472</b>	<b>238.762</b>	<b>44.442</b>	<b>20.087</b>	<b>122.390</b>	<b>29.982</b>	<b>684.135</b>
Tax provision <sup>(3)(4)</sup>					(152.625)		(152.625)
<b>Net profit<sup>(4)</sup></b>	<b>228.472</b>	<b>238.762</b>	<b>44.442</b>	<b>20.087</b>	<b>(30.235)</b>	<b>29.982</b>	<b>531.510</b>
Minority interest(-)					(18)		(18)
<b>Group income/loss<sup>(4)</sup></b>	<b>228.472</b>	<b>238.762</b>	<b>44.442</b>	<b>20.087</b>	<b>(30.253)</b>	<b>29.982</b>	<b>531.492</b>
Segment assets <sup>(5)</sup>	31.022.708	37.482.434	1.650.498	5.068.889	44.260.882	(2.245.673)	117.239.738
Investments in associates, subsidiaries and joint ventures					210.393		210.393
<b>Total assets</b>	<b>31.022.708</b>	<b>37.482.434</b>	<b>1.650.498</b>	<b>5.068.889</b>	<b>44.471.275</b>	<b>(2.245.673)</b>	<b>117.450.131</b>
Segment liabilities <sup>(5)</sup>	25.921.556	26.691.404	16.735.360	4.250.605	33.457.263	(2.241.291)	104.814.897
Shareholders' equity					12.635.234		12.635.234
<b>Total liabilities</b>	<b>25.921.556</b>	<b>26.691.404</b>	<b>16.735.360</b>	<b>4.250.605</b>	<b>46.092.497</b>	<b>(2.241.291)</b>	<b>117.450.131</b>

- (1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.
- (2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
- (3) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.
- (4) Income statement figures represent balances for the 3 months period ended March 31, 2011.
- (5) Segment assets and liabilities figures are prepared according to Management Information Systems ("MIS") data.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section five**

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

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

**a. Information related to cash and the account of the Central Bank:**

1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Cash	833.173	252.304	781.556	251.463
The CBRT	4.163.408	4.844.258	3.870.730	4.850.192
Other	-	457.962	-	327.762
<b>Total</b>	<b>4.996.581</b>	<b>5.554.524</b>	<b>4.652.286</b>	<b>5.429.417</b>

2. Information on the account of the CBRT:

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

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

3. Information on reserve requirements:

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

- a) TL liabilities;
- Demand, notice deposits and private current accounts 11%,
  - Up to 1 month time deposit accounts (1 month included) 11%,
  - Up to 3 months time deposit accounts (3 months included) 11%,
  - Up to 6 months time deposit accounts (6 months included) 8%,
  - Up to 1 year time deposit accounts 6%,
  - 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
  - Up to 1 year liabilities excluding deposit (1 year included) 11%,
  - Up to 3 year liabilities excluding deposit (3 years included) 8%,
  - Over 3 year liabilities excluding deposit 5%,
- b) Foreign currency liabilities;
- Demand, notice FC deposits and private current accounts and up to 1 month, up to 3 months, up to 6 months, and up to 1 year time FC deposits 11%
  - 1 year time and more than 1 year time FC deposits 9%,
  - Up to 1 year FC liabilities excluding deposit (1 year included) 11%,
  - Up to 3 years FC liabilities excluding deposit (3 years included) 9%,
  - Over 3 years FC liabilities excluding deposit 6%.

As of March 31, 2012, the Group's reserve deposits, including those at foreign banks, amount to TL 9.445.953 (December 31, 2011 - TL 8.986.633 ).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

- As of March 31, 2012, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2011 - None) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 47.889 (December 31, 2011 - TL 57.144).
- Positive differences related to trading derivative financial assets:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	95.530	1.578	107.654	5.973
Swap transactions <sup>(1)</sup>	132.550	76.279	34.541	65.637
Futures transactions	-	-	-	-
Options	16.748	26.387	46.405	14.408
Other	-	-	-	-
<b>Total</b>	<b>244.828</b>	<b>104.244</b>	<b>188.600</b>	<b>86.018</b>

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

**c. Information on banks:**

- Information on banks:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Banks	804.120	3.418.712	268.424	3.160.100
Domestic	757.786	1.519.780	221.993	1.355.011
Foreign	46.334	1.898.932	46.431	1.805.089
Head quarters and branches abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>804.120</b>	<b>3.418.712</b>	<b>268.424</b>	<b>3.160.100</b>

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

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

As of March 31, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 543.034 (December 31, 2011 - TL 555.400) and available for sale financial assets subject to repo transactions amount to TL 534.487 (December 31, 2011 - TL 705.903).



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	March 31, 2012	December 31, 2011
Debt securities	8.010.163	8.046.603
Quoted in stock exchange <sup>(1)</sup>	6.414.181	6.376.457
Not quoted <sup>(2)</sup>	1.595.982	1.670.146
Share certificates	62.718	64.717
Quoted in stock exchange	159	140
Not quoted	62.559	64.577
Impairment provision (-)	(109.232)	(187.463)
Other <sup>(3)</sup>	80.344	87.419
<b>Total</b>	<b>8.043.993</b>	<b>8.011.276</b>

- (1) As of March 31, 2012, Eurobonds amounting to TL 788.979 (December 31, 2011 - TL 1.083.123) have been classified under debt securities quoted on stock exchange, even though they are not quoted on a stock exchange since they are traded in the secondary market.
- (2) As of March 31, 2012, not quoted debt securities amounting to TL 856.957 (December 31, 2011 - TL 951.989) are credit linked notes.
- (3) As of March 31, 2012, other available-for-sale financial assets include mutual funds amounting to TL 80.345 (December 31, 2011 - TL 87.419).

