YapıKredi

ANNUAL REPORT 2011

Dedication to Deliver

Contents

Part I: Introduction

2 Report on Compliance of Annual Report
4 Annual Shareholders' Meeting Agenda, Amendments to the Articles of Association, Dividend Distribution Policy for 2012 and Beyond
5 2011 Dividend Distribution Table
6 Chairman's Message
7 CEO's Message
8 Vision, Mission, Strategy and Values
9 History
10 Corporate Profile
12 Strategic Progress
13 Organisational Structure
14 Yapı Kredi in 2011

Part II: Bank Management and Corporate Governance Practices

28 Board of Directors
29 Statutory Auditors
30 Senior Management Resumes
32 Board of Directors and Committees
34 Summary Board of Directors Report
35 Human Resources Implementations, Support Services
36 Transactions Carried out with the Risk Group
37 Corporate Governance Principles Compliance Report

Part III: Financial Information and Risk Management

42 Statutory Auditors' Report
43 Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems
44 Risk Management Policies
45 Financial Review, Five Year Summary Financial Highlights
46 Credit Ratings
47 Unconsolidated Financial Report as of 31 December 2011 and Independent Auditor's Report
115 Consolidated Financial Report as of 31 December 2011 and Independent Auditor's Report
187 Yapı Kredi Abroad
188 2011 Awards

FOR THE PAST 68 YEARS, WE HAVE BEEN DEDICATED TO DELIVER...

For us, the measure of limitless service is the unconditional happiness of our customers.

We know that sustainable value generation comes from growing and progressing together with our customers.

We never compromise from this basic principle. Our customers are the focal point of our business philosophy and we always strive to provide them better and faster service.

We are a bank that is easy to work with. We believe that banking services should be easily available and bankers should be friendly and approachable.

Our job is to make our customers' lives easier.

For this reason, we stand by our customers and provide them limitless service when and where they require it.

We bring rapid solutions to our customers by offering them the right products with the most convenient terms.

We love our jobs; we enjoy working and being close to our customers, listening to their expectations and finding appropriate solutions for their needs.

Our biggest award is the trust, appreciation and acknowledgement of our efforts by our customers.

Dedicated to deliver for the past 68 years, we continue to work with excitement and passion to increase our service quality and diversity.

ERNST & YOUNG

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REPORT ON COMPLIANCE OF ANNUAL REPORT

To the General Assembly of Shareholders of Yapı ve Kredi Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as of December 31, 2011 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Act No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Yapı ve Kredi Bankası A.Ş. at December 31, 2011 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Act No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

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

Selim Elhadef,
Partner, SMMM

Istanbul, March 6, 2012

Part I

Introduction

Annual Shareholders' Meeting Agenda, Amendments to the Articles of Association, Dividend Distribution Policy for 2012 and Beyond

Annual Shareholders' Meeting

1. Opening and the constitution of the Council for the Meeting,

2. The presentation and consideration of the Annual Report of the Board of Directors, Report of the Statutory Auditors and Summary of Report of External Auditors related to the activities of the year 2011, rejection, approval or approval with amendments of the proposal of the Board of Directors regarding the balance sheet and income statement for the year 2011,

3. Approval of the Board Member elected by the Board of Directors according to Article 315 of the Turkish Commercial Code to fill in a vacancy which occurred in 2011,

4. Clearing of Members of the Board of Directors and the Statutory Auditors of liability related to activities of the Bank during 2011,

5. Approval of transactions regarding liquidation of some part of the receivables that are being followed up in non-performing loan accounts by sale and to clear Members of the Board of Directors regarding these transactions,

6. Determining the number and the term of office of Members and electing Members to the Board of Directors,

7. Determining the number and the term of office of Statutory Auditors and electing Statutory Auditors,

8. Determining the attendance fee for Members of the Board of Directors and the fee of Auditors,

9. Rejection, approval or approval with amendments of the proposal of the Board of Directors regarding the dividend distribution for 2011,

10. Submitting the dividend distribution policy of the Bank for 2012 and beyond to the shareholders' attention according to the Corporate Governance Principles,

11. Submitting the disclosure policy of the Bank to the shareholders' attention according to the regulation issued by the Capital Markets Board,

12. Submitting the donations made by the Bank in 2011 to foundations and associations with the aim of social relief to the shareholders' attention,

13. Approval of the external audit institution selected by the Board of Directors for auditing the 2012 financial statements in line with the requirements of the regulation issued by the Banking Regulation and Supervision Agency,

14. Consideration and approval of the amendment to the Article 8 captioned Share Capital since the authorisation period for the registered capital ceiling of the Bank expires at the end of 2012 and with an aim to increase the registered capital ceiling from TL 5,000,000,000 to TL 10,000,000,000,

15. Granting permission to the Members of the Board of Directors in accordance with Articles 334 and 335 of the Turkish Commercial Code to carry out with the Company, in his name or in the name of a third party, transactions that are among the objects of the Company or to become shareholders in companies that deal in the same type of transactions and to perform other transactions,

16. Authorising Council for the Meeting to sign the minutes,

17. Wishes.

Amendments to the Articles of Association

At the Ordinary Annual Shareholders' Meeting dated 31 March 2011, it was resolved that Article 3 captioned Duration, Article 21 captioned Issuing Capital Market Instruments and Article 25 captioned Duties and Powers of the Board of Directors of the Articles of Association be amended.

Dividend Distribution Policy for 2012 and Beyond

Principles with regard to the Bank's dividend distribution are set out in detail in Article 78 of the Articles of Association of the Bank. In this respect, shareholders are, taking into consideration the growth of the Bank towards its targets as well as its financing requirements, authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase and to fix the distribution dates as required by law.

At the Annual Shareholders' Meeting, shareholders may take the decision to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves in accordance with Article 80 of the Articles of Association. It is envisaged that the dividend policy of the Bank will be set out in a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors whenever necessary, taking into consideration the domestic and international economic conditions and the projects and funds on the agenda.

Note on 2011 Net Profit

It is resolved that TL 92,874,292.15 should be reserved as the first legal reserve from TL 1,857,485,843.63 (the unconsolidated net profit for the accounting period) and the TL 1,616,720,633.91 that remains after the reservation of TL 147,890,917.57 (75% of the profit from the sale of real estate and share stocks on the basis of Article 5 clause 1/e of the Corporate Tax Law 5520) should be reserved as extraordinary reserves with a view to assure the completion of the Bank's long-term growth plans, giving due consideration to the domestic and international economic conditions and 2011 dividend distribution table on page five that was submitted at the Annual Shareholders' Meeting for approval.

2011 Dividend Distribution Table

Yapı ve Kredi Bankası A.Ş. 2011 Profit Distribution Table (TL)		
1. Paid-in Capital		4,347,051,284.00
2. Legal Reserves (per Legal Book)		266,972,995.70
Information on whether Articles of Association has any privilege regarding profit distribution		None
		Per Legal Book
3.	Gross Profit	2,355,064,992.00
4.	Reserve for Taxes (-)	497,579,148.37
5.	Net Profit (=)	1,857,485,843.63
6.	Prior Years' Losses (-)	0.00
7.	1st Legal Reserves (-)	92,874,292.15
8	NET DISTRIBUTABLE PROFIT (=)	1,764,611,551.48
9.	Donations made during the year (+)	
10.	Net distributable profit including donations to be used in the calculation of 1st dividend	
11.	1st dividend to shareholders	
	-Cash	
	-Bonus shares	
	-Total	
12.	Dividend to shareholders which possess preferred shares	
13.	Dividend to Members of Board of Directors and employees etc.	
14.	Dividend to shareholders which possess redeemed shares	
15.	2nd dividend to shareholders	
16.	2nd Legal Reserves (-)	
17.	Statutory Reserves	0.00
18.	Special Reserves	147,890,917.57
19.	EXTRAORDINARY RESERVES	1,616,720,633.91
20.	Other sources which are accepted as distributable	-
	-Retained Earning	
	-Extraordinary Reserves	
	-Other distributable reserves in accordance with the related laws and Articles of Association	

INFORMATION RELATED WITH THE DISTRIBUTABLE PROFIT SHARE (privileged, non privileged, per share basis)

DIVIDEND INFORMATION PER SHARE				
	GROUP	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND TO 1 TL NOMINAL VALUE SHARE	
			AMOUNT (TL)	RATIO (%)
GROSS		0.00	0.00	0.00
NET		0.00	0.00	0.00

THE RATIO OF DISTRIBUTED PROFIT SHARE TO CHARITIES ADDED NET DISTRIBUTABLE PERIOD PROFIT	
PROFIT SHARE AMOUNT DISTRIBUTED TO SHAREHOLDERS	THE RATIO OF DISTRIBUTED PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS TO CHARITIES ADDED NET DISTRIBUTABLE PERIOD PROFIT(%)

Chairman's Message

Turkey positively differentiated in 2011 by maintaining strong macroeconomic fundamentals. Yapı Kredi recorded a sustainable performance with total consolidated assets reaching TL 117 billion

Dear Shareholders,

During 2011, the global economy was impacted by the European debt crisis in addition to political tension in the Middle East and North Africa region, concerns on the monetary and fiscal policy outlook in the United States and the earthquake in Japan. As a result, global economic growth is expected to remain limited at 3.8% in 2011, mainly driven by growth in emerging markets. Lack of a solid plan for recovery from the European debt crisis, rising political problems and continued sovereign rating downgrades led to an overall negative sentiment on the future outlook of the global economy throughout the year.

In this environment, Turkey positively differentiated by maintaining solid macroeconomic fundamentals. Domestic demand continued to be strong leading to 8.5% economic growth in 2011, one of the highest in the world. However, strong growth also led to deterioration in external trade balances. As a result, current account deficit as a percentage of gross domestic product reached 10% as of the end of 2011. On the inflation front, following historically low single digit levels in the first half of the year, there was a sharp increase towards the end of the year due to currency depreciation, increased prices and higher taxes on certain goods, leading to an inflation of 10.4% as of the end of 2011.

In 2011, the Central Bank of Turkey adopted a flexible and unconventional monetary policy together with increased regulations in order to manage the current account deficit, inflation and currency depreciation while ensuring a soft-landing for the economy. Throughout this period, policy rate was maintained at its low level of 5.75%.

The Turkish banking sector recorded robust growth despite impacts of the challenging global environment, increasing regulation and intense competition. Total loans increased by 30% to TL 651 billion while total deposits increased by 13% to TL 691 billion. In terms of funding, Turkish banks continued to focus on diversification and maintained strong access to international markets. In 2011, the sector achieved solid profitability with return on average equity of 15.4% and maintained sound capitalisation level with capital adequacy ratio of 15%.

Continuing its customer centric banking approach, Yapı Kredi achieved strong growth and healthy profitability in 2011. The Bank recorded 28% annual loan growth driven by consumer and SME loans in local currency and project finance lending in foreign currency. On the deposit front, Yapı Kredi achieved above sector annual growth of 20%. In 2011, Yapı Kredi recorded 21.7% return on average equity, the highest level among private peers. Capital adequacy ratio was recorded as 14.9% at Group level.

Yapı Kredi maintained its strong position as the fourth largest private bank in Turkey with total consolidated assets of TL 117 billion in 2011. The Bank serves its 6.2 million customers through a widespread service network including 17,350 employees and 964 branches at Group level (907 at Bank level). Yapı Kredi also has innovative and advanced alternative delivery channels including 2,697 ATMs, two call centers, internet and mobile banking that contribute to rapid and effective customer service. Yapı Kredi is sector leader in terms of card payment systems, leasing and factoring. The Bank also ranks second in asset management, third in equity transaction volume, fourth in private pension funds and fifth in life and non-life insurance.

In 2011, Yapı Kredi received the Bank of the Year in Turkey award by The Banker magazine for the third time, one of the most prestigious awards in the banking sector. Yapı Kredi also received the Best Bank in Turkey award by World Finance for the second time. I am extremely pleased that our achievements are recognised on an international platform. I would hereby like to extend my thanks to all our customers and shareholders for their continuous support and our employees for their devoted efforts.

Mustafa V. Koç
Chairman of the Board of Directors

117	**6.2**	**964**
billion TL Total Assets	million Customers	Branches

CEO's Message

Yapı Kredi further strengthened its easy to work with approach in 2011 and recorded TL 2.3 billion consolidated net income

Dear Shareholders,

2011 was marked by economic turbulence throughout the world which impacted the global financial sector. In this backdrop, the Turkish banking sector demonstrated strong growth supported by continuation of positive domestic macroeconomic fundamentals despite increasing regulation and competition.

Yapı Kredi focused on maintaining healthy and consistent profitability in 2011 through its smart growth strategy. The Bank recorded TL 2.3 billion consolidated net income and 21.7% return on average equity. Revenues were sustained at TL 6,648 million driven by solid fee growth of 13% and the positive impact of a disciplined pricing policy offsetting margin pressure.

Throughout the year, the Bank maintained a strict focus on cost discipline and recorded below inflation cost growth of 8% including 39 net new branch openings. Meanwhile, investments in alternative delivery channels continued with an aim to provide simple solutions for customers while decreasing cost to serve. As a result, 78% of total banking transactions were carried out through non-branch channels.

Yapı Kredi increased its loans to assets ratio up to 59% in 2011. This is the highest level in the sector and thus confirms the Bank's customer-oriented banking approach. Lending growth was driven by above sector performance in general purpose loans, mortgages and SME lending. In addition, the Bank increased its support to the economy through project finance lending, especially in the energy sector. Project finance lending reached US$ 5.8 billion in 2011 from US$ 3.6 billion in 2010.

In 2011, Yapı Kredi strengthened its deposit base by achieving above sector annual growth of 20% and thereby increasing its deposit market share from 8.6% in 2010 up to 9.2%. Deposit composition was also improved through increasing the share of retail banking deposits in total and lengthening maturity. Funding base was further diversified through syndications of US$ 2.7 billion, long-term securitisation of US$ 510 million and TL bond issuances of TL 1.2 billion.

On the asset quality front, a positive trend continued throughout the year. The Bank's non-performing loan (NPL) ratio declined to 3.0% in 2011 from 3.4% in 2010 driven by decelerating NPL inflows, solid collections, credit infrastructure improvements and an NPL portfolio sale.

In 2011, Yapı Kredi continued to focus on simplification of its systems and processes in order to become even more easier to work with. To this end, the Bank undertook many initiatives including reduction in customer lending response times, addition of call center and ATM channels to its easy to use fast loan application platform and development of a leading mobile banking channel. Furthermore, PayMobile technology was launched enabling contactless credit card transactions via mobile phones which also contributed to increasing customer satisfaction.

In addition, many new products and services were added to the Bank's already wide product range in mortgages, credit cards, deposits, mutual funds, agricultural banking and individual banking. As a result of all of these initiatives and in line with its smart growth strategy, Yapı Kredi recorded significant gains in terms of commercial effectiveness. The Bank improved its ranking by one notch in terms of revenues per employee up to second place and by one notch in terms of deposits per employee up to fifth place.

Building on its strong dedication to corporate governance, Yapı Kredi increased its corporate governance rating, which is granted based on corporate governance principles set by the Capital Markets Board, to 8.80 out of 10. In addition, Yapı Kredi remains the only bank among its private peers that is included in the İstanbul Stock Exchange Corporate Governance Index.

In 2012, Yapı Kredi aims to achieve sustainable growth and profitability through continued emphasis on customer business, commercial effectiveness gains, funding diversification, effective liquidity management and cost discipline. The Bank has identified several key areas where projects are undertaken. The information technology infrastructure will be renewed, sales and marketing activities will be enhanced via a multi-channel service strategy, SME focused approach will be strengthened through sub-segmentation actions and simplification of products and services, deposit gathering activities will be supported through a one-to-one customer based deposit pricing initiative.

Yapı Kredi aims to achieve sustainable profitability in the upcoming period.

I would like to take this opportunity to thank our customers and shareholders for their trust and our employees for their continuous efforts, while we progress with our smart growth strategy.

Faik Açıkalın
Chief Executive Officer

2.3	21.7%	59%
billion TL Net Income	Return on Average Equity	Loans/Assets

Vision, Mission, Strategy and Values

Yapı Kredi's vision is to be the undisputed leader in the finance sector, ensuring sustainable performance with commitment to its core values

VISION

To be the undisputed leader in the finance sector

MISSION

To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees

STRATEGY

Healthy and consistent growth
Focus on core banking activities, growth in value generating segments and products, continuous improvement in commercial effectiveness, expansion of market presence and funding diversification to sustain long-term performance

Strong and sustainable profitability
Address specific customer needs via segment based service model, optimise cost to serve to improve competitiveness and maintain effective cost and risk management

Superior and long-lasting customer satisfaction
Enhance easy to work with approach through continuous investments in technology and delivery channels while maintaining focus on innovation, employee satisfaction and loyalty

VALUES

Freedom
Yapı Kredi employees express their opinions easily through appropriate and constructive methods; they act in accordance with the Bank's values and contribute to the future of the corporation.

Fairness
Yapı Kredi employees treat their customers, colleagues and the Bank's stakeholders in a consistent manner without seeking personal gain; they make objective decisions and act in accordance with their values while focusing on corporate and social responsibility.

Respect
Yapı Kredi employees listen to their customers and colleagues, irrespective of their identities, to understand their needs. They respect the opinion of others and know that their opinions and ideas also count.

Trust
Yapı Kredi employees build relationships based on trust with all relevant parties utilising their banking knowledge, skills and commitment to corporate values; they trust those that they grant responsibility and authority. Consistent with the Bank's corporate values, Yapı Kredi employees keep their promises in a timely and accurate manner. They take responsibility for their customers' problems, find rapid solutions and follow up on the results.

Transparency
Yapı Kredi employees share relevant corporate information with their customers, colleagues and other stakeholders in a transparent and timely manner while adhering to the Bank's confidentiality principles and ensuring accessibility; they express their opinions with the same degree of transparency.

History

As Turkey's first private bank with a nationwide presence, Yapı Kredi has been successfully executing its customer centric strategy for 68 years

The Origins

Established in 1944 as Turkey's first retail focused private bank with a nationwide presence, Yapı Kredi has always played a pioneering role in the banking sector.

Since its origins, Yapı Kredi has maintained a strong reputation in the banking sector leveraging on its customer centric approach, dedication to innovation and contribution to the development of the financial sector in Turkey.

2006 serves as a milestone in Yapı Kredi's long history as it was the year in which the Bank successfully completed the largest merger in the Turkish banking sector. The merger between Koçbank (eighth largest bank) and Yapı Kredi (seventh largest bank) formed the new Yapı Kredi, which became the fourth largest private bank. Since the merger, Yapı Kredi has successfully executed a customer oriented strategy aligned with changing market conditions and delivered consistently strong results.

Recent History

		Loans/ Assets	Cost/ Income	Return on Average Equity
2006	**Merger and Integration** • Legal merger of Yapı Kredi and Koçbank • Merger of the two banks' core subsidiaries operating in the same sectors (factoring, leasing, asset management and brokerage) • Restructuring of the capital base • Integration of information technology systems	41%	68%	19%
2007	**Restructuring** • Launch of branch expansion • Completion of segment based service model • Streamlining governance through bringing subsidiaries under the Bank • Efficiency initiatives in systems and processes	51%	59%	24%
2008	**Relaunch of Growth** • Acceleration of branch expansion • Innovation in product, service and delivery channels • Tight cost management and emphasis on decreasing cost to serve • Strengthening of capital base via capital increase	55%	53%	26%
2009	**Global Crisis** • Temporary suspension of branch expansion • Continuous support for customers • Tight cost management and efficiency efforts • Proactive credit risk management	54%	41%	23%
2010	**Back to Growth** • Re-launch of branch expansion • Innovation, new product development and customer acquisition • Above sector growth and cost discipline • Simplification of processes and improvement in efficiency	58%	41%	27%
2011	**Flexible Approach** • Continuation of branch expansion • Selective and continual growth in value generating segments and products • Sustainable revenue generation and tight cost control • Constant focus on asset quality • Diversification of funding and emphasis on liquidity	59%	44%	22%

Corporate Profile

Yapı Kredi is the fourth largest private bank in Turkey with leading positions in value generating segments and products

Leading Positions in Key Segments and Products

Segment	Product	Rank	Market Share
Total Bank	Loans	5	10.3%
	Deposits	6	9.2%
	Number of Branches[1]	5	9.2%
Retail Banking	Credit Card Outstanding	1	18.3%
	Credit Card Acquiring	1	20.3%
	Number of Cardholders	1	13.6%
	Consumer Loans	7	8.2%
	Mortgages	6	9.5%
	General Purpose Loans	7	6.4%
	Auto Loans	1	18.3%
	Commercial Installment Loans	4	9.1%
Corporate and Commercial Banking	Corporate Loans[2]	4	10.0%
	Non Cash Loans	1	13.6%
	Leasing	1	19.6%
	Factoring	1	17.7%
	Cheque Clearing	1	11.8%
Private Banking and Wealth Management	Assets Under Management	2	17.4%
	Capital Guaranteed Funds	2	20.2%
	ISE and TurkDEX Volume[3]	1	18.0%
	Equity Transaction Volume	3	5.7%
Insurance and Private Pension	Health Insurance	1	20.7%
	Non-life Insurance	5	6.7%
	Life Insurance	5	6.4%
	Private Pension Funds	4	16.1%

Loyal Customer Base

6.2 million **Customers**

5.6 million Individual Customers

597 thousand SME Customers

33 thousand Corporate and Commercial Customers

Young and Dynamic Employee Profile

17,350 **Total Employees**

34 Average Age

65% Share of Branch Employees

82% Share of University Graduate Employees

Wide Service Network

90% coverage of Turkey

Fifth largest network in Turkey with 964 branches[4] in 73 cities

Fifth largest ATM network (2,697 ATMs)

78% share of non-branch channels in total banking transactions

Internet banking reaching 2.1 million customers (11.0% market share)

Leading position in mobile banking (15.3% market share)

Two award winning call centers

(1) Ranking and market share based on number of Bank branches (907)
(2) Cash loans excluding credit card outstanding and consumer loans
(3) Includes repo, reverse repo, treasury bill, government bond, equity and derivative transaction volumes. ISE indicates İstanbul Stock Exchange. TurkDEX indicates Turkish Derivatives Exchange
(4) Indicates total number of Group branches

Key Financial Indicators

(TL million)	2007	2008	2009	2010	2011	Annual Growth (2010-2011)	CAGR[1] (2007-2011)
Total Assets	56,130	70,872	71,734	92,814	117,450	27%	20%
Loans	28,733	38,910	38,863	54,243	69,326	28%	25%
Deposits	33,706	44,023	43,375	55,207	66,187	20%	18%
Assets Under Management[2]	6,372	5,818	6,991	8,444	7,507	-11%	6%
Total Revenues	**3,963**	**4,802**	**6,071**	**6,649**	**6,648**	**0%**	**14%**
Operating Expenses	**2,338**	**2,560**	**2,510**	**2,693**	**2,911**	**8%**	**6%**
Net Income	**1,019**	**1,265**	**1,553**	**2,255**	**2,291**	**2%**	**22%**
Number of Group Branches	738	930	901	927	964	4%	31%[3]
Number of Bank Branches	676	861	838	868	907	4%	34%[3]
Number of Group Employees	16,779	17,385	16,749	16,821	17,350	3%	3%[3]
Number of Bank Employees	14,249	14,795	14,333	14,411	14,859	3%	4%[3]

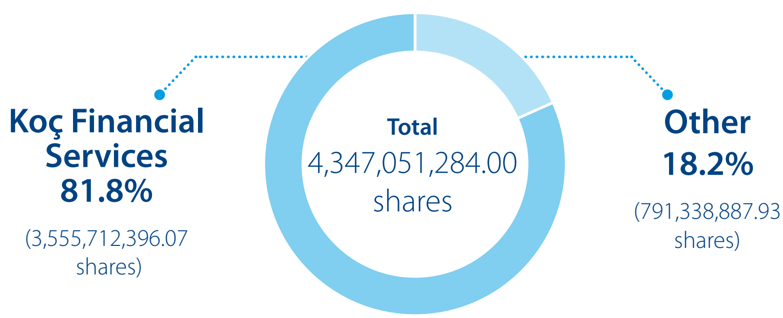
Shareholding Structure

81.8% of Yapı Kredi's shares are owned by Koç Financial Services. Koç Financial Services is a 50%-50% joint venture between Koç Group and UniCredit Group.

Founded in 1926, Koç Group is the largest conglomerate in Turkey in terms of turnover and exports with 81 thousand employees. Operating in the areas of energy, automotive, consumer durables and finance, the Group's sales comprise 9% of Turkey's total Gross Domestic Product (GDP) and its exports comprise 11% of Turkey's total exports.

UniCredit Group is a systematically important financial institution in Europe with a widespread network of 9,500 branches and 161 thousand employees in 22 countries. In Central and Eastern Europe, the Group has the largest international network with more than 4 thousand branches.

The remaining 18.2% of the Bank's shares are publicly traded and held by other shareholders.[4]



Note: Key financial indicators based on BRSA consolidated financials. Loans indicate performing loans
(1) Compounded annual growth rates
(2) Mutual funds, private pension funds and discretionary portfolio management
(3) Nominal growth rates
(4) The Bank's shares are listed on the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange

Strategic Progress

Continued focus on key long-term strategic pillars including growth, profitability, funding, capital and asset quality

2011 Progress

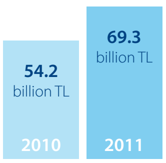
Growth

Sustained focus on customer business driven by strong retail oriented strategy, commercial effectiveness gains and continuation of organic growth

Loans[1]

28%

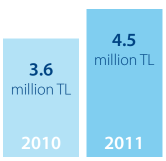
Growth



Loans per Employee

25%

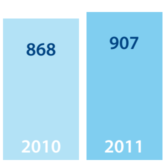
Growth



Number of Bank Branches

+39

Net Increase



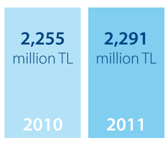
Profitability

Maintained profitability driven by increasing contribution of core revenues and disciplined cost management

Net Income

2%

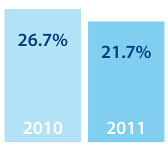
Growth



Return on Average Equity

-5pp

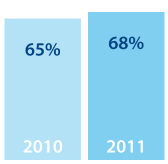
Decline



Fees and Commissions/ Operating Expenses

+3pp

Increase



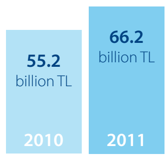
Funding and Capital

Sound funding capability supported by healthy evolution of deposit base and effective capital management

Deposits

20%

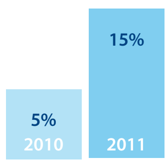
Growth



Share of Long-Term Deposits[2]

+10pp

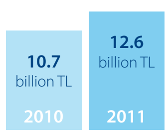
Increase



Capital Base

14.9%

Capital Adequacy Ratio



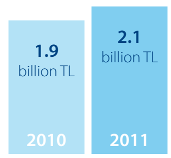
Asset Quality

Improvement in cost of risk driven by positive asset quality trend, strong collections performance and proactive approach

Non-Performing Loans (NPL)

3.0%

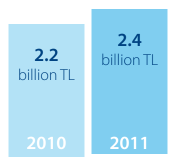
Non-Performing Loan Ratio



Total Provisions[3]

111%

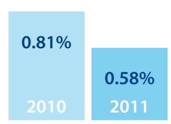
Total Coverage Ratio



Cost of Risk[4]

-23bps

Decline



2012 Priorities

Growth

- Growth in individual, SME and project finance lending
- Further improvement in commercial effectiveness
- Continuation of branch expansion

Profitability

- Focus on sustainable revenue sources to maintain profitability
- Disciplined cost management
- Further decrease in cost to serve and push on efficiency

Funding and Capital

- Continuation of funding diversification
- Focus on further increasing maturity of funding base
- Effective utilisation of capital with optimisation of risk weighted assets

Asset Quality

- Further enhancement of credit infrastructure
- Continuation of monitoring system improvements
- Dynamic and proactive NPL portfolio management

Note: pp (percentage points), bps (basis points) indicate difference between ratios
(1) Loans indicate performing loans
(2) Deposits with longer than three month maturity
(3) Specific and general provisions
(4) (Total loan loss provisions-collections) / total gross loans

Organisational Structure

Banking activities are organised into three main segments and supported by local and international subsidiaries

Retail Banking

	Individual	SME	Card Payment Systems
Profile	Individual banking serves individuals with total personal financial assets up to TL 500 thousand, sub-segmented under mass (up to TL 50 thousand) and affluent (between TL 50-500 thousand)	SME banking serves companies with an annual turnover of less than US$ 5 million	Credit cards are offered to individual customers over the age of 18 with the required minimum income as well as corporate customers. POS products are offered to merchants who use credit cards during their business transactions
Products and Services	Mortgages, Working Premise Loans, Home Equity Lines of Credit, Home Improvement Loans, General Purpose Loans, Auto Loans, FordFinans, Individual Flexible Accounts, Product Bundles, Bill Payments, Regular Payments, Rent Payments, University Payments, Safety Deposit Box, Deposits, Working Accounts, Private Pension Products, Health Insurance, Life Insurance, Property and Casualty Insurance	Commercial Installment Loans, Revolving Loans, Flexible Commercial Accounts, Commercial Purchasing Cards, Product Bundles, POS and Merchant Services, Agriculture Loans, Cash Management Products, Commercial Credit Cards, Investment Products	World, World Gold, World Platinum, Opet Worldcard, Play, adios, adios Premium, taksitçi, Crystal, Fenerbahçe Worldcard, KoçAilem Worldcard, World Business, Debit Cards (TL Card, Play TLcard, Business TLcard), World Gift Card, World Loyalty Program

Corporate and Commercial Banking

Profile

Corporate and commercial banking serves companies with annual turnover of more than US$ 5 million, sub-segmented under commercial (between US$ 5-100 million) and corporate (over US$ 100 million)

Products and Services

Loan Guarantees, Money Transfers, Working Capital, Long-Term Loans, Trade Finance, Payments for Enterprises, Project Finance, Direct Debit, Banko™-OHES, Payment Products, Collection Products, Government Payments, Import and Export Financing Products

Product Factories

- YapıKredi Leasing
- YapıKredi Factoring

International Subsidiaries

- YapıKredi Nederland
- YapıKredi Moscow
- YapıKredi Azerbaijan

Private Banking and Wealth Management

Profile

Private banking and wealth management serves customers with total personal financial assets above TL 500 thousand

Products and Services

Mutual Funds, Fixed Income Products, Capital Guaranteed Funds, Capital Market Transactions, TurkDEX Transactions, Structured Products, Derivatives, Indexed Deposits, Advisory Services, Art and Yacht Loans

Product Factories

- YapıKredi Asset Management
- YapıKredi Invest
- YapıKredi Investment Trust

Insurance Product Factories

- YapıKredi Insurance
- YapıKredi Pension Fund

Other Subsidiaries

- Yapı Kredi Koray Real Estate Investment Company
- BCP
- YapıKredi Culture, Art and Publishing

Retail Banking: Card Payment Systems

Sector leader in card payment systems for the last 23 years, Yapı Kredi has the sixth largest credit card platform in Europe

Retail banking is one of Yapı Kredi's key focus areas and consists of card payment systems, individual banking and SME (Small and Medium Size Enterprises) banking.

Card Payment Systems

Yapı Kredi introduced credit cards to the Turkish banking sector in 1988. The Bank has been the sector leader in card payment systems for the last 23 years and has the sixth largest credit card platform(1) in Europe.

Driven by strong customer demand, the sector recorded healthy growth in credit card volumes in 2011 despite increasing regulation and high competition. In 2011, Yapı Kredi maintained its leading position in the sector with TL 10.4 billion credit card outstanding volume, TL 53.2 billion cumulative issuing volume and TL 59.5 billion cumulative acquiring volume.

Throughout the year, Yapı Kredi focused on proactively managing the changing environment in order to effectively balance growth and profitability in card payment systems. To this end, the Bank continued its focus on innovation and product development while introducing new sustainable revenue sources and adjusting its pricing policy accordingly. At the same time, a disciplined approach to installments, loyalty points, card limits and campaigns was continued.

Innovation and Product Development

Yapı Kredi continued to introduce competitive products in 2011:

- A new system that transforms mobile phones into credit cards, Paymobile, was launched enabling customers to make contactless payments using their mobile phones. With this initiative, Yapı Kredi received Most Innovative Use of Visa Systems award at the Visa Europe Member Awards.
- Opet Worldcard was created together with Opet, a leading oil and gas company in Turkey and 125,000 cards were sold in three months. Play Card, Yapı Kredi's credit card product targeting young people, was enlarged through the creation of the Koç University campus credit card.
- Co-branding partnerships continued with the addition of Al Baraka Türk Bank to the already wide network that includes Anadolubank, TEB and Vakıfbank. As a result, Yapı Kredi's credit card program World platform reached over 13 million credit cards.
- A new system enabling follow up of credit card and POS applications via internet banking and mobile phones was launched. In addition, new features and services were added to debit cards such as card usage in e-commerce transactions, cash back from merchants and account balance monitoring via mobile phone messages.