**e. Explanations on loans:**

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

	March 31, 2012		December 31, 2011	
	Cash	Non-cash	Cash	Non-cash
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>7.662</b>	<b>263.436</b>	<b>4.576</b>	<b>230.061</b>
<b>Loans granted to employees</b>	<b>92.440</b>	<b>71</b>	<b>96.504</b>	<b>71</b>
<b>Total</b>	<b>100.102</b>	<b>263.507</b>	<b>101.080</b>	<b>230.132</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

Cash Loans	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
<b>Non-specialised loans</b>	<b>67.554.023</b>	<b>-</b>	<b>1.905.506</b>	<b>57.491</b>
Discount and purchase notes	937.234	-	9.435	-
Export loans	3.677.337	-	96.195	-
Import loans	-	-	-	-
Loans granted to financial sector	1.343.505	-	-	-
Foreign loans	1.925.001	-	6	-
Consumer loans	12.819.328	-	892.683	1.916
Credit cards	10.661.745	-	260.180	10.567
Precious metal loans	344.075	-	206	-
Other <sup>(1)</sup>	35.845.798	-	646.801	45.008
<b>Specialised loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>67.554.023</b>	<b>-</b>	<b>1.905.506</b>	<b>57.491</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	Short- term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>102.424</b>	<b>13.134.566</b>	<b>13.236.990</b>
Real estate loans	4.446	6.350.076	6.354.522
Automotive loans	6.044	1.180.032	1.186.076
Consumer loans	2.329	40.867	43.196
Other	89.605	5.563.591	5.653.196
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>156.201</b>	<b>156.201</b>
Real estate loans	-	150.752	150.752
Automotive loans	-	217	217
Consumer loans	-	3.963	3.963
Other	-	1.269	1.269
<b>Consumer loans-FC</b>	<b>10.825</b>	<b>61.227</b>	<b>72.052</b>
Real estate loans	-	-	-
Automotive loans	1.760	8.155	9.915
Consumer loans	3.307	37.598	40.905
Other	5.758	15.474	21.232
<b>Individual credit cards-TL</b>	<b>9.917.381</b>	<b>236.917</b>	<b>10.154.298</b>
With installments	5.618.524	231.902	5.850.426
Without installments	4.298.857	5.015	4.303.872
<b>Individual credit cards-FC</b>	<b>92</b>	<b>974</b>	<b>1.066</b>
With installments	92	974	1.066
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>2.881</b>	<b>37.525</b>	<b>40.406</b>
Real estate loans	-	1.104	1.104
Automotive loans	-	931	931
Consumer loans	-	-	-
Other	2.881	35.490	38.371
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>4</b>	<b>4</b>
Real estate loans	-	4	4
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>212</b>	<b>144</b>	<b>356</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	212	144	356
<b>Personnel credit cards-TL</b>	<b>50.495</b>	<b>383</b>	<b>50.878</b>
With installments	30.480	383	30.863
Without installments	20.015	-	20.015
<b>Personnel credit cards-FC</b>	<b>1</b>	<b>48</b>	<b>49</b>
With installments	1	48	49
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>207.731</b>	<b>-</b>	<b>207.731</b>
<b>Credit deposit account-FC (real person)</b>	<b>187</b>	<b>-</b>	<b>187</b>
<b>Total</b>	<b>10.292.229</b>	<b>13.627.989</b>	<b>23.920.218</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	Short-term	Medium and long-term	Total
<b>Commercial installments loans-TL</b>	<b>688.376</b>	<b>5.037.110</b>	<b>5.725.486</b>
Business loans	952	279.128	280.080
Automotive loans	31.992	1.811.133	1.843.125
Consumer loans	-	38	38
Other	655.432	2.946.811	3.602.243
<b>Commercial installments loans-FC indexed</b>	<b>16.307</b>	<b>463.532</b>	<b>479.839</b>
Business loans	-	26.049	26.049
Automotive loans	1.752	98.524	100.276
Consumer loans	-	-	-
Other	14.555	338.959	353.514
<b>Commercial installments loans-FC</b>	<b>1.263.944</b>	<b>865.901</b>	<b>2.129.845</b>
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	140.603	58.622	199.225
Other	1.123.341	807.279	1.930.620
<b>Corporate credit cards-TL</b>	<b>725.233</b>	<b>968</b>	<b>726.201</b>
With installment	349.347	968	350.315
Without installment	375.886	-	375.886
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit deposit account-TL (legal person)</b>	<b>734.073</b>	<b>-</b>	<b>734.073</b>
<b>Credit deposit account-FC (legal person)</b>	<b>66.408</b>	<b>-</b>	<b>66.408</b>
<b>Total</b>	<b>3.494.341</b>	<b>6.367.511</b>	<b>9.861.852</b>

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

	March 31, 2012	December 31, 2011
Domestic loans	67.592.013	67.117.882
Foreign loans	1.925.007	2.208.135
<b>Total</b>	<b>69.517.020</b>	<b>69.326.017</b>

6. Loans granted to associates and subsidiaries:

	March 31, 2012	December 31, 2011
Direct loans granted to associates and subsidiaries	16.141	15.079
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>16.141</b>	<b>15.079</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

7. Specific provisions provided against loans:

	March 31, 2012	December 31, 2011
Loans and other receivables with limited collectability	66.434	75.878
Loans and other receivables with doubtful collectability	245.406	201.954
Uncollectible loans and other receivables	1.201.037	1.115.389
<b>Total</b>	<b>1.512.877</b>	<b>1.393.221</b>

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>March 31, 2012</b>			
(Gross amounts before specific reserves)	<b>50.319</b>	<b>150.827</b>	<b>81.027</b>
Restructured loans and other receivables	50.319	150.827	81.027
Rescheduled loans and other receivables	-	-	-
<b>December 31, 2011</b>			
(Gross amounts before specific reserves)	<b>116.892</b>	<b>32.509</b>	<b>82.818</b>
Restructured loans and other receivables	116.892	32.509	82.818
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2011</b>	<b>501.821</b>	<b>355.670</b>	<b>1.280.627</b>
Additions (+)	441.778	11.018	24.494
Transfers from other categories of non- performing loans (+)	-	381.328	137.490
Transfer to other categories of non-performing loans (-)	(381.328)	(137.490)	-
Collections (-)	(173.624)	(57.156)	(114.771)
FX valuation differences	(777)	2	(771)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>March 31, 2012</b>	<b>387.870</b>	<b>553.372</b>	<b>1.327.069</b>
Specific provision (-)	(66.434)	(245.406)	(1.201.037)
<b>Net balance on balance sheet</b>	<b>321.436</b>	<b>307.966</b>	<b>126.032</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

8 (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
<b>March 31, 2012</b>			
Period end balance	14.698	165.892	210.849
Specific provision (-)	(1.657)	(44.641)	(152.185)
<b>Net balance on-balance sheet</b>	<b>13.041</b>	<b>121.251</b>	<b>58.664</b>
<b>December 31, 2011</b>			
Period end balance	135.453	50.685	116.380
Specific provision (-)	(18.886)	(12.745)	(94.417)
<b>Net balance on-balance sheet</b>	<b>116.567</b>	<b>37.940</b>	<b>21.963</b>

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>March 31, 2012 (net)</b>	<b>321.436</b>	<b>307.966</b>	<b>126.032</b>
Loans granted to real persons and corporate entities (gross)	387.870	528.784	1.243.073
Specific provision amount (-)	(66.434)	(220.818)	(1.117.041)
Loans granted to real persons and corporate entities (net)	321.436	307.966	126.032
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net)	-	-	-
<b>December 31, 2011 (net)</b>	<b>425.943</b>	<b>153.716</b>	<b>165.238</b>
Loans granted to real persons and corporate entities (gross)	501.821	331.082	1.196.631
Specific provision amount (-)	(75.878)	(177.366)	(1.031.393)
Loans granted to real persons and corporate entities (Net)	425.943	153.716	165.238
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

Extended Agreements <sup>(1)</sup>	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 -5 years	Total
1	27.743	53.540	39.922	144.708	985.857	1.251.770
2	14.447	10.693	11.842	38.518	113.977	189.477
3 and over	15.570	14.386	19.493	12.866	19.391	81.706
<b>Total</b>	<b>57.760</b>	<b>78.619</b>	<b>71.257</b>	<b>196.092</b>	<b>1.119.225</b>	<b>1.522.953</b>

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

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

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

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

	March 31, 2012	December 31, 2011
Government bond	11.942.900	12.710.622
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>11.942.900</b>	<b>12.710.622</b>

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

	March 31, 2012	December 31, 2011
Debt securities	12.081.670	12.853.755
Quoted on stock exchange <sup>(1)</sup>	12.081.670	12.853.755
Not quoted	-	-
Impairment provision (-) <sup>(2)</sup>	(138.770)	(143.133)
<b>Total</b>	<b>11.942.900</b>	<b>12.710.622</b>

(1) As of March 31, 2012, Eurobonds amounting to TL 8.579.881 (December 31, 2011 - TL 9.241.740) have been classified under debt securities quoted on stock exchange, even though they are not quoted on a stock exchange because they are traded in the secondary market.

(2) Necessary impairment provision has been provided for foreign government securities held in Group companies.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	March 31, 2012	December 31, 2011
<b>Beginning balance</b>	<b>12.710.622</b>	<b>12.974.944</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	(636.507)	1.738.227
Purchases during year	55	563.716
Disposals through sales and redemptions	(88.123)	(2.501.567)
Impairment provision (-)	(43.147)	(64.698)
<b>Period end balance</b>	<b>11.942.900</b>	<b>12.710.622</b>

<sup>(1)</sup> Also includes the changes in the interest income accruals.

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

As of March 31, 2012, held-to-maturity investments given as collateral/blocked amount to TL 2.040.638 (December 31, 2011 - TL 2.760.106). Held-to-maturity investments subject to repo transactions amount to TL 5.945.010 (December 31, 2011 - TL 6.467.221).

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

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu <sup>(1)</sup>	İstanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. <sup>(1)</sup>	İstanbul/Türkiye	9,98	9,98

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	40.326	34.266	3.101	2.405	-	18.566	13.630	-
2	25.225	18.484	10.345	1.116	-	2.619	1.465	-

<sup>(1)</sup> Financial statement information disclosed above shows December 31, 2011 results.



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

2. Consolidated investments in associates:

2 (i). Information on consolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	69,33

2 (ii). Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	3.743.869	610.420	6.315	22.081	3.930	16.897	13.459	-

2 (iii). Movement of consolidated investments in associates:

	March 31, 2012	December 31, 2011
<b>Balance at the beginning of the period</b>	<b>183.940</b>	<b>71.906</b>
<b>Movements during the period</b>	<b>(3.209)</b>	<b>112.034</b>
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	4.163	17.035
Sales	-	-
Revaluation (decrease)/increase <sup>(1)(2)</sup>	(7.372)	94.999
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>180.731</b>	<b>183.940</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share holding percentage at the end of the period (%)</b>	<b>30,67</b>	<b>30,67</b>

(1) Includes TL 2.069 (December 31, 2011 – TL 2.489) of dividend received in the current period.