Continuously Widening Merchant Network

Yapı Kredi has the widest and most dynamic merchant network with 329 thousand merchants throughout Turkey. Point of Sale (POS) terminals shared with other banks increased by 15% annually and reached 158 thousand in 2011, thereby making up 37% of the Bank's total 432 thousand POS terminals.

Increasing Synergies with Other Business Units

In 2011, various campaigns were undertaken to introduce other banking products to credit card-only customers. In this regard, retail banking product bundles were offered free of charge during the launch of Opet Worldcard. On the other hand, as part of the 20th year anniversary celebration of Yapı Kredi's main credit card platform, World, credit card customers who have been with Yapı Kredi for the last 20 years were offered advantageous pricing conditions. With the contribution of these campaigns, the Bank converted 867 thousand credit card-only customers into retail banking customers over the last two years.

Outlook

In 2012, Yapı Kredi will focus on maintaining its leadership position in card payment systems while sustaining profitability. The Bank aims to further reinforce its easy to work with approach through simplification of processes, increased product penetration and enhanced synergies with other business units.

In the medium term, Yapı Kredi will focus on increasing customer satisfaction through further utilisation of all non-branch channels, effective limit management and expansion of the merchant network.

Profile

Credit cards are offered to individual customers over the age of 18 with the required minimum income as well as corporate customers. POS products are offered to merchants who use credit cards during their business transactions.

- 1st with **20.3%** market share in acquiring volume
- 1st with **18.3%** market share in outstanding volume
- 1st with **13.6%** market share in number of cardholders

8.3 million credit cards
5.6 million customers
329 thousand merchants

Key Competitive Advantages

- Strong brand recognition achieved through continuous sector leadership since 1988
- Widest and most dynamic merchant network in Turkey
- Turkey's leading marketing platform formed through co-branding agreements

Contribution to the Bank

17%(2) share in total revenues	TL 820 million (-16% annual change)
16% share in total loans	TL 10.4 billion (+22% annual change)

Key Business Achievements

- Converted 867 thousand credit card-only customers into banking customers through various initiatives since the beginning of 2010.
- Increased cumulative acquiring volume by 17% from TL 50.7 billion in 2010 to TL 59.5 billion in 2011.
- Introduced PayMobile which enables contactless credit card transactions via mobile phones.

(1) According to Nilson Report dated October 2011
(2) Includes POS revenues booked under other business units' revenues
Note: Total share of all business unit revenues in total revenues is 82%. The remaining 18% is attributable to the treasury and other operations

Retail Banking: Individual Banking

In 2011, despite the challenging operating environment, robust volume growth was recorded in individual banking

Mass Segment

In 2011, Yapı Kredi recorded robust volume growth in the mass segment despite impact of global economic uncertainty along with domestic regulatory and competitive pressure. In the first half of the year, strong customer demand continued while slowdown in loan growth was observed in the second half of the year driven by upward loan repricing actions.

Growth Driven by Customer Centric Approach

General purpose loan volume increased by 63% annually and reached TL 5.6 billion in 2011 driven by the Bank's innovative products including Kredi Şimdi, pre-approved loan limits, simplification of processes and specialised campaigns.

Auto loan volume increased by 33% annually and reached TL 1.3 billion supported by the cooperation agreement with Ford Otosan signed in 2007, which gives Yapı Kredi exclusivity in granting auto loans for Ford branded cars (FordFinans).

Mortgage loan volume increased by 26% annually and reached TL 6.6 billion driven by a focused approach. Two new mortgage products, First Time Borrower Mortgage and Mortgage with Life Insurance, were introduced in 2011. First Time Borrower Mortgage allows young, first time home-buyers to apply for a mortgage loan by using their families' income or title-free house as collateral. Mortgage with Life Insurance spreads the loan's life insurance premium through the life of the mortgage.

In 2011, Yapı Kredi focused on increasing convenience for customers and product penetration by emphasising product bundles as well as growing the payroll customer base. Yapı Kredi's product bundles, which offer banking and non-banking services with added benefits in a single package, were introduced in 2010 as a first in the Turkish banking sector and continued to be one of the most preferred products in 2011. A total of 203 thousand new individual banking product bundles were sold and 70% of previously purchased memberships were renewed in 2011. In addition, number of payroll customers increased by 19% annually to more than 858 thousand.

Distribution Network and Infrastructure Enhancements

Throughout 2011, Yapı Kredi supported its retail oriented growth strategy with the following initiatives:

- 39 net new retail branch openings were realised.
- In addition to existing channels, fast loan applications via Kredi Şimdi became available through the call center and ATMs, allowing customers to receive effective and rapid service.
- Interactive Voice Notification (IVN) channel was developed enabling easy access to targeted customers.
- Existing web-based customer information systems were restructured with flexible features.

Outlook

In 2012, Yapı Kredi's main priorities include maintaining healthy growth in key products such as general purpose loans, flexible accounts and mortgages while enhancing customer acquisition and focusing on single-product users to increase commercial effectiveness.

In the medium term, the Bank's primary goal is to improve customer loyalty and decrease cost to serve by increasing overall efficiency through development of innovative and user friendly self-service tools.

Affluent Segment

Yapı Kredi's affluent customers are served by 699 dedicated relationship managers in 467 branches and they benefit from the investment services of Yapı Kredi Asset Management and Yapı Kredi Invest.

During 2011, decreased risk appetite on the back of high uncertainty in financial markets led to growing demand for specialised products such as capital guaranteed funds. As a result, contribution of the affluent segment to the Bank's total capital guaranteed fund volume increased to 72% in 2011 from 50% in 2010. Mortgages, insurance products and long-term deposits were other preferred choices of affluent customers in 2011.

As part of the Bank's efforts to enlarge its funding base while maintaining funding costs under control, a deposit pricing project was launched in order to allow one-to-one customer based deposit pricing. This project is expected to become fully operational in 2012.

Outlook

In 2012, Yapı Kredi's aim in affluent banking is to sustain healthy growth via efforts to deepen customer relationships and effective portfolio management. In addition, the Bank will focus on enhancing asset gathering capabilities while maintaining strict focus on pricing.

In the medium term, increasing brand awareness and new customer acquisition will be the main strategic priorities.

Profile

Individual banking serves individuals with total personal financial assets up to TL 500 thousand, sub-segmented under mass (up to TL 50 thousand) and affluent (between TL 50-500 thousand)

- 7th with **6.4%** market share in general purpose loans
- 6th with **9.5%** market share in mortgages
- 1st with **18.3%** market share in auto loans

5.6 million customers
767 branches
1,955 relationship managers

Key Competitive Advantages

- Sub-segmented structure allowing specialised customer service
- Innovative products and services including product bundles served through widespread multi-channel network
- Advanced customer relationship management infrastructure enabling rapid and effective customer service

Contribution to the Bank

18% share in total revenues	TL 866 million (+17% annual change)
18% share in total loans	TL 11.6 billion (+46% annual change)
27% share in total deposits	TL 16.7 billion (+14% annual change)

Key Business Achievements

- Increased number of general purpose loan sales per month to 58 thousand in 2011 up from 26 thousand in 2009 supported by the introduction of Kredi Şimdi (fast loan application system) in 2009.
- Provided 100,000 FordFinans auto loans since 2007 through continued partnership with Ford Otosan.
- Decreased lending response times for general purpose loans and mortgages to one day in 2011 driven by enhancement of credit granting processes since 2009.

Note: Total share of all business unit revenues in total revenues is 82%. The remaining 18% is attributable to the treasury and other operations

Retail Banking: SME Banking

SME banking is one of Yapı Kredi's key focus areas in view of their high growth and value generation potential

2011 presented a favourable operating environment for SMEs despite increasing volatility in financial markets and progressive slowdown of the economy.

Yapı Kredi, leveraging on its focused approach, dedicated service model and wide product offerings, reached a total loan volume of TL 9.9 billion in SME banking, indicating strong above sector annual growth of 50%. Preferred by SMEs to meet short-term cash requirements, commercial flexible accounts increased by 86% annually to TL 416 million and revolving loans (interest payments every three months) increased by 62% annually to TL 3.5 billion. As a result, these products recorded the fastest growth rates in 2011.

Yapı Kredi's product bundles, which offer banking and non-banking services with added benefits in a single package, were introduced in 2010 as a first in the Turkish banking sector and continued to be one of the most preferred products in 2011. A total of 54 thousand new SME banking product bundles were sold and 70% of previously purchased memberships were renewed in 2011.

Initiatives Aimed at Enhancing Customer Satisfaction

Yapı Kredi continues to tailor appropriate solutions to meet the needs of its SME customers. In 2011, focus on agricultural banking was increased through formation of dedicated teams at the Head Office and at regional offices. In addition, new products were introduced including dairy farming loans, livestock loans and contractual farming loans.

Participation in loan collaboration schemes was continued throughout the year. As part of its collaboration with KOSGEB (Small and Medium Enterprises Development Organisation), Yapı Kredi participated in all 14 loan programs throughout the year. As of the end of 2011, the Bank provided 20 thousand SMEs a total of TL 1 billion subsidised loans through KOSGEB programs. In addition, with funding from the European Bank of Reconstruction and Development (EBRD), European Investment Bank (EIB) and Central European Bank (CEB), SMEs were provided investment and working capital loans amounting to € 135 million with longer maturity, flexible pricing and collateralisation conditions.

In SME banking, Yapı Kredi focuses on continuously increasing customer satisfaction through enhancement of service quality and speed, simplification of products and services as well as sub-segmentation initiatives. Credit granting process enhancements, which started in 2009, have led to an increase in number of loan applications per week to 14 thousand in 2011 compared to 2,200 in 2009 as well as a decrease in lending response times to three days in 2011 from 10 days in 2009. In the same period, number of SME customers increased to 597 thousand from 478 thousand.

Outlook

In 2012, Yapı Kredi will focus on further strengthening its positioning in SME banking. Agricultural banking activities will be further developed through an advanced lending system and diverse loan products. In addition, the Bank will continue its consultancy services for SMEs on national grant programs and related credit products under the My Project framework.

In the medium term, Yapı Kredi will focus on further increasing customer acquisition and retention. Improved contribution to the Bank's funding capabilities will be a key strategic priority, also by leveraging on increased penetration of cash management products to SMEs.

Profile

SME banking serves companies with an annual turnover of less than US$ 5 million

- 4th with **9.1%** market share in commercial installment loans
- 3rd with **13.4%** market share in commercial overdraft accounts

597 thousand customers
767 branches
1,665 relationship managers

Key Competitive Advantages

- Dedicated service model, tailored product offerings and consultancy services
- Deep-rooted SME relationships supported by wide POS customer base
- At least one devoted SME relationship manager in every retail branch in line with retail focused strategy

Contribution to the Bank

26% share in total revenues	TL 1,289 million (+34% annual change)
15% share in total loans	TL 9.9 billion (+50% annual change)
10% share in total deposits	TL 6.0 billion (+23% annual change)

Key Business Achievements

- Increased the number of loan applications per week to 14 thousand in 2011 compared to 2,200 in 2009 and decreased lending response times to three days in 2011 from 10 days in 2009 driven by enhancement of credit granting processes since 2009.
- Increased commercial overdraft account volume by 86% annually to TL 416 million in 2011.
- Developed an exclusive agricultural banking unit and provided tailored products to meet customer needs.

Note: Total share of all business unit revenues in total revenues is 82%. The remaining 18% is attributable to the treasury and other operations

Corporate and Commercial Banking

In corporate and commercial banking, Yapı Kredi focused on customer acquisition, activation and process simplifications throughout the year

During 2011, despite increasing competition and worsening global financial conditions, Yapı Kredi witnessed a positive growth environment and healthy demand conditions in corporate and commercial banking. The Bank recorded robust growth in this segment by implementing a disciplined pricing approach, customer centric initiatives and leveraging on its strong presence in energy and infrastructure-related project finance deals.

In 2011, one of the main areas of focus of the Bank in corporate and commercial banking was customer acquisition and activation through encouraging relationship managers to spend more time with customers and simplifying credit processes. As a result, 657 new corporate and commercial customers were acquired and 1,689 customers were reactivated. In addition, an initiative was launched at the beginning of the year with an aim to revise the service model by dividing commercial customers into two different segments according to product usage and turnover criteria. Through this focused approach, the Bank increased penetration among companies with high value generation and growth potential while also recording market share gains.

Contribution to More Than 150 Projects in Project and Structured Finance

Yapı Kredi is one of the leading banks in project finance in Turkey. Project finance loans are provided to corporate customers as well as SMEs whose investments meet specific criteria. In 2011, the Bank focused primarily on energy, real estate and transportation projects together with structured finance and acquisition finance transactions.

In 2011, Yapı Kredi participated in financing 156 projects and reached an underwriting amount of US$ 5.8 billion up from US$ 3.6 billion in 2010. The Bank reached a total of US$ 3 billion financing for renewable energy projects, constituting 47% of the total project finance portfolio, with a total installed capacity of 5,000 MW.

Further Strengthening of Position in Cash Management and E-banking via Innovative Approach

Yapı Kredi is one of the leading banks in the sector in cash management and e-banking. The Bank provides high quality products and services including global e-banking, automation and reconciliation for cash flow purposes in corporate transactions.

During 2011, Yapı Kredi continued its innovative approach. The Bank relocated its cash management sales force to commercial regional offices and corporate branches to allow closer and more effective customer service. In addition, the Bank introduced a brand-new fully automated supplier finance solution for domestic supply chain. A new cash management sales force exclusive for SMEs was also formed and cash management volume through this channel increased by 40% annually to TL 42 billion.

In 2011, Yapı Kredi achieved record high turnover in Direct Debit and BANKO™-OHES (automated remittance and electronic funds transfer application) e-banking applications and strengthened its leadership position in cheque clearing with 11.8% market share.

Above Sector Growth in Trade Finance

In trade finance, Yapı Kredi is one of the leading banks in the sector. The Bank provides its 17 thousand trade finance customers traditional products as well as advanced solutions such as automation of import payments through an e-trade platform. In 2011, Yapı Kredi's total trade finance volume increased by 36% annually to US$ 64 billion compared to 26% in the sector.

Specialised Service for International and Multinational Companies

Since October 2007, Yapı Kredi has been providing specialised services to international and multinational companies through an expert and multilingual team with strong work experience in this area. The structure of this team was strengthened in the second half of 2011 and was further supported by the creation of a dedicated branch at the beginning of 2012.

Outlook

In 2012, Yapı Kredi will focus on customer acquisition, process simplification and product penetration in corporate and commercial banking.

In the medium term, Yapı Kredi's objective is to leverage on its expertise in cash management to increase the number of dealers and turnover while strengthening its leading position in trade finance and project finance. The Bank also aims to further improve synergies with Yapı Kredi Leasing and Yapı Kredi Factoring as well as international subsidiaries.

Profile

Corporate and commercial banking serves companies with turnover of more than US$ 5 million, sub-segmented under commercial (between US$ 5-100 million) and corporate (over US$ 100 million)

- 4th with **10.0%** market share in corporate loans
- 1st with **11.8%** market share in cheque clearing
- 1st with **19.6%** market share in leasing volume
- 1st with **17.7%** market share in factoring volume

1,434 **corporate** customers
31,130 **commercial** customers
103 branches
634 relationship managers

Key Competitive Advantages

- Strong presence in project finance, especially in the renewable energy sector
- Leading position in trade finance, cash management and e-banking
- Expert sales force, specialised product portfolio and advanced infrastructure

Contribution to the Bank

28% share in total revenues	TL 1,326 million (+20% annual change)
50% share in total loans	TL 32.3 billion (+21% annual change)
36% share in total deposits	TL 22.1 billion (+12% annual change)

Key Business Achievements

- Provided US$ 5.8 billion project financing in 2011, compared to US$ 3.6 billion in 2010.
- Maintained leadership in cheque clearing in 2011 after moving to first place in 2010 from second place in 2009.
- Increased commercial banking customers up to 31,130 in 2011 from 28,400 in 2009 as a result of initiatives aimed at deepening customer relationships since 2009.

Note: Total share of all business unit revenues in total revenues is 82%. The remaining 18% is attributable to the treasury and other operations

Corporate and Commercial Banking

Product Factories

According to Yapı Kredi's organisational structure, leasing and factoring product factories and international subsidiaries are under the coordination of corporate and commercial banking.

Yapı Kredi Leasing

Established in 1987 and 98.85% owned by Yapı Kredi, Yapı Kredi Leasing is publicly traded and has TL 1.6 billion market capitalisation as of the end of 2011. The company operates with the aim of rapidly and effectively meeting customer needs by providing high quality leasing services. As of the end of 2011, the company has 125 employees.

Yapı Kredi Leasing has maintained its position as the sector leader for the last three years with leading positions in key segments including production machinery, construction equipment, real estate, textile, printing and office equipment.

In 2011, the company focused on strengthening its position in the SME business by launching new products including specially designed sector-specific packages like Leasing for Health, Leasing for Machinery, Leasing for Working Premises and Leasing with Reduced Interest. As a result, Yapı Kredi Leasing increased its total transaction volume above sector by 78% annually to TL 1.7 billion. Number of contracts generated through the retail and vendor channels increased by 123% and 74%, respectively.

In the upcoming period, Yapı Kredi Leasing aims to improve customer relationships and focus on new customer acquisition, thereby also contributing to increasing penetration of leasing products.

Yapı Kredi Factoring

Established in 1999 and 99.96% owned by Yapı Kredi, Yapı Kredi Factoring has been the leader in the factoring sector since 2001. The company offers its customers monitoring and collection services for their short-term domestic and international receivables with flexible payment alternatives. The company has 67 employees as of the end of 2011.

In 2011, the company achieved a total transaction volume of US$ 7.0 billion, of which 70% is derived from domestic transactions and 30% from international transactions, through introduction of tailored services including guarantees for receivables against payment defaults and early payment options.

For the last eight years, Yapı Kredi Factoring has been ranked among the Best Export Factoring Companies by Factors Chain International (FCI) and ranked third in Best Export Factoring in 2011.

In the upcoming period, Yapı Kredi Factoring's main objective is to maintain its innovative approach and sector leadership in Turkey.

International Subsidiaries

Yapı Kredi Bank Nederland

Yapı Kredi Bank Nederland, fully owned by Yapı Kredi, offers a wide range of retail, corporate and private banking services to its customers. The bank operates through its Head Office in Amsterdam with 45 employees.

In retail and private banking, Yapı Kredi Bank Nederland provides saving and deposit products in the Dutch market to more than 16 thousand customers. In corporate banking, the bank provides structured commodity finance and trade finance solutions leveraging on synergies with Yapı Kredi and the UniCredit Group. Trade finance in Commonwealth of Independent States (CIS) and cooperation with European international commodities traders are also core parts of the bank's operations. In addition, the bank offers Islamic compliant products to its corporate customers.

In 2012, Yapı Kredi Bank Nederland aims to increase customer satisfaction while maintaining focus on risk management, capitalisation and liquidity in light of new banking regulations.

Yapı Kredi Bank Moscow

Established in 1988, Yapı Kredi Bank Moscow is 99.84% owned by Yapı Kredi and is the first Turkish bank to commence banking operations in Russia. The bank operates with the aim of providing Turkish corporate and commercial customers in Russia and Russian customers investing in Turkey a wide range of banking products and services as well as contributing to the development of commercial ties between Turkey and Russia. The bank serves around 1,500 customers through its Head Office located near the Kremlin with 62 employees.

The bank's operations include lending and deposit gathering as well as account and trade finance services to Yapı Kredi customers operating mainly in the manufacturing, construction, trade and tourism sectors. The bank is also active in trade finance and ruble-based operations.

In 2011, driven by the challenging environment, the bank concentrated on commercial business and increasing customer satisfaction in order to maintain profitability.

In 2012, the bank aims to achieve profitable growth through widening of its customer base and increased market penetration in the commercial segment.

Yapı Kredi Bank Azerbaijan

Yapı Kredi Bank Azerbaijan, 99.8% owned by Yapı Kredi, operates through a network of nine branches, 19 ATMs and 182 employees providing a wide range of banking services to its 37,449 retail, 1,333 SME and 1,985 corporate customers.

In 2011, Yapı Kredi Bank Azerbaijan undertook various innovative initiatives. The bank opened two new branches and enhanced its information technology infrastructure. In addition, the Yapı Kredi Banking Academy was established in Baku, as a first in the Azerbaijani banking sector. The bank also initiated a project aimed at introducing Yapı Kredi's credit card platform, World, into the Azerbaijani banking sector.

In 2012, Yapı Kredi Bank Azerbaijan aims to continue its organic growth plans by opening four new branches. The bank is also aiming to further develop its retail banking activities.

Private Banking and Wealth Management

Sector leadership in private banking and wealth management was maintained in 2011 with TL 20 billion customer assets and 31 private banking centers

During 2011, demand for private banking and wealth management products was impacted by turbulent financial markets leading to decreased risk appetite. As a result, customers reallocated their portfolios to lower risk products such as capital protected and guaranteed funds, time and gold deposit accounts as well as corporate bills and bonds.

Diversified Product Offerings

In addition to offering a wide range of products including deposits, art and yacht loans, structured products and advisory services, Yapı Kredi met increasing customer demand for low risk products through launch of 13 new capital guaranteed funds in 2011. As a result, the Bank improved its ranking in capital guaranteed funds by one notch up to second place with 20.2% market share in 2011.

In 2011, with the start of TL bond and bill issuances by banks in Turkey, customers were offered two bill issues of TL 1 billion (175 days maturity and compounded cost of 8.86%; 168 days maturity and compounded cost of 10.92%) and one bond issue of TL 150 million by Yapı Kredi (368 days maturity and compounded cost of 9.08%). In addition, the Bank intermediated the offering of TL 150 million corporate bond issuances by various other companies to customers.

Further Deepening of Customer Relationships

Yapı Kredi prioritises customer satisfaction in its private banking and wealth management activities through strong emphasis on providing tailored solutions. To this end, Yapı Kredi holds dedicated interviews with customers to better understand their needs. Based on the feedback received from customers, the Bank forms action plans covering all business units and undertakes various projects.

In 2011, Yapı Kredi organised intensive training programs for private banking relationship managers in order to increase their technical and communication skills including an accredited program by European Financial Planning Association (EFPA) for obtaining the EFPA license. This license allows relationship managers to perform transactions in European financial markets. Furthermore, Capital Markets Board license training programs were continued. During the year, the Bank provided an average of 67 hours of training for each private banking relationship manager.

The Bank simplified and redesigned its private banking web site as part of its innovative and user-friendly communication approach. E-bulletins about products and services were also released to inform private banking employees and customers about the Bank's products and services.

In 2011, private banking centers continued to be supported with referral lists derived from internal detailed database analysis. Approximately 1,600 customers were activated via central customer relationship management activities and effective customer communication campaigns.

Outlook

In 2012, Yapı Kredi will continue to provide tailored investment strategies to meet the specific needs of private banking customers. At the same time, the Bank aims to increase customer activation and acquisition by leveraging on a new business model including cross-collaboration with corporate and commercial banking.

In the medium term, Yapı Kredi will focus on further strengthening its market position by offering new investment alternatives as well as emphasising customer acquisition and product penetration.

Profile

Private banking and wealth management serves customers with total personal financial assets above TL 500 thousand

- 2nd with **17.4%** market share in assets under management
- 1st with **18.0%** market share in ISE and TurkDEX volume(1)
- 3rd with **5.7%** market share in equity transaction volume

25 thousand customers
31 private banking centers
192 relationship managers

Key Competitive Advantages

- Leadership position with TL 20 billion customer assets and 31 private banking centers
- Deep-rooted customer relationships through relationship managers with domestic and international experience
- Strong expertise further supported by Yapı Kredi Asset Management and Yapı Kredi Invest

Contribution to the Bank

3% share in total revenues	TL 128 million (-24% annual change)
1% share in total loans	TL 0.2 billion (-6% annual change)
26% share in total deposits	TL 16.4 billion (+45% annual change)

Key Business Achievements

- Increased ranking in capital guaranteed funds by one notch up to second place with 20.2% market share in 2011.
- Launched 13 new capital guaranteed funds and obtained TL 809 million customer demand.
- Activated 1,600 customers via effective customer relationship management activities and various campaigns.

(1) Includes repo, reverse repo, treasury bill, government bond, equity and derivative transaction volumes. ISE indicates Istanbul Stock Exchange, TurkDEX indicates Turkish Derivatives Exchange.
Note: Total share of all business unit revenues in total revenues is 82%. The remaining 18% is attributable to the treasury and other operations

Private Banking and Wealth Management

Product Factories

According to Yapı Kredi's organisational structure, Yapı Kredi Asset Management, Yapı Kredi Invest and Yapı Kredi B Type Investment Trust are under the coordination of private banking and wealth management.

Yapı Kredi Asset Management

Established in 2002 and 99.97% owned by Yapı Kredi, Yapı Kredi Asset Management is one of the leading asset management companies in Turkey.

The company manages 40 mutual funds founded by Yapı Kredi and Yapı Kredi Invest and 13 pension funds founded by Yapı Kredi Pension. Yapı Kredi Asset Management also manages discretionary portfolios of individual and corporate customers while also offering investment consultancy services.

The company provides a wide range of products designed to meet diverse customer needs with its 54 employees and with the aim of being an indispensable business partner for its customers. The company ranks second in assets under management with 17.4% market share as of the end of 2011.

Yapı Kredi Asset Management serves its customers within each asset class utilising its proprietary research, analysis and solid risk management infrastructure.

Leveraging on synergies with retail and private banking, Yapı Kredi Asset Management displayed a strong growth performance in investment funds such as capital guaranteed funds (91%) and gold funds (143%) in 2011. In addition, contribution of the capital guaranteed funds to the Bank's overall fund volume reached TL 809 million.

In 2011, total assets under management volume including mutual funds, pension funds, hedge funds and discretionary portfolio management reached a total of TL 8.1 billion.

Fitch Ratings has assigned an M2+(tur) rating to Yapı Kredi Asset Management, the highest level in its sector in Turkey.

In the upcoming period, the company will focus on increasing its performance while widening its customer base by launching new products and expanding its distribution channels.

Yapı Kredi Invest

Established in 1989 and 99.98% owned by Yapı Kredi, Yapı Kredi Invest maintains its pioneering position in the capital markets by offering services to over 140 thousand customers through 136 experienced employees. The company offers expert services in trading of capital instruments and derivatives, corporate finance and investment consultancy via its central sales desk, investment centers and alternative delivery channels such as mobile and internet banking. Leveraging on its renewed business model, the company provides customers closer service through investment centers within Yapı Kredi branches in 11 different cities.

As of the end of 2011, Yapı Kredi Invest is Turkey's leading brokerage house with 18% market share in ISE and TurkDEX trading volume(1) and ranks third among brokerage houses in terms of equity transaction volume with 5.7% market share.

In 2011, Yapı Kredi Invest focused on technological improvements in trading channels and launched the iPad application of BorsaCepte, a mobile trading platform. This application enables investors rapid and continuous access to ISE, TurkDEX and global bourses and provides trading order transmission, portfolio view and many other services to customers. In addition, the TradeBox platform enables customers to easily and spontaneously access international equity and futures markets. The company also completed its improvements in internet banking and started to offer flexibility to investors in terms of trading channels. Multi-functional equity and TurkDEX trading menus were also offered to investors.

Yapı Kredi Invest restructured derivative, treasury, institutional sales, corporate finance and trading desks under the investment banking division in 2011.

Yapı Kredi B Type Investment Trust

Established in 1995, Yapı Kredi B Type Investment Trust is Turkey's second largest investment trust. 56% of the company's shares are directly and indirectly owned by Yapı Kredi. The company is publicly traded on the Istanbul Stock Exchange and has TL 46 million market capitalisation as of the end of 2011.

The company increased its market share in terms of registered and issued capital to 10.6% in 2011 from 9.9% in 2010 driven by its steady performance despite challenging market dynamics.

Yapı Kredi B Type Investment Trust conducts asset management activities in capital markets funded by its own equity with an objective to achieve long-term and sustainable performance. In this respect, the company diversifies its investments through domestic and international capital market instruments in order to reduce risk and increase return.

(1) Includes repo, reverse repo, treasury bill, government bond, equity and derivative transaction volumes. ISE indicates Istanbul Stock Exchange, TurkDEX indicates Turkish Derivatives Exchange.

Alternative Delivery Channels

Customer satisfaction, non-branch channel penetration, sales support and lowering cost to serve are the key focus areas in limitless banking

Alternative delivery channels (ADCs) are an indispensable part of Yapı Kredi's customer oriented business strategy. With an aim to enhance customer satisfaction, decrease operational workload in branches and lower cost to serve, Yapı Kredi continued its investments in ADCs throughout the year. As of the end of 2011, share of non-branch channels in total banking transactions was at 78%.

ATM Network and Limitless Banking Corners
ATMs, the most frequently used among Yapı Kredi's non-branch channels, generate the highest transaction volume. In 2011, a total of 278 million transactions were undertaken through ATMs. As part of its social responsibility activities, Yapı Kredi increased the number of talking ATMs for visually impaired customers up to 150 since introducing them as a first in the banking sector in 2010.

Yapı Kredi continued to transform ATMs into sales points in 2011 and provided customers with offerings such as credit card limit increases, credit cards, working accounts, flexible accounts and product bundles. In addition, Kredi Şimdi (fast loan application system), previously available through mobile phone messages and the internet, was also installed into ATMs. As a result, customers were able to rapidly apply for general purpose loans and mortgages through this channel. In 2011, total product sales realised through ATMs reached 1.1 million.

As part of customer acquisition activities, Yapı Kredi not only deployed new limitless banking self-service areas (including ATMs) in 2011, but also changed the design of the existing areas. In 2011, the number of transactions through self-service areas increased by 12% annually up to 1 million.

Internet and Mobile Banking
Internet banking plays an increasingly important role as a sales channel in addition to making customers' lives easier. In 2011, 367 thousand products were sold via internet banking.

In 2011, mobile banking became Yapı Kredi's key focus area due to the high potential for further development in the upcoming period. In October 2011, the Bank launched a new mobile banking application for iPhone, iPad, Android and Blackberry in addition to introduction of a new mobile internet site, m.ykb.com. In this way, Yapı Kredi became the first bank in Turkey with mobile banking applications for all types of mobile phones, reaching 68 thousand users in two months and recording market share of 15.3%.

Yapı Kredi started to offer specialised products such as Smart Tracking and Smart Assistant which increase customer convenience during the after sales process and decrease workload in branches. Smart Tracking is an automatic SMS based follow up system that informs customers about the status of their consumer loan, credit card and POS applications. Smart Assistant provides alarm and reminder services via SMS and e-mail regarding account inquiries, credit cards and banking transactions. As of the end of 2011, customers using Smart Assistant have reached around 1.3 million.

Call Center
Established in 1991, Yapı Kredi Call Center continuously focuses on creating specialised service models to meet diverse customer needs. As of the end of 2011, Yapı Kredi Call Center has 875 employees. Having established a second call center in Samsun in 2010, the Yapı Kredi Call Center received the highest score in the Turkish banking sector according to mystery customer shopper results regarding call center services in 2011 (91.8 out of 100).

In addition to a wide range of banking transactions, Yapı Kredi Call Center provides dedicated services for investment, mortgage, FordFinans and private banking. In 2011, the Bank continued its innovative approach with the introduction of new functionalities to its call center operations such as virtual hold, abandon callback and proactive information services. In addition, Kredi Şimdi (fast loan application system) was also made available through the Yapı Kredi Call Center in 2011.

Outlook
Yapı Kredi aims to reinforce its sector presence in ADCs and enhance customer experience. To this end, the Bank will focus on further development of its ADC infrastructure through a multi-channel approach.

Profile

Yapı Kredi's alternative delivery channels (ADCs), referred to as limitless banking, comprise Turkey's fifth largest ATM network, award winning internet banking, mobile banking and call centers.

- 5th with **8.3%** market share in number of ATMs
- **11.0%** market share in internet banking
- **15.3%** market share in mobile banking

2,697 ATMs
2.1 million internet banking customers
37 million call center customer contacts
78% share of non-branch channels in total banking transactions

Key Competitive Advantages

- User-friendly and efficient ADCs contributing to customer satisfaction as well as lowering cost to serve
- Multi-channel structure with continuous diversification into new channels to increase convenience
- Utilisation of ADCs as both a service point and a sales channel

Performance

3.5 million — ATM customers (+8% annual change)

367 thousand — products sold via internet banking (+21% annual change)

5.5 million — outbound calls via call center (+15% annual change)

Key Business Achievements

- Increased transactions through ATMs by 13% annually up to 278 million.
- Increased transactions through internet banking by 29% annually up to 55 million.
- Increased sales via the call center by 35% up to 1.7 million.

Information Technologies and Operations

Operational efficiency gains were accelerated in 2011 through further development of the information technologies infrastructure with a single front-end application

Yapı Kredi undertook its information technologies (IT) and operations activities in 2011 with an aim to enhance operational efficiency and to improve the infrastructure while also contributing to innovation in parallel to the customer oriented business strategy.

The most important project in 2011 was the transformation of the front-end IT application architecture into an easy to use, process based workflow system with a standardised design. The new architecture improves efficiency while decreasing total cost of ownership and complexity, leading to process excellence and reduction in customer response times.