(2) Includes the effect of updating equity pick-up by an amount of TL 57.469 (in accordance with TAS and TFRS) based on financial statements prepared in accordance with International Financial Reporting Standards that were made in 2011.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

2 (iv). Information on sectors and the carrying amounts of consolidated investments in associates:

	March 31, 2012	December 31, 2011
Banks	180.731	183.940
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>180.731</b>	<b>183.940</b>

2 (v). Investments in associates quoted in a stock exchange: None.

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

1. Unconsolidated subsidiaries:

1 (i). Information on unconsolidated subsidiaries:

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99

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

	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	14.796	11.762	357	25	-	867	875	-
2	36.945	23.599	3.935	418	-	281	218	-

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

2. Information on consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Netherlands	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	99,99
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
6	Yapı Kredi Leasing	Istanbul/Turkey	98,85	99,58
7	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	11,09	56,07
8	Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
9	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
10	Yapı Kredi Bank NV <sup>(1)</sup>	Amsterdam/Netherlands	67,24	100,00
11	Yapı Kredi Azerbaijan <sup>(2)</sup>	Baku/Azerbaijan	99,80	100,00

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation as the Bank has a control of 100%.

(1) Includes the balances for Sticking Custody Services YKB.

(2) Includes the balances for Yapı Kredi Invest LLC.

2 (ii). Main financial figures of the consolidated subsidiaries in the order of the table below:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value <sup>(1)</sup>
1	104.781	104.712	-	-	-	(128)	(170)	-
2	1.560.685	269.691	5.616	41.720	1.253	46.079	60.027	-
3	1.717.832	81.936	502	43.382	-	(7.409)	10.550	-
4	352.041	114.644	9.860	5.368	618	3.082	3.021	-
5	1.073.390	340.780	21.825	11.232	6.306	34.381	21.482	1.232.000
6	3.027.530	907.821	3.601	58.450	-	29.879	27.020	1.902.849
7	83.612	79.762	40	1.077	(1.063)	2.650	(1.944)	44.624
8	784.845	131.754	20.765	6.944	4.066	15.423	6.853	-
9	51.973	45.930	782	2.017	10	4.988	11.368	-
10	4.003.783	529.403	431	46.312	3.573	11.909	10.655	-
11	486.481	128.721	16.842	9.292	157	3.966	2.515	-

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

Financial statement information disclosed above has been obtained from the financial statements of subsidiaries as at March 31, 2012.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

2 (iii). Movement schedule of consolidated subsidiaries:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Balance at the beginning of the period</b>	<b>1.798.923</b>	<b>1.787.541</b>
<b>Movements during the period</b>	<b>-</b>	<b>11.382</b>
Purchases	-	-
Transfers	-	-
Bonus shares obtained <sup>(1)</sup>	-	11.382
Share of current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>1.798.923</b>	<b>1.798.923</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share holding percentage at the end of the period (%)</b>	<b>-</b>	<b>-</b>

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

2 (iv). Sectoral information on financial subsidiaries and the related carrying amounts:

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

2 (v). Subsidiaries quoted to stock exchange:

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures :

2 (i). Information on consolidated Joint Ventures:

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

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

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

1) Breakdown according to maturities:

	March 31, 2012		December 31, 2011	
	Gross	Net	Gross	Net
Less than 1 year	1.067.704	863.232	1.093.526	893.073
Between 1- 4 years	1.639.554	1.399.059	1.690.542	1.443.695
More than 4 years	508.363	453.132	514.777	457.715
<b>Total</b>	<b>3.215.621</b>	<b>2.715.423</b>	<b>3.298.845</b>	<b>2.794.483</b>

2) Information for net investments in finance leases:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Gross lease receivables	724.461	2.491.160	655.326	2.643.519
Unearned financial income from leases (-)	(128.990)	(371.208)	(114.848)	(389.514)
Amount of cancelled leases (-)	-	-	-	-
<b>Total</b>	<b>595.471</b>	<b>2.119.952</b>	<b>540.478</b>	<b>2.254.005</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

**l. Information on intangible assets:**

	March 31, 2012	December 31, 2011
<b>Balance at the beginning of the period</b>	<b>1.284.165</b>	<b>1.243.080</b>
Additions during the period	31.585	104.367
Unused and disposed items (-)	(85)	(3.666)
Transfers to tangible assets	-	-
Impairment reversal	-	-
Amortisation expenses (-)	(16.772)	(60.014)
Foreign exchange valuation differences	(146)	398
<b>Balance at the closing of the period</b>	<b>1.298.747</b>	<b>1.284.165</b>

**m. Information on investment property:**

None (December 31, 2011 - None).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Net book value at the beginning of the period</b>	<b>103.572</b>	<b>82.416</b>
Additions	22.865	64.432
Disposals (-), net	(4.733)	(42.028)
Impairment reversal	53	1.380
Impairment (-)	(43)	(238)
Depreciation (-)	(850)	(2.390)
<b>Net book value at the end of the period</b>	<b>120.864</b>	<b>103.572</b>
Cost at the end of the period	128.998	110.958
Accumulated depreciation at the end of the period (-)	(8.134)	(7.386)
<b>Net book value at the end of the period</b>	<b>120.864</b>	<b>103.572</b>

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

**o. Information on other assets:**

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**a. Information on deposits:**

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

1 (i). March 31, 2012:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.891.260	1.927	1.022.657	17.659.746	813.561	250.700	922.576	22.562.427
Foreign currency deposits	4.371.120	145.857	2.927.610	14.144.873	1.413.762	352.148	1.953.408	25.308.778
Residents in Turkey	3.692.525	33.949	2.652.670	12.584.802	849.317	135.384	986.051	20.934.698
Residents abroad	678.595	111.908	274.940	1.560.071	564.445	216.764	967.357	4.374.080
Public sector deposits	279.292	-	84.075	51.357	1.205	6	31	415.966
Commercial deposits	2.884.975	5.636	1.708.419	6.147.555	1.053.275	84.964	287.376	12.172.200
Other institutions deposits	29.488	-	24.721	652.663	304.056	8.063	45.137	1.064.128
Precious metals vault	942.042	-	-	162.339	74.381	134.085	60.890	1.373.737
Bank deposits	133.820	45.223	403.469	327.580	105.175	140.977	131.378	1.287.622
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	12.340	-	325.374	-	59.099	25.731	9.412	431.956
Foreign banks	101.640	45.223	78.095	323.608	46.076	115.246	121.966	831.854
Participation banks	19.840	-	-	3.972	-	-	-	23.812
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10.531.997</b>	<b>198.643</b>	<b>6.170.951</b>	<b>39.146.113</b>	<b>3.765.415</b>	<b>970.943</b>	<b>3.400.796</b>	<b>64.184.858</b>

1 (ii). December 31, 2011:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.940.416	3.167	1.382.500	15.301.949	1.106.198	302.340	1.272.065	21.308.635
Foreign currency deposits	4.708.743	130.728	3.832.802	15.696.455	2.330.317	357.924	1.507.173	28.564.142
Residents in Turkey	4.045.617	50.442	3.445.831	13.773.807	2.046.671	123.073	723.724	24.209.165
Residents abroad	663.126	80.286	386.971	1.922.648	283.646	234.851	783.449	4.354.977
Public sector deposits	136.025	-	281	101.058	564	139	17	238.084
Commercial deposits	3.038.540	4.968	1.263.337	5.506.015	1.750.784	199.152	159.582	11.922.378
Other institutions deposits	31.314	-	23.494	584.712	485.866	7.940	48.570	1.181.896
Precious metals vault	993.545	-	380	166.607	132.281	64.377	51.736	1.408.926
Bank deposits	178.739	77.714	685.174	165.957	279.759	33.559	141.587	1.562.489
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	12.673	-	391.434	-	-	-	3.104	407.211
Foreign banks	117.216	77.714	293.740	165.957	279.759	33.559	138.483	1.106.428
Participation banks	48.850	-	-	-	-	-	-	48.850
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11.027.322</b>	<b>216.577</b>	<b>7.187.968</b>	<b>37.522.753</b>	<b>6.085.769</b>	<b>965.431</b>	<b>3.180.730</b>	<b>66.186.550</b>



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations and notes related to consolidated 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 (Represents information regarding the Parent Bank):

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
<b>Saving deposits</b>				
Saving deposits	8.675.703	8.534.672	13.831.519	12.736.461
Foreign currency savings deposit	2.212.158	2.751.032	7.902.010	7.640.970
Other deposits in the form of savings deposits	599.995	607.610	631.386	633.098
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	107.454	3.576	94.915	8.414
Swap transactions <sup>(1)</sup>	99.172	57.711	285.853	91.283
Futures transactions	-	-	-	17
Options	17.720	36.415	29.149	30.708
Other	-	-	-	-
<b>Total</b>	<b>224.346</b>	<b>97.702</b>	<b>409.917</b>	<b>130.422</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**c. Information on borrowings:**

1. Information on borrowings:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	761.676	267.197	713.873	394.273
From foreign banks, institutions and funds	513.666	11.158.015	653.211	12.921.545
<b>Total</b>	<b>1.275.342</b>	<b>11.425.212</b>	<b>1.367.084</b>	<b>13.315.818</b>

2. Information on maturity structure of borrowings:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Short-term	850.798	5.814.802	915.891	6.938.501
Medium and long-term	424.544	5.610.410	451.193	6.377.317
<b>Total</b>	<b>1.275.342</b>	<b>11.425.212</b>	<b>1.367.084</b>	<b>13.315.818</b>

**d. Information on marketable securities issued**

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Bills	1.309.005	7.334	951.004	5.582
Asset backed securities	-	1.944.254	-	2.147.781
Bonds	325.421	864.160	144.350	-
<b>Toplam</b>	<b>1.634.426</b>	<b>2.815.748</b>	<b>1.095.354</b>	<b>2.153.363</b>

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 371 million and EUR 190 million, the equivalent of TL 1.079.863 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010, and during 2012, a total of TL 97.747 is paid (December 31, 2011 - TL 387.701)

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 864.391 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

**e. Information on other liabilities:**

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**f. Information on lease payables:**

1. Information on financial leasing agreements:  
None (December 31, 2011 - None).

2. Information on operational leasing agreements:

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

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

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

(1) Explained in Note VII of Section IV.

**h. Information on provisions:**

1. Information on general provisions:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Provisions for Group I loans and receivables	827.418	783.800
Provisions for Group II loans and receivables	61.861	73.036
Provisions for non cash loans	67.662	67.095
Other	124.904	128.337
<b>Total</b>	<b>1.081.845</b>	<b>1.052.268</b>

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

2. Information on reserve for employee rights:

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

Movement of employment termination benefits liability in the balance sheet:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Prior period ending balance</b>	<b>113.983</b>	<b>101.701</b>
Changes during the period	7.070	36.817
Paid during the period	(6.942)	(25.063)
Foreign currency differences	(133)	528
<b>Balance at the end of the period</b>	<b>113.978</b>	<b>113.983</b>

In addition, the Group has accounted for unused vacation rights provision amounting to TL 98.106 as of March 31, 2012 (December 31, 2011 - TL 92.358).