In 2011, a credit risk monitoring project which allows the Bank to systematically monitor the development of customers' situations was completed. As a result, Yapı Kredi was able to follow deviations in customer behaviour under normal conditions, take quick actions in case of anomalies and mitigate risk of watch-list customers by applying standardised actions.

In addition, a new fee and commission module was launched to standardise the fee and commission system at all branches as well as allowing differentiated fee setting tailored for various transaction types.

During the year, the customer relationship management system for private banking was further enhanced with an aim to develop a financial advisory tool to improve service quality and customer loyalty. This project was conducted in collaboration with Koç University and received a grant by TÜBİTAK (The Scientific and Technological Research Council of Turkey) due to its innovative research and development oriented approach.

Yapı Kredi also undertook several initiatives in 2011 in order to improve operational efficiency. In this regard, resources and processes were optimised through simplification and re-evaluation of tasks leading to a lower cost service model with improved efficiency despite continued branch expansion.

In 2011, the operations team was restructured in order to become multifunctional and better support the Bank's sales force. The new framework creates operations employees capable of performing almost all transactions in both the Head Office and branches, thereby forming a sizeable resource pool regardless of location, time and title.

A center of process excellence was formed with an aim to provide continuous, high quality and effective process design and systems changes. A business hub function was also incorporated to provide a link with business units, thereby ensuring common targets and benefits.

Simulation modelling was launched as a first in the Turkish banking sector. This system analyses and evaluates results of multiple process alternatives according to the Bank's general strategy under probable business conditions before actual implementation. It simplifies the decision making process by demonstrating the best alternative without taking implementation risk and cost.

Outlook

In the upcoming period, Yapı Kredi will emphasise simplification of internal processes and focus on value added operations, in line with its strategy of becoming an easier to work with bank.

Profile

Information Technologies (IT) and operations support Yapı Kredi's business units while also operating as a customer service point and contributing to the Bank's sales activities.

Key Initiatives

- Complete redesign of IT infrastructure and front-end application
- Resource and process optimisation in operations
- Improvement in credit risk monitoring systems

Performance

- Launched a new system infrastructure to integrate all branch tools and applications.
- Increased product sales by the operations team by 60% annually up to 1.5 million in 2011. Daily sales per employee reached 2.4.
- Decreased number of operations staff per branch to 6.0 in 2011 from 9.7 in 2007 driven by focused efficiency initiatives.
- Capacity usage rate at branches was realised at 76% during normal days and 84% in peak days. These levels enable optimal customer service.

Human Resources

Yapı Kredi offers its employees a wide variety of development opportunities including international career alternatives

As part of its human resources approach, Yapı Kredi ensures that its workforce is effectively utilised, also by closely cooperating with business units. The Bank strongly focuses on training and development programmes to ensure continuous improvement in employees' skills.

Yapı Kredi's (Bank and subsidiaries) employees reached 17,350 as of the end of 2011 compared to 16,821 in 2010. At Yapı Kredi, 62% of employees are female, 82% hold an undergraduate or post-graduate degree and 31% are fluent in at least one foreign language. 70% of employees take advantage of Yapı Kredi's group pension plan. In addition, all employees and their immediate families benefit from group health insurance. 63% of the Bank's employees are union members and a collective labour agreement is signed between the Bank and BASISEN (Bank and Insurance Employees Union) every two years, the latest covering the period between 1 April 2011 and 31 March 2013.

Career Development Opportunities

Yapı Kredi offers its employees a wide variety of career development opportunities, also leveraging its close relationship with its shareholders, including international career alternatives.

Furthermore, Yapı Kredi attaches high importance to the academic development of its employees. Thus, the Bank has partnership agreements with Bahçeşehir University and Bilgi University since 2009 to provide discounted master programs. In addition, Yapı Kredi also actively participates in talent management programs together with the UniCredit Group.

As part of Yapı Kredi's career development activities in 2011, 3,492 employees were appointed or promoted to new positions corresponding to 51% of the branch network. In addition, 75 new branch managers were appointed through an internal branch manager candidate identification process. In 2011, 514 employees were transferred from back-office to sales positions. The total share of front-office employees to total employees was 65% as of the end of 2011.

In order to ensure that the Bank's development actions are aligned with employee expectations, 59 Head Office and 750 branch employees were interviewed in 2011.

Employee Satisfaction

Yapı Kredi prioritises development of new employees through continuous improvement of its orientation programs. In 2011, new employee orientation programs were enhanced through inclusion of more comprehensive information about human resources policies. In addition, a focused orientation program was launched to support recently promoted managers in their new roles.

An enhanced infrastructure was developed in 2011 to allow employees efficient access to self-service human resources tools such as career and performance management, training and development while also providing access to electronic payroll information.

Training Programs

Yapı Kredi has one of the most comprehensive corporate universities in Turkey, the Yapı Kredi Banking Academy. Each year, employees receive compulsory and elective courses from the academy's structured training catalogue based on their career paths. In addition, the academy undertakes specially designed development programs and certificate programs in cooperation with local and international universities and other important institutions.

Identifying employees with high potential and high performance to develop their competencies is one of the focus areas of the Yapı Kredi Banking Academy. In this respect, development programs are designed in cooperation with Europe's leading business schools such as IMD and INSEAD as well as leading universities and institutions in Turkey.

In 2011, Yapı Kredi also established an extension of its academy in Azerbaijan, as a first in the Azerbaijani banking sector.

Profile

Through its human resources activities, Yapı Kredi provides its employees a favourable working environment with an aim to achieve sustainable performance.

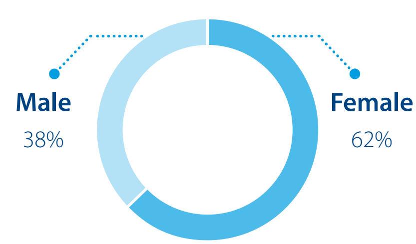
17,350 Group employees
14,859 Bank employees

65% share of branch employees
82% share of university graduate employees
31% share of employees fluent in at least one foreign language
48 training hours per employee

Key Competitive Advantages

- Special training programs offered through Yapı Kredi Banking Academy, one of the most comprehensive corporate universities in Turkey
- A wide variety of career development opportunities leveraging on close relationships with shareholders
- Various development programs designed in cooperation with Europe's leading business schools such as IMD and INSEAD as well as leading universities and institutions in Turkey

Employee Gender Composition



Treasury

Yapı Kredi maintained its market-maker position in 2011 and continued to provide customers a wide range of services with timely and consistent pricing. The Bank was successfully able to manage its interest rate, currency and liquidity position through its treasury activities in a challenging operating environment brought on by changing monetary policy.

Throughout the year, Yapı Kredi sustained its customer business focus with limited investment in securities. As a result, the share of securities in total assets decreased to 18% in 2011 compared to 21% in 2010. The majority of Yapı Kredi's securities portfolio (60%) is classified under held to maturity in order to create consistent returns and limit capital at risk. However, the share of available for sale securities was increased to 37% in 2011 compared to 29% in 2010 with an aim to effectively manage liquidity. In addition, the Bank utilised repo funding as a short-term liquidity management tool to manage the impact of shifts in monetary policy.

During 2011, Yapı Kredi executed US$ 335 billion worth of foreign exchange transactions, of which US$ 160 billion from domestic customers. As a result, Yapı Kredi's market share in customer foreign exchange transactions was recorded as 15.5%. In addition, the Bank maintained its leading position in customer derivative product transactions with 19% market share. Yapı Kredi is also the primary choice of customers in executing bond and bill transactions with 9.5% market share in local currency and foreign currency bonds under custody.

In 2012, Yapı Kredi will focus on maintaining a solid liquidity and funding position supported by its treasury activities. The Bank will also continue to diversify its funding sources through bond issuances.

Correspondent Banking and Wholesale Funding

Yapı Kredi carries out its correspondent banking and wholesale funding activities under the governance of corporate and commercial banking. In 2011, despite the challenging global economic environment, Yapı Kredi maintained its leading role in this area. The Bank also continued to diversify its wholesale funding sources through strong access to international capital markets.

In trade finance, sound customer demand continued throughout the year. Yapı Kredi, with its network of 2,500 international banks, continued to provide service to its customers, leveraging on its historically strong correspondent banking relations.

In terms of syndications, Yapı Kredi sustained its successful performance in 2011 and continued to pre-finance customer exports and export contracts. In April 2011, the Bank secured a US$ 1.45 billion refinancing of its syndicated loan with a roll over ratio of 145% and one year maturity. This was the highest syndication amount in the Turkish banking sector as of the date of the transaction. The dual tranche facility was closed with the participation of 47 banks from 19 different countries and improved pricing conditions (all-in cost of Libor+1.1% compared to Libor+1.5% in 2010). In September 2011, the Bank fully refinanced its maturing dual tranche syndicated loan totalling US$ 285 million and € 687 million. The facility had a maturity of one year, improved pricing conditions (all-in cost of Libor+1% compared to Libor+1.3% in 2010) and was closed with the participation of 42 banks from 18 countries.

In 2011, Yapı Kredi concluded the highest Diversified Payment Rights (DPR) securitisation transaction for an amount of approximately US$ 510 million in five series with maturity up to 12 years. Supranational institutions (European Bank for Reconstruction and Development, International Finance Corporation and Deutsche Investitions und Entwicklungsgesellschaft mbH) invested for the first time in this securitisation transaction. Including this new injection, the total amount issued within Yapı Kredi's DPR securitisation program since 2003 reached US$ 2.8 billion.

The Bank continued to act as an intermediary between its SME customers and low cost supranational institutional funding opportunities in 2011. In this regard, Yapı Kredi signed its first agreement with the European Bank for Reconstruction and Development (EBRD) for SME customers in the agriculture business. The Bank also continued to provide funding opportunities for SMEs through loans granted by the European Investment Bank (EIB) under the Climate Change Facility and the Greater Anatolia Guarantee Facility. In addition, a new agreement was signed with the World Bank through the Industrial Development Bank of Turkey (TSKB) in the context of the Export Finance Intermediation Loan (EFIL). The Bank signed an agreement with the Council of Europe Development Bank (CEB) through the Development Bank of Turkey (Türkiye Kalkınma Bankası) for the first time to finance the research and development activities of SMEs.

In 2012, Yapı Kredi will continue to diversify its funding sources while maintaining an active role in international capital markets.

Insurance Product Factories and Other Subsidiaries

Insurance Product Factories

Yapı Kredi Insurance
Established in 1943, Yapı Kredi Insurance is one of the leading companies in the insurance sector. 93.94% of the company's shares are directly and indirectly owned by Yapı Kredi while the remaining shares are publicly traded. As of the end of 2011, the company's market capitalisation is TL 984 million. The company provides its customers a wide array of products in the fire, shipping, marine, engineering, health, accident and agriculture branches. Yapı Kredi Insurance operates with 945 employees and 1,130 agencies.

In 2011, the company maintained its sector leadership in the health branch with 20.7% market share. Health premium production increased by 23% annually to TL 413 million. In the non-life branch, the company ranks fifth with 6.7% market share. Non-life branch premium production increased by 28% annually to TL 973 million in 2011.

Bancassurance has gained increasing importance over the last couple of years and is currently one of the key focus areas for Yapı Kredi Insurance. In 2011, the company continued its collaboration with Yapı Kredi in new product development and introduced two new insurance products, POS insurance and cancer insurance. POS insurance provides protection for POS devices against unexpected damages while cancer insurance provides customers with financial support in the case of a cancer diagnosis. Leveraging on group synergies, Yapı Kredi Insurance also started providing auto and mortgage insurance policies through Yapı Kredi branches in 2011.

In the upcoming period, the company aims to record further efficiency by leveraging on its revised information technologies infrastructure, enhance its service quality and maintain focus on bancassurance, in line with its strategy of achieving long-term growth together with sustainable profitability.

Yapı Kredi Pension
Established in 1991 and almost fully owned by Yapı Kredi Insurance, Yapı Kredi Pension is one of Turkey's leading private pension and life insurance providers. In addition to private pension and life insurance products, Yapı Kredi Pension also offers risk, unemployment and personal accident insurance products through eight regional offices, nine branches, 144 agencies, and 828 employees, as well as Yapı Kredi's wide branch network.

Yapı Kredi Pension ranks fourth in terms of both number of pension contracts and fund size with 11.6% and 16.1% market shares[(1)], respectively. In terms of life insurance, the company improved its ranking by one notch up to fifth place in 2011 with 6.4% market share from 5.0% in 2010.

In 2011, with an aim to deepen customer relationships, Yapı Kredi Pension developed a new segmentation based on customer needs and behaviour for the first time in its sector. In this regard, the company contributed to customer satisfaction with special customer advisory services, e-bulletins and various campaigns.

In the upcoming period, Yapı Kredi Pension will focus on further developing its customer relationship management infrastructure. In this regard, the company aims to fulfill customer needs better through improved customer data collection and communication processes.

Other Subsidiaries

Yapı Kredi Koray Real Estate Investment Trust
Established in 1996 and 30.45% owned by Yapı Kredi, Yapı Kredi Koray Real Estate Investment Trust is a pioneer in its sector in terms of both residential and commercial real estate development. The company is publicly traded with a market capitalisation of TL 54 million as of the end of 2011.

The company undertakes prestigious housing and shopping mall projects in major cities such as İstanbul and Ankara.

Banque de Commerce et de Placements
Established in 1963 and 31% owned by Yapı Kredi, Banque de Commerce et de Placements (BCP) is a Swiss bank headquartered in Geneva with two branches in Luxembourg and Dubai. BCP operates in the areas of trade finance, wealth management, treasury services and correspondent banking. BCP is rated as investment grade by Fitch Ratings.

Yapı Kredi Cultural Activities, Arts and Publishing
Established in 1984 and fully owned by Yapı Kredi, Yapı Kredi Cultural Activities, Arts and Publishing is one of the most prestigious culture and arts ventures in Turkey, committed to providing the community with important publications, cultural events and shows through the Yapı Kredi Cultural Center as well as Yapı Kredi Publications.

As part of the activities of the Yapı Kredi Cultural Center, eight exhibitions and almost 100 art events were organised throughout 2011 with close to 50 thousand attendees. 2011 exhibitions included the Augmented Structures v1.1 installation showcasing a display of architecture, visual and sound correlations in Istanbul. Another important exhibition was Flowers Didn't Emit Their Perfume in Order to Keep the Silence by Handan Börüteçene, displaying the last of a three part retrospective war trilogy.

As part of the activities of Yapı Kredi Publications, specially designed conferences facilitated the meeting of over 15 thousand students, teachers and librarians with authors and editors of books published by Yapı Kredi. In addition, a total of 1.5 million books were printed in 2011 under almost 700 titles.

(1) Based on Pension Monitoring Center data as of 6 January 2012

Research and Development Activities, Corporate Social Responsibility

Research and Development Activities

Yapı Kredi carried out various research and development activities in 2011 with an aim to increase customer satisfaction and better understand the customer experience, in line with its customer focused banking approach. The Bank's activities in this area were focused on analysing both customer behaviour and hidden customer expectations. In addition, mystery shopping surveys were done at all retail branches and both call centers in order to continuously monitor service quality. As a result, sustainability of the service quality was ensured. Loan granting processes within the FordFinans programme were effectively monitored, leading to enhanced customer satisfaction. Employees also contributed to business process improvements via a new proposal system where employees' own ideas can be expressed.

During 2011, Yapı Kredi launched new products and services in many areas such as card payment systems, funds and alternative delivery channels with an aim to increase customer satisfaction. Leveraging on synergies with Koç Group companies, Yapı Kredi launched Opet Worldcard and the Koç University campus credit card under Play Card(1). In addition, Yapı Kredi launched 13 new capital guaranteed funds to meet customer needs in changing market conditions(2). In line with the Bank's innovative approach in the banking sector, Yapı Kredi launched a new mobile banking application for iPhone, iPad, Android and Blackberry. Yapı Kredi's mobile banking application for iPhone was the most downloaded and iPad application was the second most downloaded free application in Turkey.(3)

Corporate Social Responsibility

Yapı Kredi, since its establishment, has not only contributed to the financial development of Turkey, but has also carried out many social responsibility projects that have added significant value to the development of the Turkish community.

Yapı Kredi's social responsibility approach is based on the principle of being an exemplary corporate citizen and running projects that will benefit the community, especially in the areas of education, environment as well as culture and arts.

Projects in Education

I read, I play: Conducted in cooperation with the Educational Volunteers Foundation of Turkey (TEGV), 90 thousand children have been reached since 2006.

Vocational Education, a Crucial Matter for the Nation: Initiated under the leadership of Koç Holding in 2006, 62 Yapı Kredi employees have volunteered as vocational high school coaches to 1,200 scholarship students throughout the year.

Projects in Environment

Infinite Blue: Undertaken in cooperation with the Turkish Marine Environment Protection Association (TURMEPA) since 2006, 6.6 million students were trained.

Paper Reduction Act: As part of this project, 336 thousand trees were prevented from being cut down in the last four years.

Projects in Culture and Arts

Yapı Kredi Cultural Activities, Arts and Publishing Activities: During 2011, Yapı Kredi Cultural Center hosted eight different exhibitions and Yapı Kredi Publications published 665 titles comprising 233 new works and 432 reprints.

The Afife Theatre Awards have been held with the support of Yapı Kredi and consultancy of well-known stage actor Haldun Dormen each year since 1997 with an aim to increase the community's interest in theatre and encourage artists. The Afife Theatre Awards, one of the most prestigious awards given in the area of theatre and arts, was organised for the 16th time this year.

Çatalhöyük Excavation: The Çatalhöyük Excavation team, who have brought new archaeological findings to light each year since 1998, performed excavation works between June and September in 2011 with the support of Yapı Kredi.

Other Projects

For My Country: Initiated under the leadership of Koç Holding, 500 units of blood have been donated by Yapı Kredi employees.

Gift Matching Program: Within this program, covering all UniCredit Group employees, the UniCredit Foundation matched donations made by Yapı Kredi employees to non-profit organisations in Turkey such as the Turkish Red Crescent, the Foundation for Children with Leukemia and the Community Volunteers Foundation.

Eurasia Marathon: 36 Yapı Kredi employees who participated in the marathon supported the Turkish Spinal Cord Paralytics Association of Turkey through donations.

Enabled Banking: A first in Turkey, Yapı Kredi introduced 13 ATMs for orthopedically impaired customers, 167 ATMs and POS machines for visually impaired customers, online chat services through Yapı Kredi Call Center for hearing impaired customers as well as launching a new website dedicated to enabled banking (www.engelsizbankacilik.com).

Yapı Kredi Search and Rescue Team (YAKUT): This special team formed by Yapı Kredi has the mission of carrying out search and rescue operations whenever needed by Yapı Kredi employees and their families during natural disasters. Yapı Kredi's trained search and rescue team performed their first rescue mission with 13 members in the 14th hour of the Van earthquake. The team also organised post-disaster aid coordination in the region for Yapı Kredi employees and their families.

Yapı Kredi Volunteers Platform

Yapı Kredi's Volunteers Platform was established in 2009 within the framework of the Bank's corporate voluntary activities. The following projects were initiated in 2011:

- Yontu project was undertaken with collaboration of the Cultural Awareness Foundation where volunteers cleaned and refurbished statues made for the 50th anniversary of the Turkish Republic.
- 500 walnut saplings were planted with the participation of 200 volunteers in Kocaeli during a planting fest.

(1) For detailed information, please refer to the card payment systems section on page 14
(2) For detailed information, please refer to the private banking and wealth management section on page 19
(3) For detailed information, please refer to the alternative delivery channels section on page 21

Part II

Bank Management and Corporate Governance Practices

Board of Directors

Mustafa V. KOÇ[1]
Chairman of the Board of Directors

After earning his BA degree from George Washington University in 1984, Mustafa V. Koç joined Tofaş in Koç Group. In 1992, he began to serve as Vice President and President of various business groups in Koç Holding. He became a Member of Koç Holding Board of Directors in 2001, Vice Chairman in 2002 and Chairman in April 2003. He is a Member of the Vehbi Koç Foundation Board of Directors, Board of Trustees of Turkish Volunteers for Education Foundation, Advisory Board of Kuwait International Bank, Advisory Board of Rolls-Royce and JP Morgan International Council. He also serves as the Honorary Consul General of Finland for İstanbul. Mustafa V. Koç has been the Chairman of the Board of Directors at Yapı Kredi and Koç Financial Services since August 2011.

Gianni F. G. PAPA
Vice Chairman of the Board of Directors

After receiving his Ph.D in Law from Universita Cattolica del Sacro Cuore in Italy, Gianni Franco Giacomo Papa began working in the International Division of Credito Italiano Milano in 1979. After serving as a Manager between 1986 and 1987, Papa moved to Hong Kong in 1988 to take part in the establishment of a Credito Italiano office and served as an Assistant General Manager of the Corporate Finance, Capital Markets and Treasury departments until 1993. Between 1993 and 1997, Papa worked at Segrate branch of Credito Italiano as the Deputy General Manager and the Assistant General Manager in charge of Corporate Investors and Private Banks Department under the Finance Division of the Group. In 1998 and 1999, Papa was the Deputy General Manager of UniCredit's Singapore branch and between 1999 and 2002, he became General Manager of the same branch, in addition to Director of UniCredit Asia (except China). Between 2003 and 2005, Papa held the offices of the General Manager of the New York branch of UniCredit and UniCredit's Director in charge of the USA operations. Papa, who worked at UniCredit Slovakia as the General Manager and the Chief Operating Officer between 2005 and 2007, overlooked the integration process of UniBanka and HVB Slovakia in 2006. Papa acted as the Vice Chairman of the Board of Directors and the General Manager of UniCredit Slovakia until 2008. He was also the Chairman of the Supervisory Board of UniCredit Leasing until 2009. Between 2008 and 2010, Papa served as the First Deputy Chairman of the Board and the General Manager at PJSC Ukrosotsbank. Between November 2010 and December 2010, he worked as the Executive Vice President and the Head of Central and Eastern European Corporate and Investment Banking of UniCredit Bank Austria AG. Papa, who currently serves as the Head of the Central and Eastern Europe (CEE) Division of UniCredit S.p.A. Italy and the Senior Executive Vice President of UniCredit Bank Austria AG, was appointed as the Vice Chairman of the Board of Directors of Yapı Kredi on 1 April 2011. Papa also serves as Vice Chairman of the Board of Directors of Koç Financial Services and a Member of the Board of Directors of UniCredit Menkul Değerler.

H. Faik AÇIKALIN
Chief Executive Officer (CEO)

After earning a BS degree in Business Administration from Middle East Technical University, Faik Açıkalın began his career in banking in 1987 as a Management Trainee at Interbank. He subsequently worked as internal Auditor, Relationship Manager, Branch Manager and Marketing Manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank. In May 1998, he joined Dışbank as Executive Vice President and was appointed as Chief Operating Officer responsible for coordination and communication between the Board of Directors and business units. He also became a Member of the Credit Committee. In June 1999, Açıkalın was appointed as Deputy CEO and Member of the Board of Directors. In December 2000, he became the CEO of Dışbank. Following the acquisition of the majority shares of Dışbank by Fortis in July 2005, he continued to serve as the CEO of Fortis. He also became a Member of the Fortis Global Management Committee and Fortis Global Retail Management Team. In October 2007, he resigned from Fortis and became the CEO of Turkey's largest newsprint media holding company, Doğan Gazetecilik. In April 2009, Açıkalın joined Yapı Kredi as the Executive Director of the Board of Directors and Chairman of the Executive Committee. In addition to serving as the CEO of Yapı Kredi since May 2009, Açıkalın was also appointed as the CEO of Koç Financial Services in 2010 and the President of Koç Holding's Banking and Insurance Group in August 2011. Açıkalın also serves as the Chairman of Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Moscow, Yapı Kredi Koray Real Estate Investment Trust, UniCredit Menkul Değerler, Koç Consumer Finance, as Vice Chairman of Banque de Commerce et de Placements S.A. and as Director of the Banks Association of Turkey.

Carlo VIVALDI
Executive Director and Deputy CEO

After graduating from the University of Ca' Foscari Department of Business Administration in Venice, Carlo Vivaldi started his career in 1991 in Cassamarca. Following Cassamarca's merger into UniCredit in 1998, he continued his career in the Group's Planning and Control department as an Analyst. After a brief experience in the Group's Internet Strategy department, he moved to newly established New Europe Division in 2000, responsible for Planning and Control, and contributed to the expansion of UniCredit in the region. At the end of 2002, he moved to Turkey as Chief Financial Officer and Executive Vice President at Koç Financial Services and Yapı Kredi. He also became a Member of the Board of Directors at several Group subsidiaries. In October 2007, he was appointed as Chief Financial Officer and Member of the Management Board at UniCredit Bank Austria AG. He also began to serve in several other Supervisory Boards in CEE subsidiaries of UniCredit Group (UniCredit Bank Czech Republic A.S. as Chairman, Zagrebacka Bank D.D., UniCredit Tiriac Bank S.A., JSC ATF Bank Kazakhstan and UGIS). Since May 2009, Carlo Vivaldi has been a Member of the Board of Directors at Yapı Kredi. Additionally, as of January 2011, he has also been serving as Executive Director and Deputy CEO of Yapı Kredi. Vivaldi is the Executive Director and Deputy CEO of Koç Financial Services, Vice Chairman of Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Moscow, UniCredit Menkul Değerler and Yapı Kredi Cultural Activities, Arts and Publishing. Vivaldi is also a Member of Board of Directors of Yapı Kredi Koray Real Estate Investment Trust.

Ahmet F. ASHABOĞLU
Member of the Board of Directors

After graduating from the Alman Lisesi (German High School) in Istanbul and Tufts University, Department of Mechanical Engineering, Ahmet F. Ashaboğlu received an MS from Massachusetts Institute of Technology (MIT), Department of Mechanical Engineering and began his career as a Research Assistant at MIT in Cambridge in 1994. In 1998 and 1999, Ashaboğlu worked as Associate Director of US Treasury Bond Trading at UBS Warburg in New York and then as Head Trader of FX Options at UBS Warburg in Philadelphia. Between 1999 and 2003, he worked as a consultant at McKinsey&Company in New York. Joining Koç Holding as the Finance Group Coordinator after his return to Turkey in 2003, Ashaboğlu has been the CFO of Koç Holding since January 2006. Ashaboğlu has been a Member of the Board of Directors of Yapı Kredi since September 2005. Ashaboğlu is also a Member of Board of Directors of Koç Financial Services, Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Koray Real Estate Investment Trust and UniCredit Menkul Değerler.

F. Füsun AKKAL BOZOK
Member of the Board of Directors

F. Füsun Akkal Bozok completed her academic studies with an MBA from Boğaziçi University in Faculty of Administrative Sciences and a Ph.D. from Istanbul University in Faculty of Administration. She began her career at Arthur Andersen audit company in 1980. Bozok joined Koç Group in 1983 as an Associate and Coordinator Assistant in the Audit and Financial Group Division. In 1992, she was appointed as the Audit and Financial Group Coordinator, a position which she held for 11 years. Between 2003 and 2006, she worked as the Finance Group Director. In September 2005, she became a Member of the Board of Directors of Yapı Kredi. In addition to being a Member of the Board of Directors of Koç Financial Services and Yapı Kredi B Type Investment Trust, Akkal is also an Assistant Professor at Sabancı University.

(1) Based on the decision of the Board of Directors dated 29 July 2011, Mustafa V. Koç has been appointed as Chairman of Board of Directors and Tayfun Bayazıt, previously appointed as Chairman and a Member of the Board of Directors, was relieved of this duty based on his resignation dated 1 August 2011.

O. Turgay DURAK
Member of the Board of Directors

After receiving BSc and MSc degrees from Northwestern University, Department of Mechanical Engineering, O. Turgay Durak began his career at Otosan in 1976 as a Manufacturing Engineer and was appointed as Product Development Engineer in the same year. In 1979, he became Project Manager in İnönü Engine Factory where he was later appointed as Project Coordination Manager and Head of Project Coordination Division in 1982 and 1984, respectively. In 1986, he became Assistant General Manager responsible for Marketing and worked as Assistant General Manager responsible for Purchasing between 1987 and 1999. After the restructuring of the company as Ford Otosan, he was appointed as Assistant General Manager in 2000, and became CEO and Board Member of Ford Otosan in 2002. In May 2007, he was promoted as President of the Automotive Group at Koç Holding and in April 2009, he was also appointed as Deputy CEO of Koç Holding. Durak, who served as a Chairman of the Turkish Automotive Manufacturers Association from 2004 to 2010, assumed the position of CEO of Koç Holding on 21 April 2010. Since April 2009, he has been a Member of the Board of Directors of Yapı Kredi. Durak is also a Member of Board of Directors of Koç Financial Services.

Massimiliano FOSSATI
Member of the Board of Directors

After graduating from L. Bocconi University and earning a post-graduate degree in bank management, Massimiliano Fossati started his career as a Financial Analyst at the Credits Department of Centrobanca S.p.A. (Banca Popolare di Bergamo Group) where he served from 1995 to 1998. Fossati later became a Relationship Manager before working as a Senior Analyst at the same bank till 2000. Fossati served as a Senior Analyst at the Credits Department of Locat S.p.A. (leasing company within UniCredit Group) from 2000 to 2001 and worked as a Functional Analyst at the Organisation Department of the company until 2002. He joined UniCredit in 2002 where he worked until 2004 in the Foreign Banks Credit Unit of the Credits Department. Fossati also worked as the Credit Management Director and until 2005 served as an ALCO Board and Executive Committee Member at Živnostenská Banka Prague, a UniCredit Group company. He continued his duties at the same bank as a Member of the Board of Directors responsible for Credit Risk Management, as a Member of the Board of Directors responsible for Organisation and as IT Integration Process Project Manager from 2005 to 2006. Fossati was Global Banking Services Division Manager and Member of the Board of Directors responsible for Global Banking Services Department at Prague UniCredit Bank CZ (UniCredit Group) from 2007 until September 2008. In October 2008, he started working for Yapı Kredi as Executive Vice President responsible for Corporate and Commercial Credits and later he was appointed Executive Vice President responsible for Risk Management on 30 January 2009. In June 2010, he assumed the position of Member of the Management Board of UniCredit Bank Austria AG and Chief Risk Officer of UniCredit Bank Austria AG. Since July 2010, he has been a Member of the Board of Directors of Yapı Kredi. Fossati is also a Member of Board of Directors of Koç Financial Services.

Francesco GIORDANO
Member of the Board of Directors

Francesco Giordano, who received his Bachelor's degree and Master's in Economics at University of Geneva, worked as a Research Officer at Queen Mary College in the UK between 1991 and 1992. Giordano who worked as an European Economist at Standard & Poor's and London branch of San Paolo Bank until 1997, continued his career as the Senior European Economist at Credit Suisse First Boston in 1997. Giordano, who was appointed as the Chief Economist/ Research Officer at UniCredit Banca Mobiliare in 2000 was then appointed as the Head of the Department of Planning, Strategy and Research of UniCredit Banca d'Impresa, a subsidiary of UniCredit in 2003. Giordano served as the Head of Planning, Strategy and Research Department of the Group between the years 2005 and 2009. In 2009, he was appointed as the Head of Planning, Strategy and Research Department at the Corporate and Investment Banking Division of UniCredit. In 2011, he was appointed as a Member of the Management Board and the CFO of UniCredit Bank Austria. Since April 2011, he has been a Member of the Board of Directors of Yapı Kredi. Giordano is also a Member of Board of Directors of Koç Financial Services.

Vittorio G. M. OGLIENGO
Member of the Board of Directors

Vittorio G. M. Ogliengo holds a Business degree from the University of Turin. Having joined Price Waterhouse in 1983 and gained auditing experience, he moved to Citibank N.A. in 1985 and worked in Corporate Banking, Corporate Finance and Investment Banking in Turin, Milan and London. In 1988, he joined Fiat S.p.A. and had senior management responsibility in the Treasury and Capital Markets divisions, reporting directly to the International Finance Director. The same year, he became Head of the Finance Department and then General Manager of Fiat Deutschland, the Fiat Group's finance company in Germany. In 1994, he joined Barilla Group as Head of the Finance Department. In 1998, he moved to Chicago as Chief Financial Officer of Barilla America. In November 1999, he came back to Italy as Chief Financial Officer of Barilla G&R Fratelli. In February 2003, he was appointed Chief Executive Officer and Chief Financial Officer of Barilla Holding, where he was also responsible for the corporate governance of subsidiaries (Barilla G&R Fratelli SpA, Kamps AG, Harry's Sa and Gran Milano SpA). Ogliengo joined UniCredit Group in 2005 as Group Deputy General Manager and Head of the Corporate Division. The same year, he was also appointed as Chief Executive Officer of UniCredit Corporate Banking, Member of HVB Supervisory Board, Member of Bank Austria Creditanstalt Supervisory Board and Chief of the Credit Committee of the Supervisory Board. In 2006 and 2007, Ogliengo served as the President of Locat SpA, a company within UniCredit Group. In 2007, he was appointed as President of UniCredit Global Leasing and served until April 2007. In 2009, Ogliengo was appointed as President of UniCredit Leasing, Head of UniCredit's Finance and Advisory Division and became a Member of the Board of UniCredit MedioCredito Centrale SpA. Since May 2009, Ogliengo has been a Member of the Board of Directors of Yapı Kredi. Ogliengo is also a Member of Board of Directors of Koç Financial Services.