3. Other provisions:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Pension fund provision	775.286	775.286
Non-cash loan provision	76.283	108.232
Provision for possible risks <sup>(1)</sup>	113.441	108.432
Provisions on credit cards and promotion campaigns related to banking services	38.840	33.905
Legal risk provision <sup>(1)</sup>	48.179	43.528
Provision on export commitment estimated tax and funds liability	37.627	37.251
Other	71.612	115.768
<b>Total</b>	<b>1.161.268</b>	<b>1.222.402</b>

<sup>(1)</sup> Considered as provisions for possible risks and charges.

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

As of March 31, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 83.917 (December 31, 2011 - TL 17.520). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**i. Information on taxes payable:**

(i) Information on taxes payable:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Corporate Tax Payable	143.197	112.576
Taxation of Marketable Securities	92.732	71.281
Property Tax	1.689	1.489
Banking Insurance Transaction Tax ("BITT")	50.913	56.607
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.098	3.759
Other	45.814	24.848
<b>Total</b>	<b>336.443</b>	<b>270.560</b>

(ii) Information on premium payables:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Social security premiums - employee	2.117	1.864
Social security premiums - employer	2.483	2.196
Bank pension fund premiums - employee	9.830	8.097
Bank pension fund premiums - employer	10.224	8.471
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	859	710
Unemployment insurance - employer	1.696	1.427
Other	-	-
<b>Total</b>	<b>27.209</b>	<b>22.765</b>

(iii) Information on deferred tax liability:

There is a deferred tax liability of TL 1.631 (December 31, 2011 - none) reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been net off in their standalone financial statements as per TAS 12.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**j. Information on subordinated loans:**

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

At March 31, 2006, Yapı Kredi obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Parent Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. The Parent 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 Parent Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation and Goldman Sachs International Bank are considered in the supplementary capital calculation at the rate of 80% as the remaining maturity of these loans is less than 5 years.

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

1. Presentation of paid-in capital

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

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

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

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

None (December 31, 2011 - None).

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

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

6. Information on prior period's indicators on the Group's income, profitability, liquidity, and possible effects of these future assumptions on the Group'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 Parent Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on marketable securities valuation differences:

	<b>March 31, 2012</b>		<b>December 31, 2011</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	(51.205)	35.392	(112.200)	2.195
Foreign currency difference <sup>(1)</sup>	240.815	(2.174)	226.215	14.914
<b>Total</b>	<b>189.610</b>	<b>33.218</b>	<b>114.015</b>	<b>17.109</b>

(1) Includes current period foreign currency differences.

**I. Information on minority interest:**

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>Period opening balance</b>	<b>67.178</b>	<b>63.095</b>
Current period income/(loss)	2.366	18
Dividends paid	(3.069)	(1.808)
Translation differences	204	(236)
<b>Period ending balance</b>	<b>66.679</b>	<b>61.069</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

1. The amount and type of irrevocable commitments:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Commitments on credit card limits	14.653.861	13.713.682
Loan granting commitments	5.330.832	5.160.785
Commitments for cheques	5.297.818	4.220.740
Other irrevocable commitments	13.521.581	7.551.981
<b>Total</b>	<b>38.804.092</b>	<b>30.647.188</b>

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group has recorded a general provision for its non-cash loans amounting to TL 67.662 (December 31, 2011 - TL 67.095) and a specific provision regarding non-cash loans amounting to TL 76.283 (December 31, 2011 - TL 108.232).

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Bank acceptance loans	146.078	158.915
Letter of credits	5.471.220	5.006.984
Other guarantees and collaterals	2.161.208	2.391.897
<b>Total</b>	<b>7.778.506</b>	<b>7.557.796</b>

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Temporary letter of guarantees	1.650.608	1.789.616
Definite letter of guarantees	13.622.181	13.020.400
Advance letter of guarantees	2.542.919	2.476.742
Letter of guarantees given to customs	1.070.102	1.048.085
Other letter of guarantees	520.430	479.870
<b>Total</b>	<b>19.406.240</b>	<b>18.814.713</b>



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Non-cash loans given against cash loans	384.276	342.946
With original maturity of 1 year or less than 1 year	55.449	32.580
With original maturity of more than 1 year	328.827	310.366
Other non-cash loans	26.800.470	26.029.563
<b>Total</b>	<b>27.184.746</b>	<b>26.372.509</b>

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

<b>March 31, 2012</b>	<b>Group I</b>		<b>Group II<sup>(1)</sup></b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-cash loans</b>				
Letters of guarantee	10.134.934	9.135.390	90.278	45.638
Bank acceptances	-	146.078	-	-
Letters of credit	12.078	5.459.030	-	112
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	487.786	1.672.281	-	1.141
<b>Total</b>	<b>10.634.798</b>	<b>16.412.779</b>	<b>90.278</b>	<b>46.891</b>

<b>December 31, 2011</b>	<b>Group I</b>		<b>Group II<sup>(1)</sup></b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-Cash Loans</b>				
Letters of Guarantee	9.846.873	8.818.586	96.691	52.563
Bank Acceptances	-	158.915	-	-
Letters of Credit	13.687	4.993.297	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	738.141	1.653.756	-	-
<b>Total</b>	<b>10.598.701</b>	<b>15.624.554</b>	<b>96.691</b>	<b>52.563</b>

<sup>(1)</sup> Also includes balances of the Groups III., IV. and V.

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

The Group has recorded a provision of TL 48.179 (December 31, 2011 – TL 43.528) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**a. Information on interest income:**

1. Information on interest income on loans:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	803.792	99.638	481.439	35.259
Medium/long-term loans <sup>(1)</sup>	640.880	227.578	460.960	212.287
Interest on loans under follow-up	20.948	3	24.026	91
Premiums received from resource utilisation support fund	-	-	-	-
<b>Total</b>	<b>1.465.620</b>	<b>327.219</b>	<b>966.425</b>	<b>247.637</b>

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

2. Information on interest income on banks:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	10.671	7.134	11.799	4.951
From foreign banks	571	5.029	655	5.652
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>11.242</b>	<b>12.163</b>	<b>12.454</b>	<b>10.603</b>

3. Information on interest income on marketable securities:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
From trading financial assets	6.612	385	3.606	549
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	156.332	14.516	115.005	17.930
From held-to-maturity investments	91.827	175.614	105.130	158.160
<b>Total</b>	<b>254.771</b>	<b>190.515</b>	<b>223.741</b>	<b>176.639</b>

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

	March 31, 2012	March 31, 2011
Interests received from associates and subsidiaries	209	267

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
Banks	30.961	120.975	36.694	77.308
The CBRT	-	-	-	-
Domestic banks	11.052	1.358	10.329	4.719
Foreign banks	19.909	119.617	26.365	72.589
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	83
<b>Total<sup>(1)</sup></b>	<b>30.961</b>	<b>120.975</b>	<b>36.694</b>	<b>77.391</b>

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	March 31, 2012	March 31, 2011
Interests paid to associates and subsidiaries	119	139

3. Information on interest expense to marketable securities issued:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
Interest on securities issued	33.599	19.317	-	5.356
<b>Total</b>	<b>33.599</b>	<b>19.317</b>	<b>-</b>	<b>5.356</b>

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	March 31, 2011
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Bank deposit	52	-	47	-	76	113	-	288	6.531
Saving deposit	1	21.178	435.082	25.326	6.584	23.524	-	511.695	310.613
Public sector deposit	-	8	23	29	-	1	-	61	1.043
Commercial deposit	9	11.609	169.298	42.842	4.462	6.331	-	234.551	182.579
Other deposit	-	608	15.792	11.358	226	1.087	-	29.071	32.975
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>62</b>	<b>33.403</b>	<b>620.242</b>	<b>79.555</b>	<b>11.348</b>	<b>31.056</b>	<b>-</b>	<b>775.666</b>	<b>533.741</b>
<b>FC</b>									
Foreign currency deposit	551	49.244	154.961	23.525	3.439	13.980	1.088	246.788	128.569
Bank deposit	71	2.684	2.714	80	1.347	1.242	-	8.138	9.083
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	428	151	23	32	14	-	648	149
<b>Total</b>	<b>622</b>	<b>52.356</b>	<b>157.826</b>	<b>23.628</b>	<b>4.818</b>	<b>15.236</b>	<b>1.088</b>	<b>255.574</b>	<b>137.801</b>
<b>Grand total</b>	<b>684</b>	<b>85.759</b>	<b>778.068</b>	<b>103.183</b>	<b>16.166</b>	<b>46.292</b>	<b>1.088</b>	<b>1.031.240</b>	<b>671.542</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>Gain</b>	<b>10.897.171</b>	<b>5.350.183</b>
Gain from capital market transactions	24.155	12.851
Derivative financial transaction gains	4.464.554	3.815.524
Foreign exchange gains	6.408.462	1.521.808
<b>Loss(-)</b>	<b>(10.941.686)</b>	<b>(5.300.273)</b>
Loss from capital market transactions	(5.072)	(11.706)
Derivative financial transaction losses	(4.766.451)	(3.784.583)
Foreign exchange loss	(6.170.163)	(1.503.984)
<b>Net gain/loss</b>	<b>(44.515)</b>	<b>49.910</b>

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

Net loss from foreign exchange rates related to derivative financial transactions is TL 227.709 (March, 31 2011 - TL 79.400 profit).

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

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

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Specific provisions for loans and other receivables	179.014	169.615
III. Group loans and receivables	8.483	104.508
IV. Group loans and receivables	40.784	95
V. Group loans and receivables	129.747	65.012
General provision expenses	47.596	86.161
Provision expense for possible risks	8.801	8.661
Marketable securities impairment expenses	92	4.933
Financial assets at fair value through profit or loss	92	4.539
Available-for-sale financial assets	-	394
Impairment of investments in associates, subsidiaries and held-to-maturity securities	43.147	42.890
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	43.147	42.890
Other	521	588
<b>Total</b>	<b>279.171</b>	<b>312.848</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Personnel expenses	332.610	330.216
Reserve for employee termination benefits	722	17
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	10
Depreciation expenses of property and equipment	40.104	37.130
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	16.772	13.989
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	43	52
Depreciation expenses of assets held for resale	850	573
Impairment expenses of fixed assets held for sale	-	-
Other operating expenses	235.403	207.475
Operational lease expenses	35.562	30.632
Repair and maintenance expenses	6.886	4.664
Advertising expenses	18.055	15.813
Other expense	174.900	156.366
Loss on sales of assets	-	-
Other	163.485	121.471
<b>Total</b>	<b>789.989</b>	<b>710.933</b>

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

Income before tax includes net interest income amounting to TL 1.092.525 (March 31, 2011 - TL 884.563), net fee and commission income amounting to TL 415.782 (March 31, 2011 - TL 451.115) and total other operating expense amounting TL 789.989 (March 31, 2011 - TL 710.933).

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

As of March 31, 2012, the Group has current tax expense amounting to TL 144.409 (March 31, 2011 - TL 134.517) and deferred tax income amounting to TL 28.732 (March 31, 2011 - TL 18.108 deferred tax expense).