Statutory Auditors

Adil G. ÖZTOPRAK

After graduating from Ankara University, Faculty of Political Sciences, Department of Finance and Economics in 1966, Adil G. Öztoprak served as Auditor at the Ministry of Finance between 1966 and 1975. Promoted to Assistant General Director of Budget and Financial Control in 1975, Öztoprak served as Chief Financial Officer and Chief Executive Officer in various companies from 1976 to 1993. He worked as a Partner at Başaran Nas Yeminli Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) between 1993 and 2000. Öztoprak has continued his career as an Independent Chartered Accountant since 2000. Öztoprak has been serving as a Statutory Auditor at Yapı Kredi since 2005.

Abdullah GEÇER

Abdullah Geçer graduated from Middle East Technical University, Department of Economics in 1996 and received his MBA (in finance) from the University of Nottingham in 2006. After working as an Assistant Sworn Bank Auditor at the Undersecretariat of Treasury during 1996-2000, Geçer served as a Sworn Bank Auditor at the Banking Regulation and Supervision Agency between 2000 and 2007. Promoted to Senior Sworn Bank Auditor in 2007, he joined Koç Holding as the Audit Group Coordinator in the same year. Geçer has been serving as a Statutory Auditor at Yapı Kredi since 2008.

Note: The members of the Board of Directors and statutory auditors each have a one-year term of duty; the appointments of members and auditors are set out annually at the Annual Shareholders' Meeting.

Senior Management Resumes

H. Faik AÇIKALIN
Chief Executive Officer (CEO)

(Please refer to page 28)

Carlo VIVALDI
Executive Director and Deputy CEO

(Please refer to page 28)

Mehmet Güray ALPKAYA
Assistant General Manager-Corporate Sales

Mehmet Güray Alpkaya has an MBA degree from Koç University and an MS degree in Finance from Istanbul University. He started his banking career in 1989 at the Import and Export Bank of Turkey as an Assistant Manager in the Istanbul Main Branch Corporate Credit and Marketing Department. Between 1991 and 1999, Alpkaya worked at the Istanbul branch of Chase Manhattan Bank N.A. in various corporate banking positions including Vice President and Head of Corporate Client Management Group. In 1999, Alpkaya joined Koçbank where he took part in the establishment and development of the Project and Structured Finance function of the bank, served as the Head of Project and Structured Finance until 2003 and then became the Head of Credit Underwriting Division. In 28 February 2006, Alpkaya was appointed as the Assistant General Manager of Yapı Kredi responsible for Credit Management. On 1 August 2008, he was appointed Chief Risk Officer and in February 2009, he was appointed as Assistant General Manager responsible for Corporate and Commercial Sales. Alpkaya has been Assistant General Manager in charge of Corporate Sales at Yapı Kredi since 1 January 2011.

Marco CRAVARIO
Assistant General Manager-Financial Planning and Administration (CFO)

Following his graduation from the Economics Department at the University of Turin in 1991, Marco Cravario attended top-level financial education programmes at the London School of Economics and INSEAD. He started his career as an Auditor at Ernst & Young first in Turin (Italy) and then in Prague (Czech Republic). In 1996, he was appointed to Ernst & Young Corporate Finance in Milan (Italy) as Director. In 2001, Cravario joined UniCredit Group as Head of the New Europe Division Mergers and Acquisitions Unit. Subsequently, he held a number of managerial positions in the Group, including in planning and control, organisation, business development, also gaining some commercial experience in the retail network. In 2006, Cravario was appointed to the position of CFO and Executive Board Member of UniCredit Tiriac Bank in Romania. Cravario has been Assistant General Manager in charge of Financial Planning and Administration (CFO) at Yapı Kredi since January 2008 and a Member of the Executive Committee since February 2009. Cravario is also a Member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Insurance, Yapı Kredi Pension and Yapı Kredi Bank Azerbaijan.

Yakup DOĞAN
Assistant General Manager-Alternative Delivery Channels

After graduating from the Faculty of Business Administration at Çukurova University, Yakup Doğan started his career at İşbank as an Assistant Specialist in 1992. Between 1996 and 2001, he worked at Ottoman Bank in senior management positions responsible for the development of retail banking, credit cards and alternative delivery channels. In 2001, Doğan joined Koçbank as Alternative Delivery Channels Supervisor. Doğan has been Assistant General Manager in charge of Alternative Delivery Channels at Yapı Kredi since October 2006.

Cahit ERDOĞAN
Assistant General Manager - Chief Information Officer (CIO)

After graduating from Istanbul Technical University Faculty of Mechanical Engineering, Cahit Erdoğan earned his MBA degree from Rochester Institute of Technology. He started his professional career at Xerox Corporation (Rochester, NY) as a Business Analyst. Between 2000 and November 2009, Erdoğan worked at Accenture, Istanbul office, as a Consultant, and was later promoted to Manager and Senior Manager. In February 2008, he was appointed as Turkey Country Lead for the Management Consulting Growth Platform of Accenture. Erdoğan has been the CIO of Yapı Kredi since December 2009.

Mehmet Murat ERMERT
Assistant General Manager-Corporate Communications

Following his graduation from the Department of Business Administration at Marmara University, Murat Ermert began his career at Leo Burnett Advertising Agency in 1987. Between 1989 and 1993, he served as Advertising Manager at Yapı Kredi. Between 1993 and 1996, he worked as Media Marketing Manager at Doğan Media Group and later joined Demirbank as Advertising and Public Relations Coordinator. Between 2000 and 2008, Ermert was appointed as Assistant General Manager in charge of Corporate Communications at Dışbank (later Fortis) and also worked at the Global Marketing and Communications Management (Brussels) of Fortis. During this period, he was also a faculty member at both Anadolu University and Bahçeşehir University. He is currently Vice Chairman of the Corporate Communications Directors Association, Board Member of the Turkish Advertisers' Association and Member of European Association of Communications Directors. Ermert has been Assistant General Manager in charge of Corporate Communications at Yapı Kredi since June 2008.

Mert GÜVENEN
Assistant General Manager-Corporate and Commercial Banking

Following his graduation from Marmara University, Department of Economics in 1990, Mert Güvenen began his career at Yapı Kredi in Corporate Banking.
After earning an MBA degree from the University of West Georgia between 1993 and 1994, Güvenen became the Branch Manager of Yapı Kredi Esentepe Corporate Branch in 1999. Subsequently, Güvenen worked as Central Branch Manager of Körfezbank between 1999 and 2001, Corporate Marketing Director at Koçbank in 2001 and General Manager at Koç Factoring in 2003. Güvenen has been Assistant General Manager in charge of Commercial Banking at Yapı Kredi since March 2006. As of February 2009, he became Assistant General Manager in charge of Corporate and Commercial Banking as well as responsible for commercial coordination of Yapı Kredi Leasing, Yapı Kredi Factoring and the Bank's international subsidiaries. Additionally, Güvenen has been a Member of the Executive Committee since February 2009. Güvenen is also a Member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan and Yapı Kredi Bank Moscow.

Süleyman Cihangir KAVUNCU
Assistant General Manager-Human Resources and Organisation

After receiving his MBA from the University of Bridgeport, Süleyman Cihangir Kavuncu began his career at Arthur Andersen in 1983 as an Auditor. Between 1985 and 1989, he was the Foreign Funds Manager at the Treasury Division of Interbank. Kavuncu worked as the Financing Director and Human Resources Director at Coca-Cola, Administrative Affairs Coordinator at Çukurova Holding and Human Resources Director at Colgate Palmolive. Following his appointment in August 2004 as Assistant General Manager at Koç Financial Services, he has been Assistant General Manager in charge of Human Resources and Organisation at Yapı Kredi since October 2006. Kavuncu is also a Member of the Executive Committee since February 2009.

Mert ÖNCÜ[1]
Assistant General Manager-Treasury

After graduating from Istanbul Technical University, Electronics and Telecommunication Engineering Department in 1992, Mert Öncü completed his MBA degree at DePaul University in 1994 where he was also a graduate assistant. Öncü earned his doctoral degree from Marmara University in 2001. After a brief experience as an Assistant at the Chicago Mercantile Exchange, Öncü joined Koçbank in 1994 and worked at the Treasury department respectively as Senior Dealer, Section Head and Treasury TL/FX Manager. Between 2003 and 2006, he took a position as the Money and FX Markets Manager. In 2006, he became the Head of Money and FX Markets at Yapı Kredi. Öncü has been Assistant General Manager in charge of Treasury and a Member of the Executive Committee since May 2011.

(1) Based on the decision of the Board of Directors dated 27 April 2011, Mert Yazıcıoğlu, formerly Assistant General Manager in charge of Treasury, has been appointed as Assistant General Manager in charge of Private Banking and Wealth Management following resignation of Erhan Özçelik on 30 April 2011. In addition, based on the same Board of Directors decision, Mert Öncü, formerly the Head of Money and FX Markets has been appointed as Assistant General Manager in charge of Treasury.

Mehmet Erkan ÖZDEMİR
Assistant General Manager-Compliance Officer

After graduating from Middle East Technical University, Department of Economics in 1989, Mehmet Erkan Özdemir worked as a Sworn-in Bank Auditor on the Sworn-in Bank Audit Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Group in August 2001 as Audit Coordinator in the Koçbank Audit Group, responsible for the financial companies of the Group. He started serving as Statutory Auditor at Koçbank in August 2002 and later at Yapı Kredi in September 2005. Özdemir has been Compliance Officer and Assistant General Manager in charge of the Compliance Office at Yapı Kredi since April 2008.

Stefano PERAZZINI
Assistant General Manager-Internal Audit

After graduating from the University of Turin in Economics, Stefano Perazzini began his career at San Paolo IMI Bank in 1987. Between 1989 and 1992, he joined Honeywell Bull where he was responsible for the Planning and Control Department. Perazzini then became an Information Technology Auditor at Banca CRT Head Office followed by Internal Auditor at London and Paris branches of the bank. In September 1999, he was appointed as Internal Auditor at UniCredit and later became the Deputy Manager of the Internal Audit Department at Bank Pekao, a UniCredit Group company. In March 2003, he took on the responsibilities of Assistant General Manager for Internal Audit at Koç Financial Services. Perazzini has been Assistant General Manager in charge of Internal Audit at Yapı Kredi since March 2006.

Yüksel RİZELİ
Assistant General Manager-Information Technologies and Operations

Yüksel Rizeli started her career in 1982 following her graduation from Sakarya High School. Rizeli has 37 years of experience in banking operations including ten years as Head of Operations at Garanti Bank. She was the Head of Project Implementation Management at Garanti Bank and played a major role in the business process reengineering project. She managed most of the major project implementations at Garanti Bank in addition to network business process design including central operations units. Rizeli was then appointed as Member of the Executive Management Team at Ottoman Bank. She served as Head of Operations, Head of Business Process Design, Head of System Analysis and Organisation at Ottoman Bank until 2002. During the last two quarters of 2001, she first managed the merger between Ottoman Bank and Körfezbank and then the merger between Garanti Bank and Ottoman Bank. Prior to joining Yapı Kredi, she served as the Head of Operations at Koçbank responsible for system analysis, organisation, strategic planning and monitoring of operations. In October 2006, she was appointed as Assistant General Manager in charge of Operations at Yapı Kredi. Rizeli has been Assistant General Manager in charge of Information Technologies and Operations at Yapı Kredi since February 2009. Rizeli has also been a Member of the Executive Committee since November 2009.

Cemal Aybars SANAL
Assistant General Manager-Legal

After graduating from Istanbul University Faculty of Law, Cemal Aybars Sanal began his career in 1986 at Sanal&Sanal as Partner. Between 1992 and 1995, he worked at Shell Company of Turkey Limited as an Attorney, between 1995 and 1998 at White&Case Law Firm as an Attorney, between 1998 and 1999 at Shell Company of Turkey Limited as Chief Legal Counsel and a Member of the Board of Directors, between 1999 and 2006 at Boyner Holding as Chief Legal Counsel and Vice President. After working as a freelance attorney between 2006 and 2007, Sanal worked at ELIG Law Firm as Senior Consultant from 2007 to 2008. Sanal has been Assistant General Manager in charge of Legal Affairs at Yapı Kredi since July 2008.

Wolfgang SCHILK
Assistant General Manager-Risk Management (CRO)

In 1992, following his graduation from University of Wien Law School, Wolfgang Schilk completed a postgraduate trainee program at Creditanstalt-Bankverein (CA-BV). Between 1994 and 1996, he was Restructuring Manager responsible for Corporate Banking at CA-BV. Between 1996 and 2004, Schilk worked as Head of the Credit Unit at Bank Austria Creditanstalt. Later in 2004, he became the Head of the Regional Office responsible for Corporate Banking. In 2006, he took a position as the Head of the Regional Office responsible for Private and SME Clients. Between 2007 and 2010, Schilk worked as the Head of Risk Management responsible for private, SME Clients and Private Banking. During his career, he was also a Member of the Supervisory Board of Leasfinanz Bank (a subsidiary of UniCredit Leasing) and BAF (a subsidiary of Bank Austria for Mobile Sales Channel) as well as Member of the Advisory Council of IRG Immobilien Rating GMBH (a subsidiary of Bank Austria for Real Estate Appraisal). Schilk has been Assistant General Manager in charge of Risk Management and a Member of the Executive Committee at Yapı Kredi since September 2010. Schilk is a also Member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Bank Nederland and Yapı Kredi Bank Moscow. He has also been a Member of Board of Directors of Yapı Kredi Azerbaijan since August 2011.

Zeynep Nazan SOMER
Assistant General Manager-Retail Banking

After graduating from the Faculty of Business Administration at Boğaziçi University, Zeynep Nazan Somer joined Arthur Andersen in 1988 and worked as Partner in charge of the finance sector between 1999 and 2000. She joined Yapı Kredi in September 2000 as Assistant General Manager in charge of Individual Banking. Between 2003 and 2009, she served as Assistant General Manager in charge of Credit Cards and Consumer Lending. Somer has been Assistant General Manager in charge of Retail Banking at Yapı Kredi since February 2009. Somer has also been a Member of the Executive Committee since February 2009.

Feza TAN
Assistant General Manager-Corporate and Commercial Credits

After graduating from the Department of Economics at Boğaziçi University in 1993, Feza Tan began her professional career at Yapı Kredi as a Management Trainee in Corporate and Commercial Credits and served in various positions in the same department from 1993 until 2006. In 2006, she was promoted as Head of Corporate and Commercial Credits Underwriting. Tan has been Assistant General Manager in charge of Corporate and Commercial Credits at Yapı Kredi since February 2009. Tan is also a Member of the Board of Directors of Yapı Kredi Factoring.

Selim Hakkı TEZEL
Assistant General Manager-Retail Credits

After graduating from Business Administration at Boğaziçi University, Selim Hakkı Tezel worked at Arthur Andersen as Senior Auditor between 1995 and 1999. He joined Yapı Kredi in 1999, subsequently working as Credit Cards Financial Planning Supervisor, Section Supervisor, Credit Cards Financial Planning and Risk Management Supervisor, and Head of Credit Cards and Consumer Loan Risk. Tezel has been Assistant General Manager in charge of Retail Credits at Yapı Kredi since December 2008.

Mert YAZICIOĞLU[1]
Assistant General Manager-Private Banking and Wealth Management

After receiving his MA from Istanbul Technical University, Department of Business Administration, Mert Yazıcıoğlu began his career at S. Bolton and Sons in 1987 as an International Relations Officer. In 1989, Yazıcıoğlu joined Koçbank first as a Customer Relations Officer, then became a Junior Dealer in November 1990, Dealer in 1991, Senior Dealer in 1992, Section Head in 1994, Unit Head of Treasury in 1996 and Assistant General Manager in charge of Treasury in 1999. Between February 2006 and April 2011, he served as Assistant General Manager responsible for Treasury at Yapı Kredi. He has been Assistant General Manager in charge of Private Banking and Wealth Management since April 2011 and a Member of the Executive Committee since February 2011.

Managers of Internal Systems

Mutlu ATAKİŞİ
Vice President - Internal Control

Following his graduation from Boğaziçi University, Faculty of Business Administration in 1986, Atakişi started his career as an Assistant Auditor at İşbank. In 1989, he joined Koçbank as Auditor and was appointed first as Operations Manager and later as Branch Manager. Between 1997 and 2001, he worked at Finansbank as Branch Manager. He returned to Koçbank in 2001 as Deputy Manager on the Board of Auditors and continued his career at Yapı Kredi as Vice President of Strategic Planning and Coordination in the Internal Audit Department. Atakişi has been Internal Control Vice President of Yapı Kredi since 2008.

Board of Directors and Committees

The Board of Directors convenes upon the Chairman's request when necessitated by the Bank's business. The Board of Directors reviews and decides on the corporate agenda, as authorised by the Bank's Articles of Association, laws and regulations. In 2011, the Board of Directors convened 11 times with the required majority and the quorum satisfied.

Executive Committee

The Executive Committee is the decision making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular biweekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously. In 2011, the Executive Committee convened 26 times with the required majority and the quorum satisfied. In accordance with the Board of Directors' decision, the structure of the Executive Committee is as shown below. Other responsible heads may attend the meetings by invitation and are not permanent.

The Committee's responsibilities include:

- defining Group strategies and the Bank's structural risk management
- managing asset-liability guidelines including pricing and interest rates
- existing product evaluation and new product approval
- credit, operational, market, exchange rate and liquidity risk review
- ensuring coherence of commercial policies and principles with budget objectives
- improving customer satisfaction
- marketing activities
- internal and external communication plans
- approving the annual project plan and major organisational changes
- optimisation of market risk profile strategies within guidelines set by the Board of Directors

Members

Chairman	H. Faik Açıkalın	Chief Executive Officer (CEO)
Vice Chairman	Carlo Vivaldi	Executive Director and Deputy CEO
Member	Wolfgang Schilk	Assistant General Manager - Risk Management (CRO)
Member	Marco Cravario	Assistant General Manager - Financial Planning and Administration (CFO)
Member	Mert Güvenen	Assistant General Manager - Corporate and Commercial Banking
Member	Zeynep Nazan Somer	Assistant General Manager - Retail Banking
Member	Mert Yazıcıoğlu	Assistant General Manager - Private Banking and Wealth Management
Member	S. Cihangir Kavuncu	Assistant General Manager - Human Resources and Organisation
Member	Yüksel Rizeli	Assistant General Manager - Information Systems and Operations
Member	Mert Öncü	Assistant General Manager - Treasury

Credit Committee

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the Bank's lending activity in coherence with credit policy, economic objectives and the Bank's overall risk profile. All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority. In 2011, the Credit Committee convened 45 times with the required majority and the quorum satisfied.

The Committee reviews loan applications and restructuring requests within its authorised delegated limit or advises the Board of Directors for those that are not. Credit Committee also outlines parameters for credit scoring, lending and monitoring systems.

Principal Members

Chairman	H. Faik Açıkalın	Chief Executive Officer (CEO)
Vice Chairman	Carlo Vivaldi	Executive Director and Deputy CEO
Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors
Member	Massimiliano Fossati	Member of the Board of Directors

Alternate Members

Alternate Member	Vittorio G. M. Ogliengo	Member of the Board of Directors
Alternate Member	Francesco Giordano	Member of the Board of Directors

Audit Committee

The Audit Committee is responsible for administering the Bank in terms of compliance with local laws and internal regulations. The Committee convenes quarterly or more, according to the needs of the Bank. In 2011, the Audit Committee convened five times with the required majority and the quorum satisfied. The Committee reports at least once every six months to the Board of Directors.

The Committee's responsibilities include:
- monitoring the performance of Internal Audit, Internal Control and Risk Management departments
- fulfilling the relevant tasks as determined by banking and capital market legislations
- approving and monitoring the annual audit plan and the charter of the internal audit function
- verifying adequacy of internal control systems
- monitoring audit projects and evaluating significant findings
- appointing, compensating and overseeing external auditor, rating, valuation and support service institutions
- monitoring the financial reporting process
- reviewing procurement policies and practices

Members

Chairman	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors
Member	Francesco Giordano	Member of the Board of Directors

Corporate Governance Committee

The Corporate Governance Committee is an advisory body that assists the Board of Directors on compliance to Corporate Governance Principles, investor relations activities and public disclosures. The Committee is responsible for identifying and providing guidance for any conflicts of interest that may arise. The Committee confirms that proper flow of information is ensured among the Subsidiaries and Shareholder Relations Unit, shareholders and investors.

All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority.
In 2011, the Corporate Governance Committee convened two times with the required majority and the quorum satisfied.

Members

Member	O. Turgay Durak	Member of the Board of Directors
Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors

Remuneration Committee

The Remuneration Committee was established in November 2011 and is responsible for evaluating, monitoring and auditing the Bank's compensation principles and remuneration practices. The Committee assembles bi-yearly or more, according to the needs of the Bank. No meetings were held in 2011.

Members

Member	O. Turgay Durak	Member of the Board of Directors
Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors

Summary Board of Directors Report

Dear Shareholders,

We would like to take this opportunity to thank you for your participation at this meeting during which we will present Yapı Kredi's activities and accounts for 2011.

In 2011, global economic uncertainty continued driven mainly by the European debt crisis. In this environment, the global financial sector was also negatively impacted.

Despite the uncertainties in the global economy, Turkey positively differentiated by maintaining solid macroeconomic fundamentals. Domestic demand continued to be strong leading to 8.5% economic growth in 2011, one of the highest in the world. On the inflation front, following historically low single digit levels in the first half of the year, there was sharp increase towards the end of the year due to currency depreciation, increased prices and higher taxes on certain goods, leading to an inflation of 10.4% as of the end of 2011. Throughout the year, the Central Bank of Turkey adopted a flexible and unconventional monetary policy with differentiation among quarters in order to manage the current account deficit, growth, inflation and currency depreciation.

The Turkish banking sector maintained strong volume growth, robust profitability and solid capitalisation despite impacts of the challenging global environment, increasing regulation and intense competition. Return on average equity of the banking sector was 15.4% in 2011.

Maintaining its position as the fourth largest private bank in the sector, Yapı Kredi achieved healthy growth and sustained profitability in 2011 despite the volatile and challenging operating environment. Based on Yapı Kredi's 2011 year end consolidated financials:

- Total consolidated assets increased by 27% to TL 117.5 billion.

- In line with the customer oriented retail banking approach, loans increased by 28% to TL 69.3 billion. As of the end of 2011, Yapı Kredi's market share in loans is 10.3%. The main drivers of loan growth were general purpose loans (63% annual increase) and SME loans (50% annual increase) in local currency lending and project finance loans (US$ 5.8 billion, 61% annual increase) in foreign currency lending.

- Deposits grew above sector by 20% to TL 66.2 billion and the Bank's market share in deposits reached 9.2% with an increase of 56 basis points. Initiatives to lengthen the maturity of deposits led to an increase in share of deposits with longer than three month maturity to 15% (2010: 5%). In addition, Yapı Kredi continued to focus on funding diversification and successfully renewed its syndications totalling US$2.7 billion with improved pricing and obtained a new long-term securitisation of US$510 million. The Bank further strengthened its funding base by issuing a total of TL 1.2 billion bonds.

- Total revenues reached TL 6,648 million driven by increasing contribution of core revenues. Net fees and commissions increased 13% while net interest income increased 5% annually on the back of effective net interest margin management despite impacts of the competitive environment and increased regulations.

- Operating expense growth remained below inflation at 8%, incorporating continuing investments for organic growth.

- Solid profitability was achieved driven by positive contribution of core revenues and tight cost control. Consolidated net income increased by 2% annually to TL 2.3 billion. The Bank recorded return on average equity of 21.7%, one of the highest levels among private banks. Tangible return on average equity[(1)] was 24.0%.

- Non-performing loan (NPL) ratio declined to 3.0% with 40 basis points of improvement compared to the previous year, driven by decelerating NPL inflows, strong collections and an NPL portfolio sale.

- Capital adequacy ratio was realised as 14.9% at consolidated level and 14.7% at Bank level.[(2)]

- Commercial effectiveness gains were recorded on the back of new product offerings, infrastructure enhancements and innovative approach in alternative delivery channels. The Bank improved its ranking by one notch in terms of revenues per employee up to second place and by one notch in terms of deposits per employee up to fifth place.

- Leadership position in card payment systems in terms of outstanding volume (18.3% market share), acquiring volume (20.3% market share) and number of cardholders (13.6% market share) was maintained. Yapı Kredi also sustained its leadership position in leasing and factoring with market shares of 19.6% and 17.7%, respectively. Furthermore, the Bank maintained second position in asset management with 17.4% market share, third position in equity transaction volume with 5.7% market share, fourth position in private pension funds with 16.1% market share and fifth position in life and non-life insurance with 6.4% and 6.7% market shares, respectively.

- Branch expansion continued with 39 net branch openings. Number of branches reached 964 at Group level (including subsidiaries) and 907 at Bank level. Total headcount was 17,350 at Group level and 14,859 at Bank level.

In the upcoming period, Yapı Kredi aims to achieve sustainable growth and profitability through emphasis on customer business, commercial effectiveness gains, funding diversification, effective liquidity management and cost discipline.

As we present our 2011 annual report and financial statements for your review and approval, we would like to take this opportunity to extend our gratitude on behalf of the Board of Directors to our customers for always being beside us, our colleagues for their commitment and hard work, our correspondent banks for their strong and long-standing relationships and our shareholders for their unrelenting support.

Sincerely,

On behalf of the Board of Directors,
Chairman
Mustafa V. Koç

(1) Tangible return on average equity indicates return on average equity calculated by deducting goodwill from total shareholders' equity
(2) A sub-loan agreement was signed with UniCredit Bank Austria AG of US$ 585 million (total maturity of 10 years with 5 year non-callable period) at a rate of 3-months Libor+8.30%. This sub-loan has been utilised as Tier-II in the calculation of 2011 capital adequacy ratio by the authorisation of Banking Regulation and Supervision Agency dated 20 February 2012.

Human Resources Implementations

Following the determination of human resource requirements, candidate searches are initiated through existing candidate pools, intra-bank announcements, the internet and press advertisements. In addition, a special candidate pool composed of existing employees is also prepared for the required positions. Applications are assessed on the basis of criteria such as education, foreign language skills and work experience as indicated in the scope of the position. All applicants with the required characteristics are invited to join the recruitment process.

The recruitment process consists of an examination, interview and job offer. At the examination stage, utilising tests based on job function, it is determined whether the candidate possesses the necessary abilities required for the position. These abilities include: learning, performing rapid numerical calculations, adaptability, problem solving, identifying details in words and figures, visual, numeric and verbal memory. For specific positions, a personality inventory is also applied. The interview stage is aimed at determining whether candidates possess certain abilities (establishing communication, teamwork, etc.) required by the position to which they will be assigned. Candidates are also asked ability-based and behaviour-focused questions during the interview process to assess whether the qualities required by the job match their expectations. At the end of the process, the suitable candidate is offered the position and if the offer is accepted, the candidate receives the required document list and an offer letter via e-mail. During the job offer meeting, candidates are informed of employee rights at Yapı Kredi, the articles of the contract they will sign and other relevant subjects. In addition, all of their questions are addressed. Contracts are signed with candidates who accept the job offer and start working at Yapı Kredi.

For newly formed positions or positions that require expertise and technical know-how, candidates with sufficient work experience in the relevant field are preferred. The interview stage of hiring experienced staff is carried out by the human resources career and workforce planning team in cooperation with the relevant department. Yapı Kredi continues its human resources activities with an aim to choose suitable candidates compatible with the Bank's vision, mission and strategic objectives.

For experienced candidates that live in other cities, the Bank has initiated an online interview process, which allows the Bank to act faster during candidate evaluation. In addition, Yapı Kredi creates opportunities to introduce the Bank to university students and also familiarise itself with their expectations through various events which are held in cooperation with university clubs.

Support Services

Yapı Kredi procures support services for printing account statements and cheques, transportation of cash and valuable items, first-line and second-line maintenance for on-site and off-site ATMs, miscellaneous software maintenance used for information technologies systems, outsource requirements of information technologies and security-related activities.

- Koçsistem Bilgi ve İletişim Hizmetleri A.Ş. provides printing services for credit card account statements.

- Güzel Sanatlar Çek Basım Ltd. Şti. provides printing services for cheques according to a cheque printing service agreement.

- Koçsistem Bilgi ve İletişim Hizmetleri A.Ş. and NCR Bilişim Sistemleri Ltd. Şti. provides second-line maintenance services for on-site and off-site ATMs.

- Group-4 Securicor Güvenlik Hizmetleri A.Ş. (G4S) provides transportation services for cash and valuable items as well as first-line maintenance for on-site and off-site ATMs. Integrated into the Yapı Kredi organisation, G4S provides services in 24 provinces via 26 G4S offices with around 411 employees and 193 vehicles (190 armoured, 1 mobile emergency offices, 1 training, 1 spare support).

- Koçsistem Bilgi ve İletişim Hizmetleri A.Ş., Accenture Danışmanlık Ltd.Şti., 3-D Bilişim Tekn. Dan.Tek.Serv.Ltd. Şti., Ad Yazılım Danışmanlık ve Ticaret A.Ş., Artekay Teknoloji Araştırma Sistemleri Tic.Ltd.Şti. etc. provide miscellaneous software maintenance services and outsource requirements for information technologies.

- G4S provides all physical security related services. Elektromaks Elektronik ve Güvenlik Sistemleri San. Tic. Ltd. Şti. provides alarm monitoring, electronic security system and equipment maintenance services.

Transactions Carried out with the Risk Group

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:

31 December 2011	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	
Group's risk group [1][2]	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**
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
Interest and commission income received	**1,360**	**16**	**8,156**	**1,191**	**64,530**	**5,913**

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

Group's risk group [1][3]	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	
Deposit	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
Beginning of the period	11,699	41,731	4,367,079	3,060,980	5,279,564	2,330,627
End of the period	10,801	11,699	7,546,932	4,367,079	4,885,191	5,279,564
Interest expense on deposits	**489**	**1,125**	**275,723**	**198,531**	**244,178**	**137,756**

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

Group's risk group[1]	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
Transactions at fair value through profit or loss[4]						
Beginning of the period [5]	38,038	-	187,782	378,169	642,637	710,036
End of the period[5]	-	38,038	216,174	187,782	97,206	642,637
Total profit / loss	**(3,745)**	**(486)**	**3,718**	**(17,801)**	**(17,777)**	**(26,061)**
Transactions for hedging purposes[4]						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total profit / loss	**-**	**-**	**-**	**-**	**-**	**-**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411
(2) The information in table above includes banks, marketable securities and loans
(3) The information in table above includes borrowings as well as deposits and repo transactions
(4) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39
(5) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments

Corporate Governance Principles Compliance Report

1. Declaration of Compliance with Corporate Governance Principles

Yapı Kredi strives to adhere to the Capital Market Board's Corporate Governance Principles to a significant degree and focuses on continuous development while carrying out its operations. In this regard, the Bank established a Corporate Governance Committee in 2010 and a Remuneration Committee in 2011.

Yapı Kredi is the only bank among its peer group that is included in the Istanbul Stock Exchange (ISE) Corporate Governance Index composed of 38 companies. Yapı Kredi's corporate governance rating has increased from 8.02 to 8.80 (out of 10) over the last three years.

The Bank's corporate governance ratings, which are determined by SAHA Corporate Governance and Credit Rating Services Inc. are presented in the table below:

Main Sections	Weight	2008	2009	2010	2011
Shareholders	0.25	8.29	8.56	8.72	**8.71**
Public Disclosure and Transparency	0.35	8.11	8.83	9.17	**9.25**
Stakeholders	0.15	9.50	9.50	9.67	**9.54**
Board of Directors	0.25	6.74	7.13	7.74	**7.82**
Total	1.00	8.02	8.44	8.78	**8.80**

2. Shareholder Relations

Yapı Kredi carries out its relations with shareholders via the Subsidiaries and Shareholder Relations Unit and the Investor Relations and Strategic Planning Unit.

Primary duties and responsibilities of the Subsidiaries and Shareholders Unit include:
- Acting to facilitate the exercise of shareholders' rights, ensuring that records are updated, maintaining communication between the Board of Directors and shareholders,
- Carrying out capital increase operations,
- Exchanging previously issued shares and replacing them with new ones,
- Ensuring that the Annual Shareholders' Meeting conforms with the legislation in force and the Articles of Association,
- Conforming to and monitoring all issues related to public disclosure, including legislation and Yapı Kredi's disclosure policy.

Primary duties and responsibilities of the Investor Relations and Strategic Planning Unit include:
- Managing the strategic financial communication to the investment community and providing the market with transparent, timely and consistent information in order to support the fair evaluation of the Bank,
- Interacting with the investment community to achieve an effective two-way flow of information through conferences, roadshows and investor meetings,
- Contributing to reducing the Bank's cost of funding through improving understanding of Yapı Kredi's risk/return profile by debt investors.

Subsidiaries and Shareholder Relations Unit

Name, Surname	E-mail address	Phone Number
Erdinç TETİK	erdinc.tetik@yapikredi.com.tr	(212) 339 64 31
Hasan SADİ	hasan.sadi@yapikredi.com.tr	(212) 339 73 80
Damla ACAR	damla.acar@yapikredi.com.tr	(212) 339 63 40
Ercan YILMAZ	ercan.yilmaz@yapikredi.com.tr	(212) 339 73 17

Investor Relations and Strategic Planning Unit

Name, Surname	E-mail address	Phone Number
Hale TUNABOYLU	hale.tunaboylu@yapikredi.com.tr	(212) 339 76 47
Gülsevin TUNCAY YILMAZ	gulsevin.yilmaz2@yapikredi.com.tr	(212) 339 73 23
Pınar CERİTOĞLU	pinar.ceritoglu@yapikredi.com.tr	(212) 339 76 66
Feride TELCİ	feride.telci@yapikredi.com.tr	(212) 339 76 88

3. Exercise of Shareholders' Right to Obtain Information

Yapı Kredi informs shareholders regularly through phone calls, e-mails, the internet, press releases as well as one-on-one and group meetings.

Yapı Kredi has two regularly updated websites, one in Turkish (www.yapikredi.com.tr) and the other in English (www.yapikredi.com.tr/en-us). These websites contain general information about Yapı Kredi as well as detailed information on the banking services provided.

Both the Turkish and English websites have a dedicated investor relations section which includes information on Yapı Kredi's corporate profile, shareholding structure, financials and share price.

Yapı Kredi's English investor relations website also includes periodic investor presentations and announcements to inform investors regarding the latest developments at Yapı Kredi.

The appointment of a special auditor has not been stipulated as an individual right in the Bank's Articles of Association. However, shareholders can exercise this right pursuant to Article 348 of the Turkish Commercial Code and Article 11 of the Capital Markets Law. In 2011, no requests were made for the appointment of a special auditor.

4. Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on 31 March 2011. Shareholders attended this meeting with an 87.77% majority, while no stakeholder or media representative attended. In accordance with the applicable law and the Bank's Articles of Association, invitation to the meeting was made via the Turkish Trade Registry Gazette, national newspapers and the Istanbul Stock Exchange.

At the Annual Shareholders' Meeting, regular articles were discussed and approved. Additionally, the dividend distribution policies for 2011 and beyond as well as the Bank's Disclosure Policy were presented. Shareholders were also informed that possible changes could be made to the Bank's Disclosure Policy by the Board of Directors in order to comply with Capital Market regulations.

Corporate Governance Principles Compliance Report

The annual report, containing the date and the agenda of the meeting, balance sheet, income statement and auditor reports was made available for the examination of shareholders at the Bank's Head Office, İzmir and Ankara Kızılay branches as well as on its website 15 days prior to the Annual Shareholders' Meeting.

5. Voting and Minority Rights
Yapı Kredi has no privileged shares. Minority shares are not represented in management. There is no cross-shareholding between the Bank and its subsidiaries and thus no such votes were cast at the most recent Annual Shareholders' Meeting. The Bank's Articles of Association does not provide for cumulative voting.

6. Dividend Policy and Dividend Distribution Date
Principles regarding the Bank's dividend distribution are set out in Article 78 of the Bank's Articles of Association. In this respect, shareholders are, taking into consideration the growth of the Bank towards its targets as well as its financing requirements, authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase, whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase. Shareholders can decide to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves in accordance with Article 80 of the Articles of Association. Information regarding 2011 dividend distribution can be found in Yapı Kredi's annual report.

The dividend policy of the Bank is set out in such a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors considering economic conditions and the projects and funds on the agenda.

7. Transfer of Shares
There are no provisions in Yapı Kredi's Articles of Association that restrict transfer of shares.

8. Company Disclosure Policy
Yapı Kredi's Disclosure Policy is prepared with the objective of pursuing an effective communication policy in accordance with relevant regulations and is available on the Bank's website.

Yapı Kredi undertakes all public disclosure and provision of information to shareholders under the supervision of its Compliance Office. By the authorisation of the Board of Directors, the Compliance Officer and the Head of the Subsidiaries and Shareholder Relations Unit are identified as authorised signatories and responsible for public disclosures. In addition, the Investor Relations and Strategic Planning Unit strives to disclose detailed information regarding the Bank and the sector in a transparent, complete and timely manner.

9. Disclosures
In 2011, 54 official disclosures were made about various topics and no additional disclosures were requested. Share price sensitive disclosures were translated into English, posted on the Bank's English investor relations website (10 posts) and e-mailed to foreign institutional investors and bank analysts.

10. Company Website and Its Contents
Information relevant to this section is presented in Section 3. Exercise of Shareholders' Right to Obtain Information of this report.

11. Disclosure of Real Persons Holding Ultimate Controlling Shares
Koç Financial Services is the majority shareholder of Yapı Kredi with 81.8% share of total capital (TL 4,347,051,284). Koç Financial Services is a 50%-50% joint venture between Koç Group and UniCredit Group.

12. Disclosure of Persons with Access to Insider Information
Members of Yapı Kredi's management and audit function as well as people with regular direct or indirect access to insider information, managerial responsibility and capability of affecting Yapı Kredi's future development and commercial objectives are included in the list of persons with managerial responsibility.

Please refer to page 40 for the related table.

13. Informing Stakeholders
Yapı Kredi employees are informed about the Bank's activities via intra-bank communication by the CEO and relevant senior management. In addition, Head Office and branch managers are regularly informed about various developments at meetings.

14. Participation of Stakeholders in Management
Yapı Kredi is a joint stock company and is managed by various executive functions. The decision-making responsibilities of these functions are initially evaluated by the relevant management and then submitted for the approval of the related decision making body.

15. Human Resources Policy
Aware that human resources is the most important element for Yapı Kredi to perform and improve its operations, the Bank's human resources policies and practices are based on the following principles:
- Selecting employees with suitable qualifications,
- Creating a work environment where employees can utilise and improve their skills and capabilities,
- Providing training opportunities for career management and preparation for higher positions,
- Laying the foundation for creation and expression of new ideas and problem solving in an environment of mutual respect, trust, understanding and effective communication,
- Implementing systems that encourage and reward success,
- Ensuring that the Bank's values are embraced by employees and taking necessary measures to improve processes,
- Ensuring that equal opportunities are offered in all situations.

16. Customer and Supplier Relations
For Yapı Kredi, customer satisfaction is a continuous area of improvement and an indispensable prerequisite of sustainable performance. Customer satisfaction, expectations and service quality are measured and analysed in detail at Bank, customer and branch level. In addition, training programmes and mystery customer analysis are performed at branches and the call center to ensure a high standard of customer service.

Customer complaints are examined, resolved and necessary measures are taken to prevent reoccurrence. Furthermore, through periodic surveys, the Bank's reputation among Yapı Kredi customers and suppliers is monitored.

17. Social Responsibility
Yapı Kredi, through its corporate social responsibility approach, focuses on giving back to the society, providing sustainable benefits and becoming an exemplary corporate citizen.

The Bank provides financial support and gathers volunteers for social responsibility projects in the areas of education, environment, culture and arts and strives to fulfill its obligations to furthering the sustainable development target of its community. Yapı Kredi's corporate social responsibility activities are outlined in the Bank's annual report.

18. Board of Directors and its Structure
The Bank is governed and represented by the Board of Directors. Pursuant to the Bank's Articles of Association, the Board of Directors is composed of a minimum of seven and a maximum of ten individuals. Members are elected at the Annual Shareholders' Meeting for a term of maximum three years and serve until the election of their successor. A member whose term of office has expired may be re-elected. Members of the Board of Directors are elected from amongst shareholders. However, if non-shareholders are elected as members, such individuals can start serving upon becoming a shareholder. A legal entity shareholder may not be a Member of the Board of Directors. However, real persons who are representatives of a shareholding legal entity may be elected. Members of the Board of Directors are the Bank's authorised signatories in the first degree.

19. Qualifications of the Members of the Board of Directors
Members of the Board of Directors are elected in accordance with the qualifications required by the Banking Law and in line with legal practices. Pursuant to legislation, each Board Member is obliged to take an oath of duty after being appointed or elected to the post. In addition, they are also subject to the provisions of the Law no. 3628 on Declaration of Assets and Fight Against Corruption.

20. Mission, Vision and Strategic Objectives of the Company
Yapı Kredi's mission is to ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees.

Yapı Kredi's vision is to be the undisputed leader in the finance sector. Yapı Kredi's strategy is based on healthy and consistent growth, strong and sustainable profitability and superior and long-lasting customer satisfaction. Please refer to Yapı Kredi's annual report for detailed information on the Bank's strategy.

21. Risk Management Mechanism
Yapı Kredi's Credit Policy Directive reflects the Bank's views on credit underwriting procedures, common principles, and complies with effective risk management and legal practice.

The main strategies to be followed in 2012 are:
- Effective implementation of the Credit Policy Directive to reinforce the common risk management approach,
- Diversification of the loan portfolio toward less risky sectors,
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits,
- Focus on customers with better credit ratings,
- Avoidance of transactions bearing high credit and reputational risk,
- Preventative actions against new defaults in individual and SME loans,
- Timely updates to senior management to ensure effective credit risk management,
- Redesign of limit management strategies in retail loans,
- Development of underwriting and risk management policies and processes for agricultural loans,
- Ensuring sustainability in collections.

22. Authorities and Responsibilities of Members of the Board of Directors and Managers
The authorities and responsibilities of Members of the Board of Directors and managers are stipulated in the relevant articles of the Bank's Articles of Association and determined in line with the relevant laws and regulations. These individuals are responsible to fulfill their duties, within the scope of their authority, in line with the Bank's Articles of Association, laws and regulations.

23. Operating Principles of the Board of Directors
The Board of Directors convenes upon the invitation of the Chairman as the operations of the Bank necessitate and at least 10 times a year. The Board of Directors convenes subject to the meeting quorum of at least one more than half the total number of members.

Meeting invitations are sent to all Members and Statutory Auditors before the meeting date on behalf of the Chairman. Matters to be discussed are collected with the related documents. Upon the Chairman's approval, the meeting agenda is sent to all Members and Statutory Auditors prior to the meeting. During the signing of the minutes by the attendees, Members who vote against an adopted resolution, should state and undersign the reasons for their opposition thereof.

24. Non-compete and Non-transaction Rules
At the Annual Shareholders' Meeting held on 31 March 2011, the right to conduct transactions was granted to the Members of the Board of Directors according to article 334 and 335 of the Turkish Commercial Code.

25. Code of Ethics
Ethics are moral principles governing behaviour and they constitute the basis for individual and social relationships. Yapı Kredi's code of ethics are a part of the Bank's personnel policies, principles and regulations and have been accepted by all employees. Information on the Bank's code of ethics is available on the Bank's website.

26. Number, Structure and Independence of Committees Formed by the Board of Directors
The aim of the committees established by the Board of Directors is to provide support during the decision-making process, evaluate proposals to be submitted for approval to the Bank's related functions and make decisions in their own areas of responsibility in accordance with the authorities delegated by the Board of Directors. The committees are responsible for acting in compliance with the Banking Law and related regulations while carrying out their functions within the framework of the Corporate Governance Principles. Detailed information about the committees can be found in the Board of Directors and Committees section of the Bank's annual report.

27. Remuneration of the Board of Directors
Members of the Board of Directors have the right to receive dividends reserved in accordance with Article 78 of the Bank's Articles of Association. In addition, they receive attendance fees determined at the Annual Shareholders' Meeting.

Corporate Governance Principles Compliance Report

LIST OF PERSONS WITH MANAGERIAL RESPONSIBILITY	
Mustafa V. Koç(1)	Chairman of the Board of Directors
Gianni F. G. Papa	Vice Chairman of the Board of Directors
H. Faik Açıkalın	Chief Executive Officer (CEO)
Carlo Vivaldi	Executive Director and Deputy CEO
F. Füsun Akkal Bozok	Member of the Board of Directors
Ahmet Fadıl Ashaboğlu	Member of the Board of Directors
O. Turgay Durak	Member of the Board of Directors
Massimiliano Fossati	Member of the Board of Directors
Francesco Giordano	Member of the Board of Directors
Vittorio G. M. Ogliengo	Member of the Board of Directors
Mehmet Güray Alpkaya	Assistant General Manager - Corporate Sales
Marco Cravario	Assistant General Manager - Financial Planning and Administration (CFO)
Yakup Doğan	Assistant General Manager - Alternative Delivery Channels
Mehmet Murat Ermert	Assistant General Manager - Corporate Communications
Mert Güvenen	Assistant General Manager - Corporate and Commercial Banking
Süleyman Cihangir Kavuncu	Assistant General Manager - Human Resources and Organisation
Mert Öncü(2)	Assistant General Manager - Treasury
Mehmet Erkan Özdemir	Assistant General Manager - Compliance Officer
Stefano Perazzini	Assistant General Manager - Internal Audit
Yüksel Rizeli	Assistant General Manager - Information Technologies and Operations
Cemal Aybars Sanal	Assistant General Manager - Legal
Wolfgang Schilk	Assistant General Manager - Risk Management (CRO)
Zeynep Nazan Somer	Assistant General Manager - Retail Banking
Feza Tan	Assistant General Manager - Corporate and Commercial Credits
Selim Hakkı Tezel	Assistant General Manager - Retail Credits
Mert Yazıcıoğlu(2)	Assistant General Manager - Private Banking and Wealth Management
Cahit Erdoğan	Head of Information Technologies (CIO)
Adil G. Öztoprak	Statutory Auditor
Abdullah Geçer	Statutory Auditor

(1) Based on the decision of the Board of Directors dated 29 July 2011, Mustafa V. Koç has been appointed as Chairman of the Board of the Directors and Tayfun Bayazıt, previously appointed as Chairman and a Member of the Board of Directors, was relieved of this duty based on his resignation dated 1 August 2011.
(2) Based on the decision of the Board of Directors dated 27 April 2011, Mert Yazıcıoğlu, formerly Assistant General Manager in charge of Treasury, has been appointed as Assistant General Manager in charge of Private Banking and Wealth Management following resignation of Erhan Özçelik on 30 April 2011. In addition, based on the same Board of Directors decision, Mert Öncü, formerly the Head of Money and FX Markets has been appointed as Assistant General Manager in charge of Treasury.

Part III

Financial Information and Risk Management

Statutory Auditors' Report

To the Council of the Shareholders' Meeting,

We hereby submit for your esteemed information and opinion the results of the audit performed for the fiscal year between the dates 01.01.2011 - 31.12.2011 on the accounts and transactions of Yapı ve Kredi Bankası A.Ş. in accordance with the Turkish Commercial Law, the Banking Law, Capital Markets Law, the Articles of Association of the Company and the other relevant legislation.

It is thus observed that;

- The books and records to be kept mandatorily pursuant to the Turkish Commercial Code, the Banking Law and the other legislation were kept duly and regularly, and the documents authenticating and verifying the records were maintained orderly;
- The resolutions regarding the management of the Company were recorded in the book of resolutions, which was kept duly;
- The information and the related notes in the the Board of Directors' Report and the balance sheet, dated 31.12.2011, and the Annual Income Statement for 2011 attached to the Board of Directors' Report were in compliance with the accounting records.
- The attached balance sheet, issued as of 31.12.2011, which the auditing was based upon, demonstrates the actual financial status of the company on the mentioned date, and the income statement for the fiscal year between the dates 01.01.2011-31.12.2011 indicates the actual operating results of the company on the mentioned period in an accurate and realistic fashion.
- The dividend distribution proposal by the Board of Directors was found to be appropriate in accordance with the related laws and the Articles of Association of the Company.

Therefore, we kindly submit the Balance Sheet and the Income Statement for your approval and request the Board of Directors to be acquitted.

29.02.2012

Abdullah Geçer
Auditor

Adil G. Öztoprak
Auditor

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

Yapı Kredi's vision in internal audit is to operate at a world-class level by fulfilling the expectations of all stakeholders, primarily the Audit Committee, Board of Directors, legal entities and external auditors. The Bank received an opinion of conformity to international audit standards in 2007 by Deloitte in a Quality Assessment Review. In addition, Yapı Kredi, a leading bank in terms of internal audit quality, received an award in May 2011 by the Turkish Institute of Internal Auditors (a member of the Institute of Internal Auditors) for creating awareness in this regard.

Internal audit activities are performed by 135 experienced auditors with the aim of ensuring compliance with internal regulations and procedures, legislations and international standards. In addition, the effectiveness and adequacy of management procedures and business processes is evaluated from a risk perspective. Yapı Kredi's internal audit approach includes regular audit, process audit, investigations and follow-up audit. The risks detected during audits are submitted to senior management via audit reports.

Regular audits and process audits are scheduled based on an annual Audit Plan. Business Unit Risk Assessment Meetings are held with senior management each year to determine the unit's risk priorities and form the Audit Plan accordingly, including follow-up of corrective actions on previously identified risks. The Audit Plan is submitted to the Board of Directors and shareholders for approval via the Audit Committee. In addition, internal audit reports are submitted to the Board of Directors at least four times a year via the Audit Committee.

In 2011, parallel to the annual target, 604 regular/50 follow-up branch audits, 37 regular/process/follow-up Head Office audits and 99 regular/process/follow-up/agency/branch subsidiary audits were completed. In addition, 63 Bank and 8 subsidiary investigations/inquiries were completed.

Internal audit improvements continued in 2011 with redesign of the audit methodology at private banking centers and a new method was formed especially tailored to address the specific risks at these branches. In addition, an audit list with branch control points was reviewed and updated at the beginning of the year.

In 2011, an important responsibility assigned to the Audit Committee by the Bank was execution of the Management Assertion project requested by the Banking Regulation and Supervision Agency (BRSA). In this context, the Audit Committee performed audits including test of controls and submitted the results to the Board of Directors.

The Audit Certification Program, launched in 2010, continued throughout 2011 in collaboration with Boğaziçi University and the Turkish Institute of Internal Auditors with the necessary time allocated in the Audit Plan.

Yapı Kredi's internal control activities are executed under the Audit Committee's direct governance. In 2011, treasury, credits, credit cards, accounting, financial reporting, payments/expenses, branches/central operations, information technologies and subsidiaries were monitored to ensure compliance with the Banking Law, legal requirements in other banking laws and regulations and bank policies/implementation methods.

In 2011, the On-site Branch Audit Unit and the Internal Control Deposit Unit (compliance/deposit account controlling) were formed with 25 employees. In this period, the Fraud Prevention Unit contributed significantly by performing periodic controls to prevent fraud. Moreover, following integration with internal control at the beginning of 2010, the Alternative Delivery Channels Security Unit continued to detect and prevent suspicious cases in internet banking transactions and started to also monitor ATM and call center fraud as well as credit card losses in 2011.

Internal control activities are undertaken by 67 employees, including the department head. Daily, weekly, monthly and periodic on-site/remote controls are performed in indentified areas according to a specific work schedule. Findings are reported to related management and employees on a timely basis in order to ensure necessary improvements. In 2011, branch audits were continued pursuant to BRSA regulation. Following a risk evaluation, 160 branches were chosen and on-site audits were performed.

Yapı Kredi's risk management activities are executed under the Audit Committee's governance. The objective in risk management is to measure, monitor, report and mitigate risks that the Bank is exposed to. Risk management is separated into credit, operational and market risk and carried out by 48 employees.

The Credit Policy Directive, which reflects the Bank's risk appetite, was updated and became operational following approval by the Board of Directors in 2011. The Credit Policy Directive is based on preserving/improving asset quality, supporting effective risk management and compliance with legal practices. In summary, credit policies include all lending related common standards, limitations and principles at Bank level.

In credit risk management, the main objective is to set, measure, monitor and control credit risk with the help of efficient and well functioning rating/scoring models, strategies, processes and information technologies infrastructure.

In 2011, rating/scoring systems for corporate and commercial banking, SME banking and individual banking were developed fully through internal resources.

A new monitoring system was developed in order to follow-up the risk performance of existing customers and take timely corrective actions. The new tool tracks anomalies daily and responds automatically. Additionally, efficiency improvement of underwriting, simplification of strategies as well as revision of limit management/collection strategies was undertaken for retail loan products.

Ensuring Basel-II compliance of the Bank's internal rating based approach is one of the roles of credit risk management. In this context, a new information technologies infrastructure was formed to calculate the expected loss for each account, customer and portfolio.

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

Yapı Kredi's objective in operational risk is to identify, measure and mitigate operational and information technologies risks at Bank and subsidiary level as well as ensuring Basel-II compliance and coordination of business continuity. Policies regarding operational risk, information technologies risk and business continuity are reviewed every year, updated if necessary and submitted to the approval of the Board of Directors.

Operational risk coordinates compliance to the Basel-II advanced measurement approach. In this regard, the Bank's operational risk losses and key risk indicators are monitored, scenario analysis and risk based insurance management are done to effectively mitigate risks. Information technologies risk map and action plan are made every year and submitted to senior management and the Board of Directors. Activities in operational risk and business continuity are submitted to senior management on a monthly basis and to the Board of Directors on a quarterly basis via the Audit Committee.

Yapı Kredi's market risk management activities are concentrated on measuring balance sheet risks arising from price, interest rate and exchange rate volatility in financial markets and evaluating the effect of these risks on liquidity. In this regard, market risk, liquidity, risk reduction techniques and mark-to-market policies as well as product trees were updated in December 2011 and approved by the Board of Directors.

Market risk activities also comprise preparation of market risk reports for regulatory bodies and harmonisation of advanced measurement techniques for Basel-II. In this regard, measurement of risk using advanced measurement techniques, daily limit controls, various scenario analysis and stress tests are undertaken. All calculation and analyses are presented daily/weekly to senior management and to the Board of Directors via the Audit Committee.

Risk Management Policies

Yapı Kredi's risk management policy entails the full commitment of all employees. The relevant directive establishes the responsibilities/functions of the Board of Directors, senior management, the Audit Committee and the Executive Committee. In accordance with this directive, any breach of limit or policy is reported to management and the Executive Committee in a timely manner.

The Credit Policy Directive, which reflects the Bank's risk appetite, was updated and became operational following approval by the Board of Directors in 2011. The Credit Policy Directive is based on preserving/improving asset quality, supporting effective risk management and compliance with legal practices. It also includes organisation-wide common standards, limitations and principles to be followed in lending activity.

Yapı Kredi's main objective in credit risk management is to measure, monitor and control credit risk and react in a timely manner with the help of efficient and well functioning rating/scoring models, strategies and processes. Concepts which were introduced with Basel-II, including Loss Given Default (LGD), Risk Given Default (RGD) and Expected Loss (EL) are also included in these policies.

The main strategies to be followed in 2012 are:

- Effective implementation of the Credit Policy Directive to reinforce the common risk management approach,
- Diversification of the loan portfolio toward less risky sectors,
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits,
- Focus on customers with better credit ratings,
- Avoidance of transactions bearing high credit and reputational risk,
- Preventative actions against new defaults in individual and SME loans,
- Timely updates to senior management to ensure effective credit risk management,
- Redesign of limit management strategies in retail loans,
- Development of underwriting and risk management policies and processes for agricultural loans,
- Ensuring sustainability in collections.

In market risk, limits stipulated by risk management policies are monitored, impact of interest rate/currency/stock price fluctuations on the trading portfolio are measured and findings are reported to senior management. Every year, in parallel to the budget process, market risk policies are revised; expectations and risks to which the Bank is exposed to are defined in detail. Market risk policies include the risk limits set according to the budget, the measurement methods used as well as the function/authorisation of related units and committees. The Executive Committee plays an active role in risk management.

In operational risk, a framework has been in effect since 2006 including a set of policies and procedures to control, measure and mitigate the Group's operational risk. Every year, the policies are reviewed and updated as necessary.

Operational risk policies cover organisation-wide principles and standard regarding responsibilities of the operational risk unit and management; strategy, policy and investments for control and management of operational and information technologies risk; frequency, content and recipients of operational and information risk reports.

Business continuity management policy is formed to minimise risks that might endanger the continuity of the Bank's activities and ensure recovery of critical services/products in the desired time span in case of disruption. This policy is regularly updated and approved by the Board of Directors.

Financial Review

Based on Banking Regulation and Supervision Agency (BRSA) consolidated financial results dated 31 December 2011, Yapı Kredi reported TL 2.3 billion net income with an annual increase of 2% and return on average equity of 21.7%. The Bank's total assets reached TL 117 billion with an annual increase of 27%.

Yapı Kredi posted TL 6,648 million revenues in 2011 driven by increasing contribution of core revenues. The Bank achieved 13% annual increase in net fees and commissions and 5% annual increase in net interest income on the back of effective net interest margin management. Meanwhile, Yapı Kredi recorded a limited below inflation cost growth of 8% incorporating continuing investments for growth and Cost/Income ratio of 44%. In 2011, fees and commissions to operating expenses ratio, the highest in the sector, further increased to 68% (2010: 65%).

Yapı Kredi continued its customer oriented banking approach and increased the share of loans in total assets to 59% while decreasing the share of securities in total assets to 18%. Total loans increased 28% annually to TL 69.3 billion. In total loans, the Bank ranks fifth with market share of 10.3% as of the end of 2011. In local currency lending, general purpose loans (TL 5.6 billion, 63% annual increase) and SME loans (TL 9.9 billion, 50% annual increase) were the main drivers of growth. In foreign currency lending, the Bank increased project finance loans by 61% to US$ 5.8 billion.

Yapı Kredi's total deposits increased above sector by 20% annually to TL 66.2 billion and constituted 56% of total liabilities. In total deposits, the Bank increased its market share by 56 basis points up to 9.2% and ranks sixth in the sector. The share of demand deposits in total deposits was above sector at 17% and share of deposits with longer than three months maturity reached 15% (2010: 5%).

Diversification of funding remained a key focus area in 2011. In terms of international funding, the Bank successfully renewed its syndications totalling US$2.7 billion with improved pricing and obtained a new long-term securitisation of US$510 million. In terms of domestic funding, the Bank issued a total of TL 1.2 billion bonds.

As of the end of 2011, Yapı Kredi's capital adequacy ratio was 14.9% at Group level and 14.7% at Bank level.

In 2011, the Bank maintained a positive trend in asset quality driven by decelerating non-performing loan (NPL) inflows, solid collections and sale of a TL 290 million credit card and individual NPL portfolio. As of the end of 2011, Yapı Kredi's NPL ratio improved to 3.0% (2010: 3.4%). Specific and general coverage of NPLs was realised at 111%.

Yapı Kredi continued to progress in commercial effectiveness in 2011. Loans per employee increased 25%, deposits per employee increased 17% and core revenues per employee increased 6% annually. In 2011, the Bank improved its ranking by one notch up to second place in terms of revenues per employee and by one notch up to fifth place in terms of deposits per employee.

Yapı Kredi continued branch expansion throughout the year and reached 964 branches at Group level (including subsidiaries) and 907 branches at Bank level with 39 net openings. Yapı Kredi has the fifth largest branch network in Turkey with 9.2% market share as of the end of 2011. In addition, the Bank has strong non-branch channels including the fifth largest ATM network (2,697 ATMs), an award winning internet banking customised for retail and corporate customers, leading mobile banking and two call centers. As of the end of 2011, 78% of total banking transactions were realised through non-branch channels.

Five Year Summary Financial Highlights

(TL million)	2007	2008	2009	2010	2011
Total Assets	56,130	70,872	71,734	92,814	117,450
Loans	28,733	38,910	38,863	54,243	69,326
Deposits	33,706	44,023	43,375	55,207	66,187
Shareholders' Equity	5,004	6,864	8,486	10,746	12,635
Net Income / (Loss)	1,019	1,265	1,553	2,255	2,291
Number of Group Branches	738	930	901	927	964
Number of Group Employees	16,779	17,385	16,749	16,821	17,350

Note: Based on consolidated Banking Regulation and Supervision Agency financials

Credit Ratings

MOODY'S	Rating	Outlook
Financial Strength Rating	D+	Stable
Long-Term Foreign Currency Deposit	Ba3	Positive
Short-Term Foreign Currency Deposit	NP(1)	Stable
Long-Term Local Currency Deposit	Baa2(2)	Stable
Short-Term Local Currency Deposit	Prime-2(1)(2)	Stable
National Scale	Aa2.tr(2)	

STANDARD&POOR'S		
Long-Term Foreign Currency Counterparty	BB	Positive
Short-Term Credit Rating on the International Scale	B	
Long-Term Credit Rating on the Turkish Scale	trAA	
Short-Term Credit Rating on the Turkish Scale	trA-1	

FITCH RATINGS		
Long-Term Foreign Currency	BBB-	Stable
Short-Term Foreign Currency	F3	
Long-Term Local Currency	BBB	Negative
Short-Term Local Currency	F3	
Individual	C	
Support	2	
National Long-Term	AAA(tur)	Stable

(1) NP stands for Not Prime. Not Prime means that issuers do not fall within any of the Prime rating categories. Prime-2 means that issuers have a strong ability to repay short-term debt obligations.
(2) Placed under review for downgrade on 16 November 2011, following the placing on review of the financial strength rating of one of Yapı Kredi's main shareholders, UniCredit SpA, as Yapı Kredi's rating incorporates a one-notch parental support uplift. Yapı Kredi's other ratings related to the Bank's financial and commercial performance were not impacted.

Yapı ve Kredi Bankası A.Ş.
Unconsolidated independent audit report at December 31, 2011

(Convenience translation of the independent auditor's 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 audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 2011, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

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

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

Selim Elhadef
Partner, SMMM

Istanbul, February 23, 2012

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

Yapı ve Kredi Bankası A.Ş.

The unconsolidated financial report at December 31, 2011

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

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

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

M. Gökmen UÇAR
Financial Reporting and Accounting
Executive Vice President

Gianni F. G. PAPA
President of Audit Committee

Francesco GIORDANO
Member of Audit Committee

Füsun Akkal BOZOK
Member of Audit Committee

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

Name-Surname/Title : Aysel TAKTAK/Regulatory Reporting Manager
Telephone Number : 0212 339 63 29/0212 339 78 20
Fax Number : 0212 339 61 05

Section one
General information about the Bank

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status, if any	50
II.	Explanation about the Bank's capital structure shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling group of the Bank	50
III.	Explanations regarding the board of directors, members of the audit committee, chief executive officer and executive vice presidents, and their areas of responsibility and shares if any	50
IV.	Information on the individual and corporate shareholders having control shares of the Bank	51
V.	Summary information on the Bank's activities and service types	51

Section two
Unconsolidated financial statements

I.	Balance sheet	52
II.	Off-balance sheet commitments	54
III.	Income statement	55
IV.	Statement of income and expense items accounted under shareholders' equity	56
V.	Statement of changes in shareholders' equity	57
VI.	Statement of cash flows	59
VII.	Profit appropriation statement	60

Section three
Explanations on accounting policies

I.	Basis of presentation	61
II.	Explanations on strategy of using financial instruments and foreign currency transactions	61
III.	Explanations on investments in associates, subsidiaries and joint ventures	61
IV.	Explanations on forward and option contracts and derivative instruments	62
V.	Explanations on interest income and expense	63
VI.	Explanations on fee and commission income and expense	63
VII.	Explanations on financial assets	63
VIII.	Explanations on impairment of financial assets	64
IX.	Explanations on offsetting financial assets	64
X.	Explanations on sales and repurchase agreements and securities lending transactions	64
XI.	Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	64
XII.	Explanations on goodwill and other intangible assets	65
XIII.	Explanations on property and equipment	65
XIV.	Explanations on leasing transactions	65
XV.	Explanations on provisions, contingent asset and liabilities	66
XVI.	Explanations on obligations related to employee rights	66
XVII.	Explanations on taxation	67
XVIII.	Explanations on borrowings	67
XIX.	Explanations on issuance of share certificates	68
XX.	Explanations on avalized drafts and acceptances	68
XXI.	Explanations on government grants	68
XXII.	Profit reserves and profit distribution	68
XXIII.	Earnings per share	68
XXIV.	Related parties	68
XXV.	Cash and cash equivalents	68
XXVI.	Explanations on operating segments	68
XXVII.	Reclassifications	68

Section four
Information related to financial position of the Bank

I.	Explanations on capital adequacy ratio	69
II.	Explanations on credit risk	71
III.	Explanations on market risk	74
IV.	Explanations on operational risk	75
V.	Explanations on currency risk	75
VI.	Explanations on interest rate risk	77
VII.	Explanations on liquidity risk	79
VIII.	Explanations on the presentation of financial assets and liabilities at fair values	81
IX.	Explanations on hedge accounting	83
X.	Explanations on the activities carried out on behalf of others and fiduciary transactions	84
XI.	Explanations on operating segments	85

Section five
Explanations and notes related to unconsolidated financial statements

I.	Explanations and notes related to assets	86
II.	Explanations and notes related to liabilities	97
III.	Explanations and notes related to off-balance sheet accounts	103
IV.	Explanations and notes related to income statement	106
V.	Explanations and notes related to statement of changes in shareholders' equity	110
VI.	Explanations and notes related to statement of cash flows	110
VII.	Explanations and notes related to the Bank's risk group	111
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank	113
IX.	Explanations and notes related to subsequent events	113

Section six
Other explanations

I.	Other explanations on the Bank's operations	114

Section seven
Independent auditor's report

I.	Independent auditor's report	114
II.	Explanations and notes prepared by independent auditor	114

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Section one

General information about the Bank

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

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

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

The Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted in London Stock Exchange. As of December 31, 2011, 18,20% of the shares of the Bank are publicly traded (December 31, 2010: 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCI") 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 UCI over KFS.