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Income before tax provision	530.225	684.135
Tax calculated with tax rate of 20%	106.045	136.827
Disallowables, deductions and other, net	8.846	15.013
Tax rate difference	786	785
<b>Total provision for taxes on income</b>	<b>115.677</b>	<b>152.625</b>

The Group has no discontinued operations.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

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

**l. Income/loss of minority interest:**

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Income/(loss) of minority interest	2.366	18

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

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

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

	March 31, 2012	March 31, 2011
<b>Cash</b>	<b>7.647.595</b>	<b>4.127.914</b>
Cash and effectives	1.033.190	702.227
Demand deposits in banks	6.614.405	3.425.687
<b>Cash equivalents</b>	<b>3.816.780</b>	<b>1.977.118</b>
Interbank money market	2.172.189	970.536
Time deposits in banks	1.644.591	1.006.582
<b>Total cash and cash equivalents</b>	<b>11.464.375</b>	<b>6.105.032</b>

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

	March 31, 2012	March 31, 2011
<b>Cash</b>	<b>7.993.004</b>	<b>4.471.578</b>
Cash and effectives	1.085.660	716.899
Demand deposits in banks	6.907.344	3.754.679
<b>Cash equivalents</b>	<b>2.113.859</b>	<b>3.454.343</b>
Interbank money market	2.726	308.895
Time deposits in banks	2.111.133	3.145.448
<b>Total cash and cash equivalents</b>	<b>10.106.863</b>	<b>7.925.921</b>

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

As of March 31, 2012, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 9.445.953 (March 31, 2011 - TL 5.388.224 TL). There is also TL 127.922 blocked amount in foreign banks account.

**VI. Explanations and notes related to Group's merger, transfers and companies acquired by Bank**

None.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

**1. Information on loans of the Group's risk group:**

<b>March 31, 2012</b>	<b>Associates, subsidiaries and joint ventures</b>		<b>Direct and indirect shareholders of the Group</b>		<b>Other real and legal persons that have been included in the risk group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Group's risk group <sup>(1)(2)</sup></b>						
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	16.141	1.081	416.779	263.436	821.452	1.390.014
<b>Interest and commission income received</b>	<b>209</b>	<b>9</b>	<b>3.786</b>	<b>525</b>	<b>17.677</b>	<b>1.055</b>

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

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

<b>December 31, 2011</b>	<b>Associates, subsidiaries and joint ventures</b>		<b>Direct and indirect shareholders of the Bank</b>		<b>Other real and legal persons that have been included in the risk group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Group's risk group <sup>(1)(2)</sup></b>						
Loans and other receivables						
Balance at the beginning of the period	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	15.079	2.053	426.591	230.061	693.445	723.808
<b>Interest and commission income received <sup>(3)</sup></b>	<b>267</b>	<b>4</b>	<b>1.535</b>	<b>236</b>	<b>14.569</b>	<b>1.263</b>

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

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

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

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

<b>Group's risk group <sup>(1)(2)</sup></b>	<b>Associates , subsidiaries and joint ventures</b>		<b>Direct and indirect shareholders of the Bank</b>		<b>Other real and legal persons that have been included in the risk group</b>	
	<b>March 31, 2012</b>	<b>December 31, 2011</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Deposit</b>						
Beginning of the period	10.801	11.699	7.546.932	4.367.079	4.885.191	5.279.564
End of the period	4.628	10.801	7.197.592	7.546.932	4.792.523	4.885.191
<b>Interest expense on deposits <sup>(3)</sup></b>	<b>119</b>	<b>139</b>	<b>85.653</b>	<b>49.001</b>	<b>44.641</b>	<b>64.715</b>

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

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

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

Group's risk group <sup>(1)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	-	38.038	216.174	187.782	97.206	642.637
End of the period <sup>(3)</sup>	38.609	-	92.643	216.174	419.062	97.206
<b>Total profit / loss<sup>(4)</sup></b>	<b>(10.595)</b>	<b>-</b>	<b>1.431</b>	<b>336</b>	<b>2.771</b>	<b>(5.889)</b>
<b>Transactions for hedging purposes<sup>(2)</sup></b>						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
<b>Total profit / loss<sup>(4)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(2) The Bank's derivative instruments are classified as "Financial instruments at fair value through profit or loss" or "Derivative financial instruments held for hedging" according to TAS 39.

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

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

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

Salaries and benefits paid to the Group's top management amount to TL 15.752 as of March 31, 2012 (March 31, 2011 - TL 14.339).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

1. The Parent Bank obtained a syndicated loan amounting to USD 1 billion 418 million from participation of 44 international banks from 21 different countries, consisting of 2 credit tranches with 1 year maturity; one tranche amounting to USD 264 million with total cost of Libor+1,45% and the other tranche amounting to EUR 864,5 million with total cost of Euribor+1,45%. The agreement was signed on April 27, 2012.
2. In the meeting of Board of Directors of Yapı Kredi Leasing held on February 29, 2012, it has been decided to start the delisting process in line with the CMB regulations for the shares of the Company that are publicly traded in ISE. As per the Parent Bank's public announcement dated April 20, 2012 it has been announced that the call price has been determined as TL 5,02. As per the Yapı Kredi Leasing Board of Directors' decision taken on the same date, Extraordinary General Assembly has been called to take place on May 17, 2012 for the final approval of the shareholders regarding dequotation. The General Assembly agenda has also been announced through public announcement on the same date.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section six**

**Other explanations and notes**

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

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

**Section seven**

**Explanations on independent review report**

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

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

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

None.