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

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

As of December 31, 2011, the Bank's Board of Directors, Members of the Audit Committee and General Manager and Assistant General Managers are as follows:

Board of Directors Members:

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

General Manager and Assistant General Managers:

Name	Responsibility
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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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

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

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

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

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

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

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

As of December 31, 2011, the Bank has 906 branches operating in Turkey and 1 branch in off-shore region (December 31, 2010-867 branches operating in Turkey, 1 branch in off-shore region). As of December 31, 2011, the Bank has 14.859 employees (December 31, 2010-14.411 employees).

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2011 and 2010

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

Section two
Unconsolidated financial statements

I. Balance sheet

					(31/12/2011)			(31/12/2010)
	Assets	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Cash and balances with Central Bank**	**I-a**	**4.652.286**	**5.082.419**	**9.734.705**	**2.558.309**	**3.345.174**	**5.903.483**
II.	**Financial assets at fair value through profit or (loss) (net)**	**I-b**	**346.723**	**100.799**	**447.522**	**777.810**	**104.311**	**882.121**
2.1	Trading financial assets		346.723	100.799	447.522	777.810	104.311	882.121
2.1.1	Government debt securities		139.501	27.459	166.960	159.875	60.999	220.874
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		207.222	70.694	277.916	617.935	43.112	661.047
2.1.4	Other marketable securities		-	2.646	2.646	-	200	200
2.2	Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**Banks**	**I-c**	**133.164**	**1.680.515**	**1.813.679**	**69.745**	**994.796**	**1.064.541**
IV.	**Money markets**		**2.101.360**	**36.835**	**2.138.195**	**949.427**	**-**	**949.427**
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	36.835	36.835	-	-	-
4.3	Receivables from reverse repurchase agreements		2.101.360	-	2.101.360	949.427	-	949.427
V.	**Financial assets available-for-sale (net)**	**I-d**	**5.990.836**	**1.065.625**	**7.056.461**	**4.086.092**	**847.152**	**4.933.244**
5.1	Share certificates		3.912	186	4.098	2.903	156	3.059
5.2	Government debt securities		4.588.785	741.454	5.330.239	3.027.506	541.549	3.569.055
5.3	Other marketable securities		1.398.139	323.985	1.722.124	1.055.683	305.447	1.361.130
VI.	**Loans and receivables**	**I-e**	**44.738.510**	**23.041.301**	**67.779.811**	**34.574.736**	**18.040.424**	**52.615.160**
6.1	Loans and receivables		44.170.083	22.874.788	67.044.871	34.180.130	18.008.809	52.188.939
6.1.1	Loans to bank's risk group		372.793	853.334	1.226.127	722.352	284.021	1.006.373
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		43.797.290	22.021.454	65.818.744	33.457.778	17.724.788	51.182.566
6.2	Loans under follow-up		1.835.600	244.313	2.079.913	1.766.342	94.322	1.860.664
6.3	Specific provisions (-)		(1.267.173)	(77.800)	(1.344.973)	(1.371.736)	(62.707)	(1.434.443)
VII.	**Factoring receivables**		**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Held-to-maturity investments (net)**	**I-f**	**3.428.099**	**9.109.326**	**12.537.425**	**5.245.468**	**7.285.189**	**12.530.657**
8.1	Government debt securities		3.428.099	9.109.326	12.537.425	5.245.468	7.285.189	12.530.657
8.2	Other marketable securities		-	-	-	-	-	-
IX.	**Investments in associates (net)**	**I-g**	**4.503**	**43.404**	**47.907**	**3.940**	**43.404**	**47.344**
9.1	Consolidated based on equity method		-	-	-	-	-	-
9.2	Unconsolidated		4.503	43.404	47.907	3.940	43.404	47.344
9.2.1	Investments in financial associates		4.503	43.404	47.907	3.940	43.404	47.344
9.2.2	Investments in non-financial associates		-	-	-	-	-	-
X.	**Subsidiaries (net)**	**I-h**	**1.392.800**	**408.423**	**1.801.223**	**1.392.800**	**397.041**	**1.789.841**
10.1	Unconsolidated financial subsidiaries		1.390.500	408.423	1.798.923	1.390.500	397.041	1.787.541
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	**Joint ventures (net)**	**I-i**	**19.623**	**-**	**19.623**	**24.592**	**-**	**24.592**
11.1	Accounted based on equity method		-	-	-	-	-	-
11.2	Unconsolidated		19.623	-	19.623	24.592	-	24.592
11.2.1	Financial joint ventures		19.623	-	19.623	24.592	-	24.592
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	**Lease receivables**	**I-j**	**-**	**-**	**-**	**-**	**-**	**-**
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	**Derivative financial assets held for hedging**	**I-k**	**376.973**	**362**	**377.335**	**34.463**	**3.738**	**38.201**
13.1	Fair value hedge		369.747	-	369.747	34.463	-	34.463
13.2	Cash flow hedge		7.226	362	7.588	-	3.738	3.738
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	**Property and equipment (net)**	**I-l**	**1.009.450**	**-**	**1.009.450**	**1.104.973**	**-**	**1.104.973**
XV.	**Intangible assets (net)**	**I-m**	**1.261.854**	**-**	**1.261.854**	**1.229.401**	**-**	**1.229.401**
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		282.361	-	282.361	249.908	-	249.908
XVI.	**Investment property (net)**	**I-n**	**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**Tax asset**		**236.753**	**-**	**236.753**	**215.964**	**-**	**215.964**
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset	I-o	236.753	-	236.753	215.964	-	215.964
XVIII.	**Assets held for resale and related to discontinued operations (net)**	**I-p**	**100.396**	**-**	**100.396**	**79.377**	**-**	**79.377**
18.1	Held for sale purposes		100.396	-	100.396	79.377	-	79.377
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	**Other assets**	**I-r**	**540.932**	**1.199.706**	**1.740.638**	**546.620**	**821.200**	**1.367.820**
	Total assets		**66.334.262**	**41.768.715**	**108.102.977**	**52.893.717**	**31.882.429**	**84.776.146**

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2011 and 2010

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

I. Balance sheet

			(31/12/2011)			(31/12/2010)		
	Liabilities	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Deposits**	**II-a**	**35.036.377**	**28.481.007**	**63.517.384**	**32.345.382**	**20.379.150**	**52.724.532**
1.1	Deposits of the Bank's risk group		3.653.673	3.662.205	7.315.878	4.096.117	2.753.585	6.849.702
1.2	Other		31.382.704	24.818.802	56.201.506	28.249.265	17.625.565	45.874.830
II.	**Derivative financial liabilities held for trading**	**II-b**	**392.517**	**78.773**	**471.290**	**290.361**	**42.773**	**333.134**
III.	**Funds borrowed**	**II-c**	**758.034**	**12.964.666**	**13.722.700**	**967.174**	**7.405.771**	**8.372.945**
IV.	**Money markets**		**903.756**	**5.013.930**	**5.917.686**	**44.350**	**2.915.611**	**2.959.961**
4.1	Funds from interbank money market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements		903.756	5.013.930	5.917.686	44.350	2.915.611	2.959.961
V.	**Marketable securities issued (net)**	**II-d**	**1.096.306**	**-**	**1.096.306**	**-**	**-**	**-**
5.1	Bills		951.956	-	951.956	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		144.350	-	144.350	-	-	-
VI.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**Miscellaneous payables**		**3.806.098**	**601.709**	**4.407.807**	**3.261.858**	**677.040**	**3.938.898**
VIII.	**Other liabilities**	**II-e**	**726.204**	**823.955**	**1.550.159**	**699.659**	**314.021**	**1.013.680**
IX.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**Lease payables (net)**	**II-f**	**-**	**28.597**	**28.597**	**-**	**16.044**	**16.044**
10.1	Financial lease payables		-	29.745	29.745	-	16.430	16.430
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		-	(1.148)	(1.148)	-	(386)	(386)
XI.	**Derivative financial liabilities held for hedging**	**II-g**	**62.652**	**440.189**	**502.841**	**352.025**	**101.638**	**453.663**
11.1	Fair value hedge		18.959	-	18.959	313.917	-	313.917
11.2	Cash flow hedge		43.693	440.189	483.882	38.108	101.638	139.746
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	**Provisions**	**II-h**	**1.970.870**	**436.151**	**2.407.021**	**1.904.100**	**375.417**	**2.279.517**
12.1	General loan loss provision		669.793	372.211	1.042.004	521.573	298.726	820.299
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		183.428	-	183.428	162.205	-	162.205
12.4	Insurance technical provisions (net)		-	-	-	-	-	-
12.5	Other provisions		1.117.649	63.940	1.181.589	1.220.322	76.691	1.297.013
XIII.	**Tax liability**	**II-i**	**257.184**	**-**	**257.184**	**255.798**	**-**	**255.798**
13.1	Current tax liability		257.184	-	257.184	255.798	-	255.798
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	**Liabilities for property and equipment held for sale and related to discontinued operations (net)**		**-**	**-**	**-**	**-**	**-**	**-**
14.1	Held for sale		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	**Subordinated loans**	**II-j**	**-**	**2.523.816**	**2.523.816**	**-**	**2.110.274**	**2.110.274**
XVI.	**Shareholders' equity**	**II-k**	**12.048.409**	**(348.223)**	**11.700.186**	**10.325.912**	**(8.212)**	**10.317.700**
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		646.771	(348.223)	298.548	716.069	(8.212)	707.857
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	(127.548)	44.104	(83.444)	101.047	84.026	185.073
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)		83.797	(392.327)	(308.530)	(9.590)	(92.238)	(101.828)
16.2.9	Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		146.641	-	146.641	80.731	-	80.731
16.3	Profit reserves		5.197.101	-	5.197.101	3.202.502	-	3.202.502
16.3.1	Legal reserves		266.973	-	266.973	163.959	-	163.959
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		4.930.128	-	4.930.128	3.038.543	-	3.038.543
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Income or (loss)		1.857.486	-	1.857.486	2.060.290	-	2.060.290
16.4.1	Prior years' income or (loss)		-	-	-	-	-	-
16.4.2	Current year income or (loss)		1.857.486	-	1.857.486	2.060.290	-	2.060.290
	Total liabilities and shareholders' equity		**57.058.407**	**51.044.570**	**108.102.977**	**50.446.619**	**34.329.527**	**84.776.146**

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2011 and 2010

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

II. Off-balance sheet commitments

			(31/12/2011)			(31/12/2010)		
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	**Off-balance sheet commitments (I+II+III)**		**81.037.541**	**109.504.366**	**190.541.907**	**46.765.703**	**54.018.284**	**100.783.987**
I.	**Guarantees and warranties**	**III-a-2.3**	**10.695.351**	**15.439.788**	**26.135.139**	**7.798.057**	**11.665.319**	**19.463.376**
1.1	Letters of guarantee		9.943.523	8.754.339	18.697.862	7.780.045	7.030.946	14.810.991
1.1.1	Guarantees subject to state tender law		502.263	628.039	1.130.302	510.007	596.097	1.106.104
1.1.2	Guarantees given for foreign trade operations		1.105.998	8.126.300	9.232.298	840.037	6.434.849	7.274.886
1.1.3	Other letters of guarantee		8.335.262	-	8.335.262	6.430.001	-	6.430.001
1.2	Bank acceptances		-	158.915	158.915	-	165.797	165.797
1.2.1	Import letter of acceptance		-	158.915	158.915	-	165.797	165.797
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		13.687	4.872.778	4.886.465	12.337	3.894.831	3.907.168
1.3.1	Documentary letters of credit		13.687	4.872.778	4.886.465	12.337	3.894.831	3.907.168
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Prefinancing given as guarantee		143	2.519	2.662	143	2.062	2.205
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		737.998	614.488	1.352.486	5.532	269.072	274.604
1.9	Other warranties		-	1.036.749	1.036.749	-	302.611	302.611
II.	**Commitments**	**III-a-1**	**50.502.978**	**30.333.764**	**80.836.742**	**19.805.392**	**2.750.840**	**22.556.232**
2.1	Irrevocable commitments		23.716.890	6.829.040	30.545.930	19.805.392	2.750.840	22.556.232
2.1.1	Asset purchase and sale commitments		42.700	6.067.378	6.110.078	-	2.544.040	2.544.040
2.1.2	Deposit purchase and sales commitments		1.692	301	1.993	44	9.797	9.841
2.1.3	Share capital commitments to associates and subsidiaries		1.000	-	1.000	2.000	-	2.000
2.1.4	Loan granting commitments		4.345.796	761.300	5.107.096	3.070.259	186.250	3.256.509
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		4.220.740	-	4.220.740	3.653.626	-	3.653.626
2.1.8	Tax and fund liabilities from export commitments		37.251	-	37.251	39.486	-	39.486
2.1.9	Commitments for credit card limits		13.666.113	-	13.666.113	11.706.172	-	11.706.172
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		1.401.598	61	1.401.659	1.333.805	10.753	1.344.558
2.2	Revocable commitments		26.786.088	23.504.724	50.290.812	-	-	-
2.2.1	Revocable loan granting commitments		26.786.088	23.504.724	50.290.812	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**III-b,c**	**19.839.212**	**63.730.814**	**83.570.026**	**19.162.254**	**39.602.125**	**58.764.379**
3.1	Derivative financial instruments for hedging purposes		9.094.408	29.549.643	38.644.051	3.446.632	9.397.626	12.844.258
3.1.1	Transactions for fair value hedge		2.782.808	3.424.046	6.206.854	2.106.632	2.210.606	4.317.238
3.1.2	Transactions for cash flow hedge		6.311.600	26.125.597	32.437.197	1.340.000	7.187.020	8.527.020
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		10.744.804	34.181.171	44.925.975	15.715.622	30.204.499	45.920.121
3.2.1	Forward foreign currency buy/sell transactions		4.145.190	7.055.471	11.200.661	2.332.158	3.667.734	5.999.892
3.2.1.1	Forward foreign currency transactions-buy		1.122.701	4.479.466	5.602.167	639.241	2.347.493	2.986.734
3.2.1.2	Forward foreign currency transactions-sell		3.022.489	2.576.005	5.598.494	1.692.917	1.320.241	3.013.158
3.2.2	Swap transactions related to foreign currency and interest rates		2.612.272	18.913.481	21.525.753	7.923.100	20.304.304	28.227.404
3.2.2.1	Foreign currency swap-buy		1.507.063	7.142.973	8.650.036	5.869.467	7.007.043	12.876.510
3.2.2.2	Foreign currency swap-sell		1.105.209	7.778.806	8.884.015	1.853.633	10.479.439	12.333.072
3.2.2.3	Interest rate swap-buy		-	1.995.851	1.995.851	100.000	1.408.911	1.508.911
3.2.2.4	Interest rate swap-sell		-	1.995.851	1.995.851	100.000	1.408.911	1.508.911
3.2.3	Foreign currency, interest rate and securities options		3.280.342	7.445.145	10.725.487	4.910.363	5.878.631	10.788.994
3.2.3.1	Foreign currency options-buy		1.184.157	1.911.435	3.095.592	2.205.493	2.995.826	5.201.319
3.2.3.2	Foreign currency options-sell		1.564.547	1.508.634	3.073.181	2.399.726	2.815.730	5.215.456
3.2.3.3	Interest rate options-buy		262.350	2.348.516	2.610.866	-	-	-
3.2.3.4	Interest rate options-sell		187.350	1.660.906	1.848.256	-	-	-
3.2.3.5	Securities options-buy		40.969	-	40.969	152.572	67.075	219.647
3.2.3.6	Securities options-sell		40.969	15.654	56.623	152.572	-	152.572
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		-	-	-	1	-	1
3.2.5.1	Interest rate futures-buy		-	-	-	1	-	1
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		707.000	767.074	1.474.074	550.000	353.830	903.830
B.	**Custody and pledges received (IV+V+VI)**		**101.200.873**	**27.592.127**	**128.793.000**	**99.965.963**	**20.279.816**	**120.245.779**
IV.	**Items held in custody**		**47.517.660**	**4.271.501**	**51.789.161**	**58.791.500**	**3.686.984**	**62.478.484**
4.1	Customer fund and portfolio balances		-	122	122	-	102	102
4.2	Investment securities held in custody		36.521.544	3.581.191	40.102.735	50.473.276	3.243.930	53.717.206
4.3	Checks received for collection		8.660.022	89.243	8.749.265	6.607.943	58.497	6.666.440
4.4	Commercial notes received for collection		2.330.866	575.964	2.906.830	1.707.506	363.578	2.071.084
4.5	Other assets received for collection		-	24.981	24.981	-	20.877	20.877
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		5.228	-	5.228	2.775	-	2.775
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**52.561.567**	**22.673.972**	**75.235.539**	**40.304.331**	**15.999.918**	**56.304.249**
5.1	Marketable securities		207.970	204	208.174	281.601	167	281.768
5.2	Guarantee notes		560.893	442.768	1.003.661	433.773	380.268	814.041
5.3	Commodity		38.944	-	38.944	58.680	-	58.680
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		36.292.482	16.967.526	53.260.008	27.491.727	11.473.952	38.965.679
5.6	Other pledged items		15.461.278	5.260.128	20.721.406	12.038.550	4.142.785	16.181.335
5.7	Pledged items-depository		-	3.346	3.346	-	2.746	2.746
VI.	**Accepted independent guarantees and warranties**		**1.121.646**	**646.654**	**1.768.300**	**870.132**	**592.914**	**1.463.046**
	Total off-balance sheet commitments (A+B)		**182.238.414**	**137.096.493**	**319.334.907**	**146.731.666**	**74.298.100**	**221.029.766**

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2011 and 2010

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

III. Income statement

	Income and expense items	Note (Section Five)	01/01-31/12/2011	01/01-31/12/2010
I.	**Interest income**	**IV-a**	**7.155.567**	**5.821.799**
1.1	Interest on loans	IV-a-1	5.605.263	4.547.180
1.2	Interest received from reserve deposits		-	58.035
1.3	Interest received from banks	IV-a-2	28.820	27.555
1.4	Interest received from money market transactions		31.585	44.588
1.5	Interest received from marketable securities portfolio	IV-a-3	1.488.199	1.143.270
1.5.1	Trading financial assets		21.637	12.671
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		552.054	214.041
1.5.4	Held to maturity investments		914.508	916.558
1.6	Financial lease income		-	-
1.7	Other interest income		1.700	1.171
II.	**Interest expense**	**IV-b**	**(3.845.460)**	**(2.622.197)**
2.1	Interest on deposits	IV-b-4	(3.065.998)	(2.276.496)
2.2	Interest on funds borrowed	IV-b-1	(447.192)	(291.336)
2.3	Interest expense on money market transactions		(260.696)	(42.988)
2.4	Interest on securities issued	IV-b-3	(48.236)	-
2.5	Other interest expenses		(23.338)	(11.377)
III.	**Net interest income (I + II)**		**3.310.107**	**3.199.602**
IV.	**Net fees and commissions income**		**1.826.778**	**1.596.238**
4.1	Fees and commissions received		2.157.003	1.852.003
4.1.1	Non-cash loans		223.425	198.792
4.1.2	Other	IV-l	1.933.578	1.653.211
4.2	Fees and commissions paid		(330.225)	(255.765)
4.2.1	Non-cash loans		(418)	(215)
4.2.2	Other		(329.807)	(255.550)
V.	**Dividend income**	**IV-c**	**128.203**	**155.181**
VI.	**Trading gain/(loss) (net)**	**IV-d**	**(254.708)**	**(66.638)**
6.1	Trading gains/(losses) on securities		29.035	72.385
6.2	Derivative financial transactions gains/(losses)	IV-e	(498.485)	(536.264)
6.3	Foreign exchange gains/(losses)		214.742	397.241
VII.	**Other operating income**	**IV-f**	**811.393**	**1.206.858**
VIII.	**Total operating income (III+IV+V+VI+VII)**		**5.821.773**	**6.091.241**
IX.	**Provision for impairment of loans and other receivables (-)**	**IV-g**	**(776.222)**	**(1.082.958)**
X.	**Other operating expenses (-)**	**IV-h**	**(2.690.486)**	**(2.488.515)**
XI.	**Net operating income/(loss) (VIII-IX-X)**		**2.355.065**	**2.519.768**
XII.	**Excess amount recorded as income after merger**		**-**	**-**
XIII.	**Income/(loss) from investments accounted based on equity method**		**-**	**-**
XIV.	**Income/(loss) on net monetary position**		**-**	**-**
XV.	**Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)**	**IV-i**	**2.355.065**	**2.519.768**
XVI.	**Tax provision for continuing operations (±)**	**IV-j**	**(497.579)**	**(459.478)**
16.1	Current tax provision		(420.569)	(461.928)
16.2	Deferred tax provision		(77.010)	2.450
XVII.	**Net profit/loss from continuing operations (XV±XVI)**		**1.857.486**	**2.060.290**
XVIII.	**Income from discontinued operations**		**-**	**-**
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	**Expenses from discontinued operations (-)**		**-**	**-**
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	**Profit/losses before taxes from discontinued operations (XVIII-XIX)**		**-**	**-**
XXI.	**Tax provision for discontinued operations (±)**		**-**	**-**
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	**Net profit/loss from discontinued operations (XX±XXI)**		**-**	**-**
XXIII.	**Net profit/loss (XVII+XXII)**	**IV-k**	**1.857.486**	**2.060.290**
	Earnings/(loss) per share (full TL)		0,0043	0,0047

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Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2011 and 2010

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

IV.	**Statement of income and expense items accounted under shareholders' equity**		
	Income and expense items accounted under shareholders' equity	**(31/12/2011)**	**(31/12/2010)**
I.	**Transfers to marketable securities valuation differences from financial assets available for sale**	**(333.283)**	**112.575**
II.	**Property and equipment revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Currency translation differences for foreign currency transactions**	**(1.821)**	**2.300**
V.	**Profit/loss on cash flow hedges (effective part of the fair value changes)**	**(237.914)**	**(127.285)**
VI.	**Profit/loss on foreign net investment hedges (effective part of the fair value changes)**	**-**	**-**
VII.	**Effects of changes in accounting policy and adjustment of errors**	**-**	**-**
VIII.	**Other income and expense items accounted under shareholders' equity according to TAS**	**219**	**609**
IX.	**Deferred tax on valuation differences**	**97.799**	**1.844**
X.	**Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)**	**(475.000)**	**(9.957)**
XI.	**Current year profit/loss**	**1.857.486**	**2.060.290**
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	3.842	3.837
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(185.994)	(65.061)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	2.039.638	2.121.514
XII.	**Total income/loss accounted for the period (X+XI)**	**1.382.486**	**2.050.333**

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity at December 31, 2010

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

V. Statement of changes in shareholders' equity

	December 31, 2010	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/ (loss)	Prior period income/ (loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Period opening balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367
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	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367
	Changes in the period																	
IV.	Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	88.962	-	-	-	-	88.962
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	2.300	-	-	-	-	2.300
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		-	-	-	-	-	-	-	609	-	-	-	-	-	-	-	609
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	2.060.290	-	-	-	-	-	-	2.060.290
XX.	Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.354.777)	-	-	-	-	-	-	-
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.354.777)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+……+ XVIII +XIX+XX)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity at December 31, 2011

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

V. Statement of changes in shareholders' equity

	December 31, 2011	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/ (loss)	Prior period income/ (loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Prior period end balance		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700
	Changes in the period																	
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(283.431)	-	-	-	-	(283.431)
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	14.914	-	-	(16.371)	-	(1.457)
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 adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	1.857.486	-	-	-	-	-	-	1.857.486
XVIII.	Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.060.290)	-	-	-	-	-	-	-
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.060.290)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+……+XVI+XVII+XVIII)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	(83.444)	-	-	(308.530)	-	11.700.186

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Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2011 and 2010

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

VI. Statement of cash flows

		Notes (Section Five)	(31/12/2011)	(31/12/2010)
A.	**Cash flows from banking operations**			
1.1	Operating profit before changes in operating assets and liabilities		1.105.225	2.907.758
1.1.1	Interest received		6.814.470	5.613.307
1.1.2	Interest paid		(3.620.844)	(2.575.118)
1.1.3	Dividend received		116.258	147.288
1.1.4	Fees and commissions received		2.162.613	1.852.266
1.1.5	Other income		(521.815)	(1.314.084)
1.1.6	Collections from previously written-off loans and other receivables		1.335.062	1.585.034
1.1.7	Payments to personnel and service suppliers		(2.317.066)	(1.981.751)
1.1.8	Taxes paid		(541.753)	(497.250)
1.1.9	Other	VI-c	(2.321.700)	78.066
1.2	Changes in operating assets and liabilities		2.009.883	744.634
1.2.1	Net (increase)/decrease in trading securities		51.277	(1.012)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		(958.160)	(268.061)
1.2.4	Net (increase)/decrease in loans		(16.078.971)	(15.572.930)
1.2.5	Net (increase)/decrease in other assets		(335.031)	(435.495)
1.2.6	Net increase/(decrease) in bank deposits		(346.273)	311.503
1.2.7	Net increase/(decrease) in other deposits		11.030.865	11.550.344
1.2.8	Net increase/(decrease) in funds borrowed		7.188.602	4.134.822
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	VI-c	1.457.574	1.025.463
I.	**Net cash flows from banking operations**		**3.115.108**	**3.652.392**
B.	**Cash flows from investing activities**			
II.	**Net cash flows from investing activities**		**(847.120)**	**(4.002.480)**
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		(225.330)	(220.922)
2.4	Disposals of property and equipment		185.795	35.310
2.5	Purchase of investments available-for-sale		(4.034.646)	(7.050.034)
2.6	Sale of investments available-for-sale		1.586.128	3.666.869
2.7	Purchase of investment securities		(545.066)	(3.002.737)
2.8	Sale of investment securities		2.185.999	2.569.034
2.9	Other		-	-
C.	**Cash flows from financing activities**			
III.	**Net cash flows from financing activities**		**2.076.992**	**902.004**
3.1	Cash obtained from funds borrowed and securities issued		6.340.216	3.222.407
3.2	Cash used for repayment of funds borrowed and securities issued		(4.203.302)	(2.285.645)
3.3	Issued capital instruments		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		(59.922)	(34.758)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rates on cash and cash equivalents**	**VI-c**	**469.043**	**(43.319)**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**4.814.023**	**508.597**
VI.	**Cash and cash equivalents at beginning of the period**	**VI-a**	**4.966.401**	**4.457.804**
VII.	**Cash and cash equivalents at end of the period**	**VI-a**	**9.780.424**	**4.966.401**

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

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements at December 31, 2011 and 2010

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

VII. Profit appropriation statement [1]

		(31/12/2011)	(31/12/2010)
I.	**Distribution of current year income**		
1.1	Current year income	2.355.065	2.519.768
1.2	Taxes and duties payable (-)	(497.579)	(459.478)
1.2.1	Corporate tax (income tax)	(420.569)	(461.928)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(77.010)	2.450
A.	**Net income for the year (1.1-1.2)**	**1.857.486**	**2.060.290**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	(103.014)
1.5	Other statutory reserves (-)	-	-
B.	**Net income available for distribution [(a-(1.3+1.4+1.5)]**	**1.857.486**	**1.957.276**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividends to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Second legal reserves (-)	-	-
1.11	Statutory reserves (-)	-	-
1.12	Extraordinary reserves	-	1.891.585
1.13	Other reserves	-	-
1.14	Special funds	-	65.691
II.	**Distribution of reserves**	**-**	**-**
2.1	Appropriated reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	Dividends to personnel (-)	-	-
2.5	Dividends to board of directors (-)	-	-
III.	**Earnings per share**	**-**	**-**
3.1	To owners of ordinary shares	0,0043	0,0047
3.2	To owners of ordinary shares (%)	-	-
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**	**-**	**-**
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

[1] Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2011 has not been prepared by the Board of Directors, only net profit related to the year 2011, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 147.891 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Section three

Explanations on accounting policies

I. Basis of presentation:

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

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

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

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

The accounting policies and valuation principles applied in the preparation of 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, 2010. TAS/TFRS changes (TFRIC 14 (Change) "Repayments of a Minimum Funding Instrument "; TAS 32 (Change), "Classification on Rights Issue"; TFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments; TAS 24, "Related Party Disclosures" Improvements to TFRS (Published in 2010)) (effective from January 1, 2011) do not have an effect on the Bank's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

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

Additional paragraph for convenience translation into English:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2011, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

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

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

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

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expenses:

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

VII. Explanations on financial assets:

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

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

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

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

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

b. Held-to-maturity financial assets:

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

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39, the sales or reclassifications to available for sale portfolio of financial assets that are insignificant or so close to maturity or the financial asset's call date will not result in tainting.

c. Loans and receivables:

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

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

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

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

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

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

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

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

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

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

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

The Bank has no securities lending transactions.

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

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

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

The Bank has no discontinued operations.

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognized by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to amortization but is tested annually or more frequently for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36").

b. Other intangible assets:

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

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

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

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

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions:

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

Financial lease

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

XV. Explanations on provisions, contingent assets and liabilities:

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

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

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

XVI. Explanations on obligations related to employee rights:

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

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

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

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

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

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

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 related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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

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

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

XVII. Explanations on taxation:

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

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

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

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

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

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

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

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

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

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

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

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

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

XVIII. Explanations on borrowings:

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

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

Also, the Bank has started to obtain funds by issuing bonds at the current period.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

XIX. Explanations on issuance of share certificates:

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

No dividend payments were announced after the balance sheet date.

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until December 31, 2011, the Bank received government grant from TÜBİTAK amounting to TL 828. (December 31, 2010-TL 609).

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.

	December 31, 2011	December 31, 2010
Net Income/(loss) to be appropriated to ordinary shareholders	1.857.486	2.060.290
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	**0,0043**	**0,0047**

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 2011 (December 31, 2010-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.

XXVI. Explanations on operating segments:

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

XXVII. Reclassifications:

Reclassifications have been made on comparative figures as of December 31, 2010, to conform the changes in presentation in the December 31, 2011 financials.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Section four

Information related to financial position of the Bank

I. Explanations on capital adequacy ratio:

a. The capital adequacy ratio of the Bank is 14,69% (December 31, 2010-16,14%).

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[1]					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	**25.434.790**	**4.980.806**	**11.773.173**	**53.101.570**	**1.199.105**	**2.192.478**
Cash	1.428.135	171	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	5.281.746	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	1.585.001	-	224.364	-	-
Interbank money market placements	36.834	-	-	-	-	-
Receivables from reverse repurchase transactions	-	2.100.000	-	-	-	-
Reserve requirements	3.439.176	-	-	-	-	-
Loans	2.419.174	1.072.649	11.549.363	47.287.786	1.199.105	2.192.478
Non-performing receivables (net)	-	-	-	734.940	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	12.319.605	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	32.153	-	-
Miscellaneous receivables	-	194.959	-	680.080	-	-
Interest and income accruals	264.702	26.308	223.810	926.845	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.801.223	-	-
Fixed assets	-	-	-	1.015.964	-	-
Other assets	245.418	1.718	-	398.215	-	-
Off-balance sheet items	**875.728**	**5.343.930**	**531.741**	**17.630.015**	**-**	**-**
Non-cash loans and commitments	875.728	3.749.632	531.741	17.469.958	-	-
Derivative financial instruments	-	1.594.298	-	160.057	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets[2]	**26.310.518**	**10.324.736**	**12.304.914**	**70.731.585**	**1.199.105**	**2.192.478**

(1) There are no assets weighted with 10% risk.
(2) Not weighted.

d. Summary information about capital adequacy ratio:

	December 31, 2011	December 31, 2010
Amount subject to credit risk (ASCR)	85.132.603	64.043.140
Amount subject to market risk (ASMR)	3.299.213	1.410.150
Amount subject to operational risk (ASOR)	8.842.703	7.806.018
Shareholders' equity	**14.294.439**	**11.820.819**
Shareholders' equity/(ASCR+ASMR+ASOR) *100	**14,69**	**16,14**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

e. Information about shareholders' equity items:

	December 31, 2011	December 31, 2010
Core capital		
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	266.973	163.959
First legal reserve (Turkish Commercial Code 466/1)	266.973	163.959
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	4.930.128	3.038.543
Reserves allocated by the general assembly	4.930.128	3.038.543
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	1.857.486	2.060.290
Current period net profit	1.857.486	2.060.290
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	135.719	114.906
Profit on disposal of associates, subsidiaries and immovables	146.641	80.731
Primary subordinated loans (up to 15% of core capital)	-	-
Portion of loss not covered with reserves (-)	-	-
Current period net loss	-	-
Prior periods loss	-	-
Leasehold improvements (-)	84.982	95.906
Prepaid expenses (-)(1)	-	121.397
Intangible assets (-)	1.261.854	1.229.401
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
Total core capital	**10.881.043**	**8.902.657**

	December 31, 2011	December 31, 2010
Supplementary capital		
General provisions	1.042.004	820.299
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(2)(3)	2.647.737	2.097.218
45% of marketable securities valuation differences	(83.444)	83.283
Investments in associates and subsidiaries	-	-
Available-for-sale financial assets	(83.444)	83.283
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)	-	-
Total supplementary capital	**3.606.297**	**3.000.800**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

	December 31, 2011	December 31, 2010
Tier III capital	**-**	**-**
Capital	**14.487.340**	**11.903.457**
Deductions from the capital	**192.901**	**82.638**
Investments in unconsolidated financial institutions (domestic, foreign) and banks in which 10% or more equity interest exist	67.530	71.936
Investments in financial institutions (domestic, foreign) and banks, in which less than 10% equity interest exist and that exceeds 10% or more of the total core and supplementary capital of the bank	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
Loans extended as contradictory to the articles 50 and 51of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	8.900	10.702
Other	116.471	-
Total shareholders' equity	**14.294.439**	**11.820.819**

(1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No.27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.
(2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.
(3) According to the resolution of the Board of Directors of the Bank dated February 22, 2012, the Bank has signed a subordinated loan agreement with UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of five years, at an interest rate of 3 months LIBOR + 8,30%. The amount of TL 767.229, calculated after the deduction of the required items as described in "Banking Law" and "Regulation on Own Funds of Banks" from the available amount in the Bank's accounts for this agreement since December 28, 2011, has been utilised as secondary subordinated loan under supplementary capital in the calculation of the current period's capital adequacy ratio by the authorization of BRSA dated February 20, 2012 and numbered B.02.1.BDK.0.11.00.00.50.1-3685.

II. Explanations on credit risk:

a. Credit risk is the loss or the risk of the Bank in case a counterparty can not fulfill its obligations stated in agreements where the Bank is at a side. The Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorized for transactions in the market are controlled by the system. In the loan granting process, liquid collaterals are obtained to the greatest extent possible. Long-term projections of the companies are analyzed both by financial analysis specialists and head office when granting long-term and project finance loans. Since credit and interest risks are higher in long-term commitments, their pricing is coordinated with Treasury Management.

Corporate and commercial loan customers are followed-up in the system with risk scores and relatively more risky customers are monitored.

In case of SME, the credit rating system are used in the SME loans rating approval authorization system and the amount of loan requested determine the authorization level. By this system, high graded clients are approved by lower authorization level while low graded clients are directed to the higher authorization levels for approval.

The Bank calculates the probability of default for the customers with its rating system for various types of customers. The rating concentrations of the corporate and commercial loans that are rated individually by the Bank's internal rating system are disclosed below:

	December 31, 2011	December 31, 2010
Above average (1-4)	35,9%	31,2%
Average (5+-6)	51,0%	47,9%
Below average (7+-9)	13,1%	20,9%

b. The Bank has control limits over the positions of forwards, options and similar agreements.

c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

d. In line with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provisions for these Loans and Other Receivables", if the cash risk of a customer is classified as non performing, the non-cash risk is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

f.
1. The proportion of the Bank's top 100 cash loan balances in total cash loans is 21% (December 31, 2010-21%).
2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 38% (December 31, 2010-40%).
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 20% of total cash loans and non-cash loans (December 31, 2010-20%).

g. The Bank provided a general loan loss provision amounting to TL 1.042.004 (December 31, 2010-TL 820.299).

h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to banks and other financial institutions		Marketable securities (1)		Other loans(2)		Off balance sheet liabilities(2)	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Loans concentration according to the type of borrowers										
Private sector	41.700.890	32.166.166	489.836	535.673	194.317	170.595	1.582.336	1.029.644	39.584.888	28.572.900
Public sector	1.463.881	1.286.101	-	-	18.034.624	16.320.586	-	-	12.912	28.807
Banks	-	-	794.739	625.234	1.530.453	1.190.735	9.603.449	5.512.304	3.373.965	1.650.385
Individual customers	23.330.465	18.001.986	-	-	-	-	24.971	21.264	13.709.304	11.767.516
Share certificates	-	-	-	-	4.098	3.059	1.868.753	1.861.777	-	-
Total	**66.495.236**	**51.454.253**	**1.284.575**	**1.160.907**	**19.763.492**	**17.684.975**	**13.079.509**	**8.424.989**	**56.681.069**	**42.019.608**
Information according to geographical concentration										
Domestic	65.197.805	50.444.274	1.265.179	1.128.480	18.180.539	16.431.048	10.911.141	6.373.918	51.178.739	38.628.444
European Union countries	403.618	268.389	2.401	2.745	1.299.621	939.889	1.538.029	1.622.144	4.283.355	2.016.350
OECD countries (3)	25.910	26.814	-	-	-	-	66.929	103.729	586.160	729.517
Off-shore banking regions	-	73	-	-	8.072	14.574	212	73	177	930
USA, Canada	5.864	73.246	-	-	275.260	299.464	395.002	192.182	267.775	254.347
Other countries	862.039	641.457	16.995	29.682	-	-	168.196	132.943	364.863	390.020
Total	**66.495.236**	**51.454.253**	**1.284.575**	**1.160.907**	**19.763.492**	**17.684.975**	**13.079.509**	**8.424.989**	**56.681.069**	**42.019.608**

(1) Contains trading financial assets (excluding derivative assets), available-for-sale financial assets and held-to-maturity investments.
(2) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts.
(3) OECD countries other than EU countries, USA and Canada.

i. Information on amounts that are exposed to credit risk:

	December 31, 2011	December 31, 2010
Balance sheet items that are exposed to credit risk:		
Bank placements	1.813.679	1.064.541
Money markets	2.138.195	949.427
Loans and advances to customers	67.779.811	52.615.160
-Credit cards	10.501.630	8.617.883
-Consumer loans	13.561.284	9.742.507
-Corporate, commercial and other loans	43.716.897	34.254.770
Trading financial assets	447.522	882.121
-Government debt securities	166.960	220.874
-Other marketable securities	2.646	200
-Derivative financial instruments	277.916	661.047
Investment securities	19.593.886	17.463.901
-Government debt securities	17.867.664	16.099.712
-Share certificates	4.098	3.059
-Other marketable securities	1.722.124	1.361.130
Derivative financial assets held for hedging	377.335	38.201
Other assets	1.607.522	1.246.423
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	23.584.327	18.718.159
Loan commitments and other credit related liabilities	21.324.021	15.707.898
Other commitments	11.772.721	7.593.551

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

j. Marketable Securities:

December 31, 2011

Moody's credit rating	Financial assets at fair value through profit or loss (net)	Available-for-sale financial assets (net)	Held to maturity investments (net)	Total
Aaa	-	9.791	-	9.791
Aa1	-	45.065	-	45.065
Aa2	246	13.285	-	13.531
Aa3	-	432.025	-	432.025
A1	-	144.134	-	144.134
A2	-	586.345	-	586.345
A3	-	-	-	-
Baa1	2.400	17.396	-	19.796
Baa2	-	200.757	-	200.757
Baa3	-	76.134	-	76.134
Ba1	-	-	-	-
Ba2	-	36.518	-	36.518
Ba2 (1)	166.960	5.320.448	12.537.425	18.024.833
Ba3	-	11.474	-	11.474
Unrated(2)	-	158.991	-	158.991
Total	**169.606**	**7.052.363**	**12.537.425**	**19.759.394**

December 31, 2010

Moody's credit rating	Financial assets at fair value through profit or loss (net)	Available-for-sale financial assets (net)	Held to maturity investments (net)	Total
Aaa	-	-	-	-
Aa2	200	10.812	-	11.012
Aa3	-	457.300	-	457.300
A2	-	304.986	-	304.986
A3	-	163.210	-	163.210
Baa1	-	198	-	198
Baa2	-	189.873	-	189.873
Baa3	-	33.730	-	33.730
Ba1	-	10.934	-	10.934
Ba2 (1)	220.874	3.558.121	12.530.657	16.309.652
Ba3	-	37.356	-	37.356
Unrated(2)	-	163.665	-	163.665
Total	**221.074**	**4.930.185**	**12.530.657**	**17.681.916**

(1) Securities consist of Republic of Turkey government bonds and treasury bills.
(2) Also include investment funds amounting TL 87.419 (December 31, 2010-TL 52.965).

k. Information according to geographical concentration:

	Assets	Liabilities(2)	Non-cash loans	Capital expenditures	Net profit (3)
December 31, 2011					
Domestic	101.200.892	71.879.801	23.644.364	225.330	1.857.486
European Union countries	3.329.884	21.405.299	1.536.246	-	-
OECD countries (1)	53.169	1.687.902	376.409	-	-
Off-shore banking regions	8.290	56	188	-	-
USA, Canada	701.258	975.783	205.257	-	-
Other countries	940.731	453.950	372.675	-	-
Subsidiaries, investments and joint ventures	1.868.753	-	-	-	-
Unallocated assets/liabilities	-	-	-		
Total	**108.102.977**	**96.402.791**	**26.135.139**	**225.330**	**1.857.486**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

December 31, 2010	Assets	Liabilities(2)	Non-cash loans	Capital expenditures	Net profit (3)
Domestic	78.904.273	61.035.424	17.314.766	220.922	2.060.290
European Union countries	2.006.685	11.087.486	1.268.359	-	
OECD countries (1)	741.105	1.121.017	250.890	-	
Off-shore banking regions	14.720	15.075	930	-	
USA, Canada	564.578	962.914	238.404	-	
Other countries	683.008	236.530	390.027	-	
Subsidiaries, investments and joint ventures	1.861.777	-	-	-	
Unallocated assets/liabilities	-	-			
Total	**84.776.146**	**74.458.446**	**19.463.376**	**220.922**	**2.060.290**

(1) OECD countries other than EU countries, USA and Canada.
(2) Shareholders' equity is not included.
(3) The net profit can not be distributed according to geographical concentration.

I. Sectoral concentrations for cash loans:

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**552.717**	**1,25**	**493.224**	**2,16**	**442.899**	**1,30**	**458.744**	**2,55**
Farming and raising livestock	462.042	1,05	468.954	2,05	369.600	1,08	429.742	2,39
Forestry	78.638	0,18	4.526	0,02	63.893	0,19	6.210	0,03
Fishing	12.037	0,02	19.744	0,09	9.406	0,03	22.792	0,13
Manufacturing	**8.602.637**	**19,48**	**12.295.511**	**53,75**	**6.679.399**	**19,54**	**9.571.359**	**53,15**
Mining	236.476	0,54	2.013.564	8,80	168.107	0,49	1.344.520	7,47
Production	8.168.732	18,49	7.355.801	32,16	6.331.347	18,52	6.438.371	35,75
Electric, gas and water	197.429	0,45	2.926.146	12,79	179.945	0,53	1.788.468	9,93
Construction	**2.017.575**	**4,57**	**3.037.121**	**13,28**	**1.466.725**	**4,29**	**2.625.256**	**14,58**
Services	**5.311.356**	**12,02**	**4.508.100**	**19,70**	**4.611.367**	**13,49**	**3.948.568**	**21,92**
Wholesale and retail trade	2.237.386	5,07	527.216	2,30	1.884.014	5,51	501.956	2,79
Hotel food and beverage services	321.473	0,73	1.258.524	5,50	472.134	1,38	1.019.440	5,66
Transportation and telecommunication	731.105	1,66	2.341.852	10,24	538.570	1,58	2.127.777	11,82
Financial institutions	1.282.174	2,90	2.401	0,01	1.120.035	3,28	40.872	0,23
Real estate and leasing services	222.839	0,50	158.978	0,69	235.352	0,69	73.717	0,41
Self employment services	-	-	-	-	-	-	-	-
Education services	46.080	0,10	13.145	0,06	27.431	0,08	8.550	0,05
Health and social services	470.299	1,06	205.984	0,90	333.831	0,97	176.256	0,96
Other	**27.685.798**	**62,68**	**2.540.832**	**11,11**	**20.979.740**	**61,38**	**1.404.882**	**7,80**
Total	**44.170.083**	**100,00**	**22.874.788**	**100,00**	**34.180.130**	**100,00**	**18.008.809**	**100,00**

III. Explanations on market risk:

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on-and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Executive Committee as a result of its Asset and Liability Management function. The below table represents the details of market risk calculation as of December 31, 2011 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".

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

a. Information on market risk:

	December 31, 2011	December 31, 2010
(I) Capital to be employed for general market risk-standard method	176.470	60.040
(II) Capital to be employed for specific risk-standard method	40.385	35.319
(III) Capital to be employed for currency risk-standard method	44.742	16.182
(IV) Capital to be employed for commodity risk-standard method	1.534	390
(V) Capital to be employed for settlement risk-standard method	-	-
(VI) Capital to be employed for market risk due to options-standard method	806	881
(VII) Total capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	263.937	112.812
(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)	**3.299.213**	**1.410.150**

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

	December 31, 2011			December 31, 2010		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	195.495	247.120	152.762	92.588	110.214	80.452
Share price risk	7.199	5.092	14.913	16.006	24.994	8.603
Currency risk	27.148	62.992	7.484	9.917	8.450	20.825
Commodity risk	3.771	1.852	2.949	120	100	306
Settlement risk	-	-	-	-	-	-
Option risk	-	-	-	-	-	-
Total amount subject to risk	**2.920.163**	**3.963.200**	**2.226.350**	**1.482.888**	**1.796.975**	**1.377.325**

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2011, the total amount subject to operational risk is TL 8.842.703 (December 31, 2010-TL 7.806.018) and the amount of the related capital requirement is TL 707.416 (December 31, 2010-TL 624.481).

V. Explanations on currency risk:

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

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

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

	USD	EUR	Yen
Balance sheet evaluation rate:	**TL 1,84170**	**TL 2,38270**	**TL 0,02373**
December 30, 2011 bid rate	TL 1,85880	TL 2,39770	TL 0,02385
December 29, 2011 bid rate	TL 1,84250	TL 2,40840	TL 0,02367
December 28, 2011 bid rate	TL 1,83760	TL 2,40170	TL 0,02355
December 27, 2011 bid rate	TL 1,83620	TL 2,39980	TL 0,02351
December 26, 2011 bid rate	TL 1,83390	TL 2,39680	TL 0,02345

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

USD : TL 1,81134
Euro : TL 2,39021
Yen : TL 0,02323

As of December 31, 2010;

	USD	EUR	Yen
Balance sheet evaluation rate:	**TL 1,50730**	**TL 1,99780**	**TL 0,01845**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Information on currency risk of the Bank:

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

	EURO	USD	Yen	Other FC	Total
December 31, 2011					
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.643.222	863.267	1.139	574.791	5.082.419
Banks	469.867	1.153.640	6.358	50.650	1.680.515
Financial assets at fair value through profit or loss	7.569	91.853	977	400	100.799
Money market placements	-	36.834	-	1	36.835
Available-for-sale financial assets	24.272	1.041.353	-	-	1.065.625
Loans (1)	8.252.154	17.941.660	121.991	479.036	26.794.841
Investments in associates, subsidiaries and joint ventures	275.967	132.456	-	43.404	451.827
Held-to-maturity investments	496.146	8.613.180	-	-	9.109.326
Hedging derivative financial assets	-	362	-	-	362
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets	95.968	463.741	9	609.567	1.169.285
Total assets	**13.265.165**	**30.338.346**	**130.474**	**1.757.849**	**45.491.834**
Liabilities					
Bank deposits	148.409	135.787	21	74.328	358.545
Foreign currency deposits	7.449.352	18.986.514	9.851	1.676.745	28.122.462
Funds from money market	329.225	4.684.705	-	-	5.013.930
Funds borrowed from other financial institutions	6.718.619	6.155.807	86.832	3.408	12.964.666
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	338.645	255.143	286	7.635	601.709
Hedging derivative financial liabilities	65.776	374.413	-	-	440.189
Other liabilities	2.884.245	563.755	913	6.228	3.455.141
Total liabilities	**17.934.271**	**31.156.124**	**97.903**	**1.768.344**	**50.956.642**
Net on-balance sheet position	**(4.669.106)**	**(817.778)**	**32.571**	**(10.495)**	**(5.464.808)**
Net off-balance sheet position (2)	**5.527.492**	**(800.385)**	**(33.017)**	**(2.837)**	**4.691.253**
Financial derivative assets	6.790.118	7.985.711	25.422	282.676	15.083.927
Financial derivative liabilities	1.262.626	8.786.096	58.439	285.513	10.392.674
Non-cash loans	**4.807.604**	**10.082.290**	**363.258**	**186.636**	**15.439.788**
December 31, 2010					
Total assets	10.361.532	22.790.732	88.582	749.919	33.990.765
Total liabilities	13.047.640	20.044.191	55.417	815.074	33.962.322
Net on-balance sheet position	**(2.686.108)**	**2.746.541**	**33.165**	**(65.155)**	**28.443**
Net off-balance sheet position	**3.698.763**	**(3.919.769)**	**(48.640)**	**35.104**	**(234.542)**
Financial derivative assets	5.798.135	5.400.511	20.924	347.420	11.566.990
Financial derivative liabilities	2.099.372	9.320.280	69.564	312.316	11.801.532
Non-cash loans	**3.925.920**	**7.227.463**	**324.972**	**186.964**	**11.665.319**

(1) FX indexed loans amounting to 3.920.053 (December 31, 2010-TL 2.161.909) which have been disclosed as TL in the financial statements.
(2) Forward transactions classified as commitments amounting to 11.370 TL are not included.

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

Currency risk sensitivity analysis:

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

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

	December 31, 2011	December 31,2010
Change in currency exchange rates	**Profit/loss effect (1)**	**Profit/loss effect (1)**
(+) 15%	(39.850)	(15.330)
(-) 15%	39.850	15.330

(1) Excluding tax effect.

VI. Explanations on interest rate risk:

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

December 31, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	5.903.483	5.903.483
Banks	56.318	315.246	103.256	229.252	-	360.469	1.064.541
Financial assets at fair value through profit/loss	277.150	352.636	102.369	23.300	126.666	-	882.121
Money market placements	949.427	-	-	-	-	-	949.427
Available-for-sale financial assets	589.046	104.872	712.803	1.756.402	1.767.062	3.059	4.933.244
Loans	9.735.927	5.371.958	13.410.601	15.410.095	7.711.756	974.823	52.615.160
Held-to-maturity investments	1.906.880	2.141.929	817.963	1.987.010	5.676.875	-	12.530.657
Other assets	477.200	9.298	28.903	-	-	5.382.112	5.897.513
Total assets	**13.991.948**	**8.295.939**	**15.175.895**	**19.406.059**	**15.282.359**	**12.623.946**	**84.776.146**
Liabilities							
Bank deposits	264.672	240.856	160	246.139	-	302.311	1.054.138
Other deposits	36.317.162	5.939.190	704.871	9.361	-	8.699.810	51.670.394
Funds from money market	889.114	1.692.612	378.235	-	-	-	2.959.961
Miscellaneous payables	2.640.080	-	-	-	-	1.298.818	3.938.898
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	3.905.526	1.675.425	1.985.616	273.283	533.095	-	8.372.945
Other liabilities and shareholders' equity	149.222	1.173.573	1.587.573	2.748	-	13.866.694	16.779.810
Total liabilities	**44.165.776**	**10.721.656**	**4.656.455**	**531.531**	**533.095**	**24.167.633**	**84.776.146**
Balance sheet long position	**-**	**-**	**10.519.440**	**18.874.528**	**14.749.264**	**-**	**44.143.232**
Balance sheet short position	**(30.173.828)**	**(2.425.717)**	**-**	**-**	**-**	**(11.543.687)**	**(44.143.232)**
Off-balance sheet long position	3.043.780	4.581.012	415.602	-	-	-	8.040.394
Off-balance sheet short position	-	-	-	(7.766.037)	(500.565)	-	(8.266.602)
Total position	**(27.130.048)**	**2.155.295**	**10.935.042**	**11.108.491**	**14.248.699**	**(11.543.687)**	**(226.208)**

Interest rate sensitivity analysis:

The table below represents the effect of 1% parallel change in the yield curve on assets and liabilities sensitive to interest rate excluding the tax effects.

	December 31, 2011	December 31, 2010
Change in interest rate	**Value effect**	**Value effect**
(+) 1%	(569.485)	(751.170)
(-) 1%	685.592	842.281

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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.

December 31, 2011	EURO	USD	Yen	TL
	%	%	%	%
Assets[(2)]				
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[(1)]	5,80	4,81	4,02	13,74
Held-to-maturity investments	5,26	6,70	-	9,93
Liabilities[(2)]				
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

December 31, 2010	EURO	USD	Yen	TL
	%	%	%	%
Assets[(2)]				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,19	-	7,91
Financial assets at fair value through profit/loss	8,02	4,62	-	8,24
Money market placements	-	-	-	6,02
Available-for-sale financial assets	6,89	6,81	-	7,72
Loans[(1)]	4,95	4,35	4,72	12,87
Held-to-maturity Investments	5,23	6,76	-	9,98
Liabilities[(2)]				
Bank deposits	0,55	1,05	-	8,13
Other deposits	2,54	2,78	0,30	8,71
Funds from money market	1,75	1,49	-	5,42
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,44	2,46	2,38	10,74

(1) Does not include credit card loans.
(2) Does not include demand/non-interest transactions.

VII. Explanations on liquidity risk:

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1,2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset/liability and 100% for the total asset/liability. Liquidity ratios realized in 2011 and 2010 are disclosed below.

	First-term period (Weekly)		Second-term period (Monthly)	
December 31, 2011	**FC**	**Total**	**FC**	**Total**
Average %	146,26	154,79	101,83	113,56
Highest %	187,20	189,05	128,50	126,62
Lowest %	115,02	135,55	83,91	100,74

	First-term period (Weekly)		Second-term period (Monthly)	
December 31, 2010	**FC**	**Total**	**FC**	**Total**
Average %	154,33	167,16	100,52	112,11
Highest %	195,67	197,43	128,36	131,23
Lowest %	119,30	149,81	78,15	102,00

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
December 31, 2011								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.295.528	3.439.177	-	-	-	-	-	9.734.705
Banks	913.251	434.927	107.644	77.773	280.084	-	-	1.813.679
Financial assets at fair value through profit or loss	-	75.612	42.687	177.472	90.318	61.433	-	447.522
Money market placements	-	2.138.195	-	-	-	-	-	2.138.195
Available-for-sale financial assets	87.419	168.224	2.954	896.548	2.045.899	3.851.319	4.098	7.056.461
Loans	-	10.816.699	5.494.407	15.626.414	21.103.780	14.003.571	734.940	67.779.811
Held-to-maturity investments	-	-	79.249	147.492	4.615.700	7.694.984	-	12.537.425
Other assets (1)	923.562	917.517	46.460	120.136	186.426	24.313	4.376.765	6.595.179
Total assets	**8.219.760**	**17.990.351**	**5.773.401**	**17.045.835**	**28.322.207**	**25.635.620**	**5.115.803**	**108.102.977**
Liabilities								
Bank deposits	319.991	153.724	129.411	76.276	247	-	-	679.649
Other deposits	10.198.277	37.081.446	12.634.849	2.898.829	24.334	-	-	62.837.735
Funds borrowed from other financial institutions	-	647.498	505.947	7.416.201	4.022.480	1.130.574	-	13.722.700
Funds from money market	-	2.607.094	1.594.725	1.078.338	637.529	-	-	5.917.686
Marketable securities issued	-	-	-	1.096.306	-	-	-	1.096.306
Miscellaneous payables	460.455	3.947.352	-	-	-	-	-	4.407.807
Other liabilities (2)	1.692.494	287.172	339.371	291.011	3.712.406	848.719	12.269.921	19.441.094
Total liabilities	**12.671.217**	**44.724.286**	**15.204.303**	**12.856.961**	**8.396.996**	**1.979.293**	**12.269.921**	**108.102.977**
Net liquidity gap	**(4.451.457)**	**(26.733.935)**	**(9.430.902)**	**4.188.874**	**19.925.211**	**23.656.327**	**(7.154.118)**	**-**
December 31, 2010								
Total assets	4.410.548	15.647.522	5.558.151	12.200.004	22.642.672	19.259.752	5.057.497	84.776.146
Total liabilities	9.568.362	42.664.764	7.690.945	5.532.470	5.354.047	3.287.105	10.678.453	84.776.146
Net liquidity gap	**(5.157.814)**	**(27.017.242)**	**(2.132.794)**	**6.667.534**	**17.288.625**	**15.972.647**	**(5.620.956)**	**-**

(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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Breakdown of financial liabilities according to their remaining contractual maturities:
The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

December 31, 2011(1)	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	47.882.416	12.857.527	3.010.400	25.557	-	63.775.900
Funds borrowed from other financial institutions	649.308	685.068	7.997.580	4.489.490	759.278	14.580.724
Funds from money market	2.607.558	1.600.607	1.096.668	663.952	-	5.968.785
Subordinated loans	-	28.585	100.180	2.534.617	491.272	3.154.654
Marketable securities issued	-	-	1.150.000	-	-	1.150.000
Total	**51.139.282**	**15.171.787**	**13.354.828**	**7.713.616**	**1.250.550**	**88.630.063**

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

December 31, 2010(1)	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	45.686.301	6.272.864	726.747	315.389	-	53.001.301
Funds borrowed from other financial institutions	520.609	214.321	4.194.902	3.204.854	895.806	9.030.492
Funds from money market	616.357	1.223.358	532.558	475.175	138.837	2.986.285
Subordinated loans	-	15.862	78.129	473.882	2.181.519	2.749.392
Marketable securities issued	-	-	-	-	-	-
Total	**46.823.267**	**7.726.405**	**5.532.336**	**4.469.300**	**3.216.162**	**67.767.470**

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

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

	Carrying value		Fair value	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Financial assets	**91.325.571**	**72.093.029**	**93.410.887**	**74.111.585**
Due from money market	2.138.195	949.427	2.138.195	949.427
Banks	1.813.679	1.064.541	1.813.073	1.063.854
Available-for-sale financial assets	7.056.461	4.933.244	7.056.461	4.933.244
Held-to-maturity investments	12.537.425	12.530.657	12.798.230	13.294.972
Loans	67.779.811	52.615.160	69.604.928	53.870.088
Financial liabilities	**85.268.013**	**67.146.649**	**85.238.949**	**67.173.711**
Bank deposits	679.649	1.054.138	679.508	1.058.519
Other deposits	62.837.735	51.670.394	62.837.735	51.670.394
Funds borrowed from other financial institutions	13.722.700	8.372.945	13.693.777	8.395.626
Subordinated loans	2.523.816	2.110.274	2.523.816	2.110.274
Marketable securities issued	1.096.306	-	1.096.306	-
Miscellaneous payables	4.407.807	3.938.898	4.407.807	3.938.898

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

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

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

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

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements at December 31, 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"])

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

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

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

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

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

December 31, 2011	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**166.960**	**280.562**	**-**	**447.522**
Government debt securities	166.960	-	-	166.960
Share certificates	-	-	-	-
Trading derivative financial assets	-	277.916	-	277.916
Other marketable securities	-	2.646	-	2.646
Available-for-sale financial assets	**5.417.658**	**1.634.705**	**4.098**	**7.056.461**
Government debt securities	5.330.239	-	-	5.330.239
Other marketable securities(1)	87.419	1.634.705	4.098	1.726.222
Hedging derivative financial assets	**-**	**377.335**	**-**	**377.335**
Total assets	**5.584.618**	**2.292.602**	**4.098**	**7.881.318**
Trading derivative financial liabilities	-	471.290	-	471.290
Hedging derivative financial liabilities	-	502.841	-	502.841
Total liabilities	**-**	**974.131**	**-**	**974.131**

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

December 31, 2010	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**220.874**	**661.247**	**-**	**882.121**
Government debt securities	220.874	-	-	220.874
Share certificates	-	-	-	-
Trading derivative financial assets	-	661.047	-	661.047
Other marketable securities	-	200	-	200
Available-for-sale financial assets	**3.622.020**	**1.308.165**	**3.059**	**4.933.244**
Government debt securities	3.569.055	-	-	3.569.055
Other marketable securities(1)	52.965	1.308.165	3.059	1.364.189
Hedging derivative financial assets	**-**	**38.201**	**-**	**38.201**
Total assets	**3.842.894**	**2.007.613**	**3.059**	**5.853.566**
Trading derivative financial liabilities	-	333.134	-	333.134
Hedging derivative financial liabilities	-	453.663	-	453.663
Total liabilities	**-**	**786.797**	**-**	**786.797**

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

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

The increase in the current year on Level 3 amounting to 1.039 TL is due to capital increases in non-public equity shares.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

IX. Explanations on hedge accounting:
The Bank applies the following hedge accounting models as of December 31, 2011;

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

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

Contractual amounts and the fair values as at December 31, 2011 and 2010 of these hedging instruments are presented in the table below:

	December 31, 2011			December 31, 2010		
	Notional(1)	Asset	Liability	Notional(1)	Asset	Liability
Hedging instrument						
Interest rate swap	32.437.197	7.588	483.882	8.527.020	3.738	139.746
Cross currency interest rate swap	6.206.854	369.747	18.959	4.317.238	34.463	313.917
Total	**38.644.051**	**377.335**	**502.841**	**12.844.258**	**38.201**	**453.663**

(1) Includes total of buy and sell legs.

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

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

The impact of application of FVH accounting is summarized below:

December 31, 2011

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

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

December 31, 2010

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference/ adjustment of the hedged item(1)	Net fair value of the hedging instrument(2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	224.429	34.463	313.917	84.292

(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 16.178.

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.

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

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.

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[1]	Net gain/(loss) reclassified to equity[2][3]
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	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.

December 31, 2010

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds[1]	Net gain/(loss) reclassified to equity[2][3]
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	3.738	139.746	(101.828)	(101.828)

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 4.208.

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, the reserves accounted under equity is transferred to profit and loss accounts through amortization over the life of the remaining maturity of the hedging instrument. In addition if the hedging instrument is sold or closed before its maturity, the reserves accounted under equity are amortized to profit and loss accounts with the straight line method.

Below is a schedule as at December 31, 2011 and 2010 indicating the periods when expected cash flows are expected to occur and when they are expected to affect profit or loss (the periods are disclosed based on the remaining maturity of the hedging instruments):

December 31, 2011	Up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Interest rate swaps[1]	328.919	14.087.347	17.946.647	74.284	32.437.197

(1) Includes total of buy and sell legs.

December 31, 2010	Up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Interest rate swaps[1]	-	3.614.600	4.658.980	253.440	8.527.020

(1) Includes total of buy and sell legs.

The Bank performs effectiveness test on a monthly basis prospectively to confirm that the expected interest cash flows of customer deposits, borrowings and repos subject to CFH accounting are equal to the expected interest cash flows of the hedging instruments whose remaining maturities are disclosed in the above table.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

XI. Explanations on operating segments:

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

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

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

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

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

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

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

December 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other	Total operations of the Bank
Operating revenue	2.685.663	1.325.890	128.391	1.553.626	5.693.570
Operating expenses	(1.551.352)	(480.026)	(65.899)	(1.369.431)	(3.466.708)
Net operating income	**1.134.311**	**845.864**	**62.492**	**184.195**	**2.226.862**
Dividend income(1)	-	-	-	128.203	128.203
Profit before tax	**1.134.311**	**845.864**	**62.492**	**312.398**	**2.355.065**
Tax provision(1)				(497.579)	(497.579)
Net profit	**1.134.311**	**845.864**	**62.492**	**(185.181)**	**1.857.486**
Segment assets(2)	31.022.708	32.454.527	230.862	42.526.127	106.234.224
Investments in associates, subsidiaries and joint ventures				1.868.753	1.868.753
Total assets	**31.022.708**	**32.454.527**	**230.862**	**44.394.880**	**108.102.977**
Segment liabilities(2)	25.921.556	22.672.713	15.712.099	32.096.423	96.402.791
Shareholders' equity				11.700.186	11.700.186
Total liabilities	**25.921.556**	**22.672.713**	**15.712.099**	**43.796.609**	**108.102.977**

(1) Dividend income and tax provision have not been distributed based on operating segments and presented under "Other".
(2) Segment assets and liabilities balances are prepared according to Management Information Systems (MIS) data.

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other	Total operations of the Bank
Operating revenue	2.791.902	1.100.140	174.694	1.869.324	5.936.060
Operating expenses	(1.347.294)	(547.059)	(55.792)	(1.621.328)	(3.571.473)
Net operating income	**1.444.608**	**553.081**	**118.902**	**247.996**	**2.364.587**
Dividend income(1)				155.181	155.181
Profit before tax	**1.444.608**	**553.081**	**118.902**	**403.177**	**2.519.768**
Tax provision(1)				(459.478)	(459.478)
Net profit (1)	**1.444.608**	**553.081**	**118.902**	**(56.301)**	**2.060.290**
Segment assets	26.522.965	28.966.163	347.550	27.077.691	82.914.369
Investments in associates, subsidiaries and joint ventures				1.861.777	1.861.777
Total assets	**26.522.965**	**28.966.163**	**347.550**	**28.939.468**	**84.776.146**
Segment liabilities	23.676.641	18.520.932	10.719.556	21.541.317	74.458.446
Shareholders' equity				10.317.700	10.317.700
Total liabilities	**23.676.641**	**18.520.932**	**10.719.556**	**31.859.017**	**84.776.146**

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

Section five

Explanations and notes related to unconsolidated financial statements

I. Explanations and notes related to assets

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

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

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Cash	781.556	232.056	513.677	172.513
The CBRT	3.870.730	4.850.192	2.044.632	3.172.303
Other	-	171	-	358
Total	**4.652.286**	**5.082.419**	**2.558.309**	**3.345.174**

2. Information on the account of the CBRT:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Demand unrestricted amount [1]	3.870.730	1.411.016	2.044.632	865.256
Time unrestricted amount	-	-	-	-
Reserve requirement	-	3.439.176	-	2.307.047
Total	**3.870.730**	**4.850.192**	**2.044.632**	**3.172.303**

(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.

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

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

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

1. As of December 31, 2011, the Bank does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2010-TL 43.734), and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2010-None).

2. Positive differences related to trading derivative financial assets:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	126.658	74	26.842	-
Swap transactions	34.541	62.272	541.681	25.312
Futures transactions	-	-	-	-
Options	46.023	8.348	49.412	17.800
Other	-	-	-	-
Total	**207.222**	**70.694**	**617.935**	**43.112**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

c. Information on banks:

1. Information on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	133.164	1.680.515	69.745	994.796
Domestic	86.751	10.569	49.623	399
Foreign	46.413	1.669.946	20.122	994.397
Head quarters and branches abroad	-	-	-	-
Total	**133.164**	**1.680.515**	**69.745**	**994.796**

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
EU countries	1.161.493	795.663	105.538	87.186
USA, Canada	313.044	104.683	-	-
OECD countries (1)	17.306	15.044	-	-
Off-shore banking regions	212	73	-	-
Other	118.766	11.870	-	-
Total	**1.610.821**	**927.333**	**105.538**	**87.186**

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

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

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

As of December 31, 2011, available-for-sale financial assets given as collateral/blocked amount to TL 98.351 (December 31, 2010-TL 7.654) and available-for-sale financial assets subject to repo transactions amount to TL 705.903. (December 31, 2010-None).

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

	December 31, 2011	December 31, 2010
Debt securities	7.107.106	4.879.749
Quoted in stock exchange (1)	5.441.406	3.569.394
Not quoted (2)	1.665.700	1.310.355
Share certificates	49.399	44.862
Quoted in stock exchange	-	-
Not quoted	49.399	44.862
Impairment provision (-)	(187.463)	(44.332)
Other (3)	87.419	52.965
Total	**7.056.461**	**4.933.244**

(1) As of December 31, 2011, Eurobonds amounting to TL 731.649 (December 31, 2010-TL 530.625) 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 December 31, 2011, not quoted debt securities amounting to TL 951.989 (December 31, 2010-TL 729.227) are credit linked notes.
(3) As of December 31, 2011, other available-for-sale financial assets include mutual funds amounting to TL 87.419 (December 31, 2010-TL 52.965).

e. Explanations on loans:

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

	December 31, 2011		December 31, 2010	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**4.576**	**230.061**	**7.962**	**81.282**
Loans granted to employees	**95.934**	**71**	**84.879**	**83**
Total	**100.510**	**230.132**	**92.841**	**81.365**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

	Standard loans and other receivables		Loans and other receivables under close monitoring	
Cash Loans	**Loans and other receivables**	**Restructured or rescheduled**	**Loans and other receivables**	**Restructured or rescheduled**
Non-specialised loans	**65.561.062**	**-**	**1.418.567**	**65.242**
Discount and purchase notes	992.456	-	5.523	-
Export loans	4.170.547	-	125.137	-
Import loans	-	-	-	-
Loans granted to financial sector	1.265.179	-	-	-
Foreign loans	1.136.500	-	4	-
Consumer loans	12.875.699	-	522.334	2.423
Credit cards	10.146.953	-	233.312	13.006
Precious metal loans	336.748	-	181	-
Other[1]	34.636.980	-	532.076	49.813
Specialised loans	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**
Total	**65.561.062**	**-**	**1.418.567**	**65.242**

(1) As explained in the Note IX of Section IV, TL 107.204 of fair value difference of hedged items is classified under other loans.

3. Loans according to their maturity structure:

	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**
Short-term loans and other receivables	**25.261.159**	**-**	**510.253**	**6.777**
Non-specialised loans	25.261.159	-	510.253	6.777
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	**40.299.903**	**-**	**908.314**	**58.465**
Non-specialised loans	40.299.903	-	908.314	58.465
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

December 31, 2011	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	42.538.410	12.875.699	10.146.953	65.561.062
Watch list	712.734	524.757	246.318	1.483.809
Loans under legal follow-up	1.398.385	313.705	367.823	2.079.913
Specific provisions (-)	(932.632)	(152.877)	(259.464)	(1.344.973)
Total	**43.716.897**	**13.561.284**	**10.501.630**	**67.779.811**

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	33.142.040	9.142.006	8.244.000	50.528.046
Watch list	911.217	444.659	305.017	1.660.893
Loans under legal follow-up	1.014.038	375.255	471.371	1.860.664
Specific provisions (-)	(812.525)	(219.413)	(402.505)	(1.434.443)
Total	**34.254.770**	**9.742.507**	**8.617.883**	**52.615.160**

(ii) Fair value of collaterals:

December 31, 2011	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	318.553	231.883	-	550.436
Loans under legal follow-up	292.333	52.160	-	344.493
Total	**610.886**	**284.043**	**-**	**894.929**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	356.213	174.491	-	530.704
Loans under legal follow-up	182.703	79.623	-	262.326
Total	**538.916**	**254.114**	**-**	**793.030**

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	**97.119**	**12.903.728**	**13.000.847**
Real estate loans	7.052	6.415.601	6.422.653
Automotive loans	6.711	1.262.491	1.269.202
Consumer loans	3.384	40.556	43.940
Other	79.972	5.185.080	5.265.052
Consumer loans-FC indexed	**-**	**182.192**	**182.192**
Real estate loans	-	175.070	175.070
Automotive loans	-	502	502
Consumer loans	-	4.509	4.509
Other	-	2.111	2.111
Consumer loans-FC	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TL	**9.496.805**	**220.192**	**9.716.997**
With installments	5.240.139	213.698	5.453.837
Without installments	4.256.666	6.494	4.263.160
Individual credit cards-FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans-TL	**2.835**	**39.866**	**42.701**
Real estate loans	-	1.233	1.233
Automotive loans	1	1.071	1.072
Consumer loans	-	-	-
Other	2.834	37.562	40.396
Personnel loans-FC indexed	**-**	**5**	**5**
Real estate loans	-	5	5
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	**51.785**	**403**	**52.188**
With installments	29.851	403	30.254
Without installments	21.934	-	21.934
Personnel credit cards-FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Credit deposit account-TL (real person)(1)	**174.711**	**-**	**174.711**
Credit deposit account-FC (real person)	**-**	**-**	**-**
Total	**9.823.255**	**13.346.386**	**23.169.641**

(1) TL 1.040 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	**217.164**	**5.246.725**	**5.463.889**
Business loans	842	291.731	292.573
Automotive loans	30.681	1.868.356	1.899.037
Consumer loans	-	78	78
Other	185.641	3.086.560	3.272.201
Commercial installments loans-FC indexed	**20.996**	**529.262**	**550.258**
Business loans	-	30.519	30.519
Automotive loans	766	115.317	116.083
Consumer loans	-	-	-
Other	20.230	383.426	403.656
Commercial installments loans-FC	**-**	**-**	**-**
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**622.862**	**1.224**	**624.086**
With installment	238.440	1.224	239.664
Without installment	384.422	-	384.422
Corporate credit cards-FC	**-**	**-**	**-**
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	**526.472**	**-**	**526.472**
Credit deposit account-FC (legal person)	**-**	**-**	**-**
Total	**1.387.494**	**5.777.211**	**7.164.705**

7. Loans according to types of borrowers:

	December 31, 2011	December 31, 2010
Public	1.463.881	1.286.101
Private	65.580.990	50.902.838
Total	**67.044.871**	**52.188.939**

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

	December 31, 2011	December 31, 2010
Domestic loans	65.908.367	51.236.608
Foreign loans	1.136.504	952.331
Total	**67.044.871**	**52.188.939**

9. Loans granted to associates and subsidiaries:

	December 31, 2011	December 31, 2010
Direct loans granted to associates and subsidiaries	701.047	194.199
Indirect loans granted to associates and subsidiaries	-	-
Total	**701.047**	**194.199**

10. Specific provisions provided against loans:

	December 31, 2011	December 31, 2010
Loans and other receivables with limited collectability	69.662	47.547
Loans and other receivables with doubtful collectability	201.155	340.021
Uncollectible loans and other receivables	1.074.156	1.046.875
Total	**1.344.973**	**1.434.443**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

2011	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**812.525**	**219.413**	**402.505**	**1.434.443**
Allowance for impairment	335.483	367.431	84.279	787.193
Amount recovered during the period	(215.376)	(360.321)	(45.317)	(621.014)
Loans written off during the period as uncollectible [(1)]	-	(73.646)	(182.003)	(255.649)
December 31	**932.632**	**152.877**	**259.464**	**1.344.973**

2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**1.042.162**	**359.872**	**776.312**	**2.178.346**
Allowance for impairment	664.929	320.947	93.519	1.079.395
Amount recovered during the period	(394.186)	(325.928)	(14.871)	(734.985)
Loans written off during the period as uncollectible [(1)]	(500.380)	(135.478)	(452.455)	(1.088.313)
December 31	**812.525**	**219.413**	**402.505**	**1.434.443**

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2011 (Gross amounts before specific reserves)	**107.002**	**31.673**	**42.739**
Restructured loans and other receivables	107.002	31.673	42.739
Rescheduled loans and other receivables	-	-	-
December 31, 2010 (Gross amounts before specific reserves)	**22.242**	**34.388**	**31.201**
Restructured loans and other receivables	22.242	34.388	31.201
Rescheduled loans and other receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2010	**233.800**	**373.419**	**1.253.445**
Additions (+)	1.530.054	51.569	228.963
Transfers from other categories of non-performing loans (+)	-	726.330	553.001
Transfer to other categories of non-performing loans (-)	(726.330)	(553.001)	-
Collections (-)	(550.974)	(244.350)	(539.738)
Write-offs(-)	-	-	(256.275)
Corporate and commercial loans	-	-	-
Consumer loans	-	-	(73.646)
Credit cards	-	-	(182.003)
Other	-	-	(626)
December 31, 2011	**486.550**	**353.967**	**1.239.396**
Specific provision (-)	(69.662)	(201.155)	(1.074.156)
Net balance on balance sheet	**416.888**	**152.812**	**165.240**

According to the resolution of the Board of Directors of the Bank dated November 24, 2011, a portfolio composed of non-performing consumer loans and credit card loans amounting to TL 290.277 as of October 31, 2011, all fully provisioned, was sold to LBT Varlık Yönetim A.Ş. with a gain of TL 45.801.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

11 (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
December 31, 2011			
Period end balance	120.214	48.951	75.148
Specific provision (-)	(12.669)	(11.946)	(53.185)
Net balance on-balance sheet	**107.545**	**37.005**	**21.963**
December 31, 2010			
Period end balance	-	-	94.322
Specific provision (-)	-	-	(62.707)
Net balance on-balance sheet	**-**	**-**	**31.615**

11 (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
December 31, 2011 (net)	**416.888**	**152.812**	**165.240**
Loans granted to real persons and corporate entities (gross)	486.550	329.379	1.155.400
Specific provision amount (-)	(69.662)	(176.567)	(990.160)
Loans granted to real persons and corporate entities (net)	416.888	152.812	165.240
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-
December 31, 2010 (net)	**186.253**	**33.398**	**206.570**
Loans granted to real persons and corporate entities (gross)	233.800	372.696	1.168.053
Specific provision amount (-)	(47.547)	(339.298)	(961.483)
Loans granted to real persons and corporate entities (Net)	186.253	33.398	206.570
Banks (gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-

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

Extended Agreements[1]	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years	Total
1	6.322	21.306	83.814	99.769	1.084.085	111.224	1.406.520
2	7.125	42.208	8.783	34.841	110.060	210	203.227
3 and over	1.491	1.762	8.089	9.249	17.732	10	38.333
Total	**14.938**	**65.276**	**100.686**	**143.859**	**1.211.877**	**111.444**	**1.648.080**

(1) Two 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

The Bank did not restructure any loan 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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

f. Information on held-to-maturity investments:

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

	December 31, 2011	December 31, 2010
Government bond	12.537.425	12.530.657
Treasury bill	-	-
Other debt securities	-	-
Total	**12.537.425**	**12.530.657**

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

	December 31, 2011	December 31, 2010
Debt securities	12.633.048	12.609.092
Quoted on stock exchange (1)	12.633.048	12.609.092
Not quoted	-	-
Impairment provision (-)	(95.623)	(78.435)
Total	**12.537.425**	**12.530.657**

(1) As of December 31, 2011, Eurobonds amounting to TL 9.109.326 have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange because they are traded in the secondary market (December 31, 2010-TL 7.285.189).

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

	December 31, 2011	December 31, 2010
Beginning balance	**12.530.657**	**12.014.792**
Foreign currency differences on monetary assets (1)	1.664.889	96.351
Purchases during year	545.066	3.002.737
Disposals through sales and redemptions	(2.185.999)	(2.569.034)
Impairment provision (-)	(17.188)	(14.189)
Period end balance	**12.537.425**	**12.530.657**

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

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

As of December 31, 2011, held-to-maturity investments given as collateral/blocked amount to TL 2.728.229 (December 31, 2010-TL 1.416.697). Held-to-maturity investments subject to repo transactions amount to TL 6.467.221 (December 31, 2010-TL 3.336.835).

g. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	4.499.320	617.970	6.938	87.812	15.244	55.033	26.900	-
2	33.294	28.668	3.163	1.804	-	12.969	3.986	-
3	22.629	19.044	6.401	686	-	3.179	2.525	-

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

(1) Financial statement information disclosed above shows December 31, 2011 results.
(2) Financial statement information disclosed above shows September 30, 2011 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

3. Movement of unconsolidated investments in associates:

	December 31, 2011	December 31, 2010
Balance at the beginning of the period	**47.344**	**47.344**
Movements during the period	**563**	**-**
Purchases	-	-
Transfers	-	-
Bonus shares obtained(1)	563	-
Share of current year income	-	-
Sales	-	-
Revaluation (decrease)/increase	-	-
Impairment provision	-	-
Balance at the end of the period	**47.907**	**47.344**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

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

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

	December 31, 2011	December 31, 2010
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	4.503	3.940
Total financial investments	**47.907**	**47.344**

5. Valuation of unconsolidated investments in associates:

	December 31, 2011	December 31, 2010
Valuation with cost	47.907	47.344
Valuation with fair value	-	-
Valuation with equity method	-	-
Total	**47.907**	**47.344**

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

h. Information on subsidiaries (net):

1. Information on subsidiaries:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value[1]
1	84.907	77.442	831	6.390	49	41.505	52.419	-
2	108.346	108.270	-	-	-	5	2.065	-
3	1.304.705	290.201	5.631	89.305	22.785	84.107	76.454	-
4	12.907	10.897	319	54	-	1.338	1.135	-
5	1.820.004	129.345	519	136.793	-	46.040	26.178	-
6	347.906	108.837	9.735	19.736	2.162	10.155	842	-
7	1.030.983	353.655	21.755	38.770	25.743	55.185	42.549	984.000
8	3.202.602	877.942	3.471	223.735	-	142.736	91.765	1.649.400
9	78.403	77.112	44	2.576	(1.216)	(527)	5.589	45.900
10	37.555	23.318	3.948	1.021	16	621	1.018	-
11	559.587	132.907	12.947	27.060	1.005	15.478	13.677	-
12	4.115.628	530.849	522	171.080	20.881	33.314	70.385	-

(1) Calculated with the ISE market prices as of December 31, 2011 considering the total number of shares.

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

3. Movement schedule of subsidiaries:

	December 31, 2011	December 31, 2010
Balance at the beginning of the period	**1.789.841**	**1.781.948**
Movements during the period	**11.382**	**7.893**
Purchases	-	-
Transfers	-	-
Bonus shares obtained [1][2]	11.382	7.893
Share of current year income	-	-
Sales	-	-
Revaluation (decrease)/increase	-	-
Impairment provision	-	-
Balance at the end of the period	**1.801.223**	**1.789.841**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

(1) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 30, 2010; capital was increased by 4.392 thousand AZN from the profit of 2009.
(2) 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.

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

Financial subsidiaries	December 31, 2011	December 31, 2010
Banks	297.519	286.137
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
Total financial subsidiaries	**1.798.923**	**1.787.541**

5. Subsidiaries quoted to stock exchange:

	December 31, 2011	December 31, 2010
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	**876.095**	**876.095**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

i. Information on joint ventures (net):

1. Information on joint ventures:

Joint ventures	Bank's share	Group's share	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi-Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	80.525	24.789	344	24.867	(35.255)
Total			**80.525**	**24.789**	**344**	**24.867**	**(35.255)**

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

j. Information on lease receivables (net):

None (December 31, 2010-None).

k. Information on hedging derivative financial assets:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge[1]	369.747	-	34.463	-
Cash flow hedge[1]	7.226	362	-	3.738
Foreign net investment hedge	-	-	-	-
Total	**376.973**	**362**	**34.463**	**3.738**

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

l. Information on tangible assets:

	Immovables	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
December 31, 2010					
Cost	2.064.202	357.733	4.052	777.047	3.203.034
Accumulated depreciation (-)	(1.291.408)	(250.441)	(3.796)	(552.416)	(2.098.061)
Net book value	**772.794**	**107.292**	**256**	**224.631**	**1.104.973**
December 31, 2011					
Net book value at beginning of the period	**772.794**	**107.292**	**256**	**224.631**	**1.104.973**
Additions	2.302	67.204	-	64.139	133.645
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(175.937)	(3.227)	(9)	(2.956)	(182.129)
Reversal of impairment, net	99.127	-	-	-	99.127
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.780)	(41.627)	(85)	(64.674)	(146.166)
Net book value at end of the period	**658.506**	**129.642**	**162**	**221.140**	**1.009.450**
Cost at the end of the period	1.970.991	409.319	2.542	819.682	3.202.535
Accumulated depreciation at the period end (-)	(1.312.485)	(279.677)	(2.380)	(598.542)	(2.193.085)
December 31, 2011	**658.506**	**129.642**	**162**	**221.140**	**1.009.450**

As of December 31, 2011, the Bank had total provision for impairment amounting to TL 328.682 (December 31, 2010-TL 545.324) for the property and equipment.

m. Information on intangible assets:

	December 31, 2011	December 31, 2010
Balance at the beginning of the period	**1.229.401**	**1.186.024**
Additions during the period	91.685	83.295
Unused and disposed items (-)	(3.666)	(159)
Transfers	-	-
Impairment reversal	-	4.015
Amortization expenses (-)	(55.566)	(43.774)
Balance at the end of the period	**1.261.854**	**1.229.401**

n. Information on investment property:

None (December 31, 2010-None).

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

o. Information on deferred tax asset:

	December 31, 2011		December 31, 2010	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	183.428	36.686	162.205	32.441
Provision for the actuarial deficit of the pension fund	775.286	155.057	838.036	167.607
Derivative financial liabilities	981.675	196.335	786.797	157.359
Securities portfolio valuation differences	198.453	39.691	306.985	61.396
Subsidiaries, investment in associates and share certificates	122.602	24.520	122.647	24.529
Other	122.780	24.556	123.462	24.693
Total deferred tax asset	**2.384.224**	**476.845**	**2.340.132**	**468.025**
Derivative financial assets	(824.660)	(164.932)	(923.678)	(184.736)
Valuation difference of securities portfolio	(178.881)	(35.776)	(126.611)	(25.322)
Property, equipment and intangibles, net	(250.016)	(39.384)	(321.965)	(39.363)
Other	-	-	(13.200)	(2.640)
Total deferred tax liability	**(1.253.557)**	**(240.092)**	**(1.385.454)**	**(252.061)**
Deferred tax asset, net	**1.130.667**	**236.753**	**954.678**	**215.964**

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

	December 31, 2011	December 31, 2010
Balance at the beginning of the period	**79.377**	**86.966**
Additions	63.790	56.716
Disposals (-), net	(41.523)	(64.901)
Impairment reversal	1.380	2.752
Impairment (-)	(238)	(219)
Depreciation (-)	(2.390)	(1.937)
Net book value at the end of the period	**100.396**	**79.377**
Cost at the end of the period	107.782	85.836
Accumulated depreciation at the end of the period (-)	(7.386)	(6.459)
Net book value at the end of the period	**100.396**	**79.377**

As of December 31, 2011, the Bank booked impairment provision on assets held for resale with an amount of TL 9.791 (December 31, 2010-TL 10.933).

r. Information on other assets:
As of December 31, 2011, other assets do not exceed 10% of the total assets.

II. Explanations and notes related to liabilities
a. Information on deposits:
1. Information on maturity structure of deposits/collected funds:

1 (i). December 31, 2011:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

1 (ii). December 31, 2010:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	1.816.685	4.434.620	10.869.254	210.358	37.088	114.112	17.482.117
Foreign currency deposits	3.875.115	3.885.684	10.800.664	461.711	68.061	334.546	19.425.781
Residents in Turkey	3.782.129	3.821.711	9.661.596	233.794	63.117	194.396	17.756.743
Residents abroad	92.986	63.973	1.139.068	227.917	4.944	140.150	1.669.038
Public sector deposits	320.906	14.937	60.880	543	-	-	397.266
Commercial deposits	2.414.474	3.252.232	6.502.676	177.890	3.206	70.312	12.420.790
Other institutions deposits	34.853	85.306	1.478.796	288	65	990	1.600.298
Precious metals vault	237.777	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	302.311	262.655	36.965	-	206.068	246.139	1.054.138
The CBRT	-	-	-	-	-	-	-
Domestic banks	68.467	261.885	4.022	-	-	246.139	580.513
Foreign banks	219.571	770	32.943	-	206.068	-	459.352
Participation banks	14.273	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-
Total	**9.002.121**	**11.935.434**	**29.794.657**	**867.564**	**332.405**	**792.351**	**52.724.532**

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Saving deposits	8.534.672	8.779.823	12.736.461	8.651.347
Foreign currency savings deposit	2.751.032	2.448.173	7.640.970	5.572.934
Other deposits in the form of savings deposits	607.610	117.017	633.098	196.827
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:

	December 31, 2011	December 31, 2010
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	37.005	21.080
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	9.026	116.231

b. Information on trading derivative financial liabilities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	77.962	-	41.498	-
Swap transactions	286.060	53.852	203.119	21.075
Futures transactions	-	-	-	-
Options	28.495	24.921	45.744	21.698
Other	-	-	-	-
Total	**392.517**	**78.773**	**290.361**	**42.773**

c. Information on borrowings:

1. Information on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	188.351	234.523	98.681	125.898
From foreign banks, institutions and funds	569.683	12.730.143	868.493	7.279.873
Total	**758.034**	**12.964.666**	**967.174**	**7.405.771**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

2. Information on maturity structure of borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term	312.162	7.567.347	451.197	3.807.190
Medium and long-term	445.872	5.397.319	515.977	3.598.581
Total	**758.034**	**12.964.666**	**967.174**	**7.405.771**

3. Information on securitization borrowings:

The Bank has a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 406 million and EUR 208 million, the equivalent of TL 1.242.144 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 2011 a total of TL 387.701 is paid (2010-TL 345.191).

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 905.637 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

d. Information on marketable securities issued:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Bills	951.956	-	-	-
Bonds	144.350	-	-	-
Total	**1.096.306**	**-**	**-**	**-**

On October 10, 2011, the Bank issued bonds amounting to TL 150.000 (nominal) at an interest rate of 9,08% with 368 days to maturity and coupon payment within period of 92 days.

On December 5, 2011, the Bank issued domestic bills amounting to TL 1.000.000 (nominal) at an interest rate of 10,62%, issue price of TL 95,34 (full TL) with 168 days to maturity.

These bonds and bills can be re-purchased and re-sold according to the relevant legislation and net outstanding balances are reflected on the accompanying financial statements.

e. Information on other liabilities:

As of December 31, 2011, other liabilities do not exceed 10% of the total balance sheet commitments.

f. Information on lease payables:

1. Information on financial leasing agreements:

	December 31, 2011		December 31, 2010	
	Gross	Net	Gross	Net
Less than 1 year	606	569	-	-
Between 1-4 years	29.074	27.970	13.619	13.300
More than 4 years	65	58	2.811	2.744
Total	**29.745**	**28.597**	**16.430**	**16.044**

2. Information on operational leasing agreements:

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

g. Information on hedging derivative financial liabilities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge (1)	18.959	-	313.917	-
Cash flow hedge (1)	43.693	440.189	38.108	101.638
Foreign net investment hedge	-	-	-	-
Total	**62.652**	**440.189**	**352.025**	**101.638**

(1) Explained in Note IX of Section IV.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

h. Information on provisions:

1. Information on general provisions:

	December 31, 2011	December 31, 2010
Provisions for Group I loans and receivables	756.701	577.959
Provisions for Group II loans and receivables	70.625	104.422
Provisions for non cash loans	66.886	61.590
Other	147.792	76.328
Total	**1.042.004**	**820.299**

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 61.691 of additional general provision for the loans whose payment plans are extended. Such loans are explained in note I.e.12 section V.

2. Information on reserve for employee rights:

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

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

	December 31, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
Possibility of being eligible for retirement (%)	94,94	94,71

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:

	December 31, 2011	December 31, 2010
Prior period ending balance	**88.800**	**89.805**
Changes during the period	32.622	15.145
Paid during the period	(22.342)	(16.150)
Balance at the end of the period	**99.080**	**88.800**

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 84.348 as of December 31, 2011 (December 31, 2010-TL 73.405).

3. Other provisions:

	December 31, 2011	December 31, 2010
Pension fund provision	775.286	838.036
Non-cash loan provision	108.232	127.958
Provision for possible risks (1)	106.176	87.435
Provisions on credit cards and promotion campaigns related to banking services	33.905	39.697
Provision on export commitment tax and funds liability	37.251	39.486
Legal risk provision (1)	29.543	27.471
Other	91.196	136.930
Total	**1.181.589**	**1.297.013**

(1) Considered as provisions for possible risks.

i) Pension fund provision:

The Bank provided provision amounting to TL 775.286 (December 31, 2010-TL 838.036) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	December 31, 2011	December 31, 2010
Income statement (charge)/benefit	62.750	26.023

The amount of TL 62.750 (December 31, 2010-TL 26.023) is recorded as other operating income in the income statement.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

	December 31, 2011	December 31, 2010
Present value of funded obligations	1.293.105	1.279.566
-Pension benefits transferable to SSI	1.250.572	1.183.533
-Post employment medical benefits transferable to SSI	42.533	96.033
Fair value of plan assets	(517.819)	(441.530)
Provision for the actuarial deficit of the pension fund	**775.286**	**838.036**

The principal actuarial assumptions used were as follows:

	December 31, 2011	December 31, 2010
Discount rate		
-Pension benefits transferable to SSI	%9,80	%9,80
-Post employment medical benefits transferable to SSI	%9,80	%9,80

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 14 years for men and 18 years for women who retire at the age of 65 and 64, respectively.

Plan assets are comprised as follows:

	December 31, 2011		December 31, 2010	
	Amount	%	Amount	%
Government bonds and treasury bills	195.456	38	154.902	35
Premises and equipment	116.055	22	116.393	26
Bank placements	167.717	32	133.432	30
Short-term receivables	19.367	4	19.493	5
Other	19.224	4	17.310	4
Total	**517.819**	**100**	**441.530**	**100**

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

As of December 31, 2011, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 17.520 (December 31, 2010-TL 21.327).Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

i. Information on taxes payable:
(i) Information on taxes payable:

	December 31, 2011	December 31, 2010
Corporate Tax Payable	90.809	104.458
Taxation of Marketable Securities	71.272	79.235
Property Tax	1.485	1.355
Banking Insurance Transaction Tax ("BITT")	50.754	31.627
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.399	3.167
Other	21.160	19.500
Total	**238.879**	**239.342**

As at December 31, 2011, the Bank has submitted its application to Boğaziçi Corporate Tax Authority and Taxpayers Office to claim for the benefit of the tax amnesty (the Law numbered 6111) regarding 6 tax penalties resulting from tax inspectors review of 2005, 2006, 2007, 2009 and 2010 fiscal years. The restructured tax payable amounting to TL 1.332 was paid in the second quarter of 2011.

(ii) Information on premium payables:

	December 31, 2011	December 31, 2010
Social security premiums-employee	-	-
Social security premiums-employer	-	-
Bank pension fund premiums-employee	8.097	7.291
Bank pension fund premiums-employer	8.471	7.604
Pension fund deposit and provisions-employee	-	-
Pension fund deposit and provisions-employer	-	-
Unemployment insurance-employee	577	520
Unemployment insurance-employer	1.160	1.041
Other	-	-
Total	**18.305**	**16.456**

(iii) Information on deferred tax liability:

None (December 31, 2010-None).

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

j. Information on subordinated loans:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.523.816	-	2.110.274
From other foreign institutions	-	-	-	-
Total	**-**	**2.523.816**	**-**	**2.110.274**

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

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 Bank dated February 22, 2012, the Bank has signed a subordinated loan agreement with UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of five years, at an interest rate of 3 months LIBOR + 8,30%.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	December 31, 2011	December 31, 2010
Common stock	4.347.051	4.347.051
Preferred stock	-	-

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

The Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 5.000.000.

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

None (December 31, 2010-None).

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

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

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

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

7. Privileges on the corporate stock: None.

8. Information on marketable securities valuation differences:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	(127.548)	29.190	101.047	81.726
Foreign currency difference [(1)]	-	14.914	-	2.300
Total	**(127.548)**	**44.104**	**101.047**	**84.026**

(1) Includes current period foreign currency differences.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

III. Explanations and notes related to off-balance sheet accounts
a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	December 31, 2011	December 31, 2010
Commitments on credit card limits	13.666.113	11.706.172
Loan granting commitments	5.107.096	3.256.509
Commitments for cheques	4.220.740	3.653.626
Other irrevocable commitments	7.551.981	3.939.925
Total	**30.545.930**	**22.556.232**

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank has recorded a general provision for its non-cash loans amounting to TL 66.886 (December 31, 2010-TL 61.590) and a specific provision regarding non-cash loans amounting to TL 108.232 (December 31, 2010-TL 127.958).

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

	December 31, 2011	December 31, 2010
Bank acceptance loans	158.915	165.797
Letter of credits	4.886.465	3.907.168
Other guarantees and collaterals	2.391.897	579.420
Total	**7.437.277**	**4.652.385**

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

	December 31, 2011	December 31, 2010
Temporary letter of guarantees	1.789.616	1.020.700
Definite letter of guarantees	12.932.613	10.530.528
Advance letter of guarantees	2.476.742	2.100.373
Letter of guarantees given to customs	1.048.085	807.679
Other letter of guarantees	450.806	351.711
Total	**18.697.862**	**14.810.991**

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

	December 31, 2011	December 31, 2010
Non-cash loans given against cash loans	292.804	218.350
With original maturity of 1 year or less than 1 year	21.119	24.803
With original maturity of more than 1 year	271.685	193.547
Other non-cash loans	25.842.335	19.245.026
Total	**26.135.139**	**19.463.376**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**153.475**	**1,43**	**254.661**	**1,64**	**128.439**	**1,64**	**179.169**	**1,53**
Farming and raising livestock	115.608	1,08	241.083	1,56	96.758	1,24	175.426	1,50
Forestry	33.968	0,32	8.424	0,05	24.429	0,31	1.237	0,01
Fishing	3.899	0,03	5.154	0,03	7.252	0,09	2.506	0,02
Manufacturing	**3.966.421**	**37,09**	**7.442.320**	**48,20**	**3.193.838**	**40,96**	**5.584.068**	**47,87**
Mining	474.401	4,44	650.116	4,21	271.652	3,48	481.108	4,12
Production	3.058.153	28,59	5.639.928	36,53	2.462.192	31,58	4.285.816	36,75
Electric, gas and water	433.867	4,06	1.152.276	7,46	459.994	5,90	817.144	7,00
Construction	**3.164.314**	**29,59**	**3.743.485**	**24,25**	**2.194.349**	**28,14**	**2.978.890**	**25,54**
Services	**2.330.696**	**21,79**	**3.768.496**	**24,41**	**1.964.996**	**25,20**	**2.722.325**	**23,34**
Wholesale and retail trade	1.112.054	10,40	760.222	4,92	981.340	12,59	328.852	2,82
Hotel, food and beverage services	97.522	0,91	127.342	0,82	77.349	0,99	76.832	0,66
Transportation and telecommunication	317.317	2,97	396.338	2,57	260.105	3,34	307.755	2,64
Financial institutions	470.730	4,40	1.906.817	12,36	381.561	4,89	1.567.573	13,43
Real estate and leasing services	94.246	0,88	250.625	1,62	60.406	0,77	172.084	1,48
Self-employment services	-	-	-	-	-	-	-	-
Education services	15.498	0,14	2.531	0,02	15.835	0,20	2.931	0,03
Health and social services	223.329	2,09	324.621	2,10	188.400	2,42	266.298	2,28
Other	**1.080.445**	**10,10**	**230.826**	**1,50**	**316.435**	**4,06**	**200.867**	**1,72**
Total	**10.695.351**	**100,00**	**15.439.788**	**100,00**	**7.798.057**	**100,00**	**11.665.319**	**100,00**

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

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

December 31, 2010	Group I		Group II[1]	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	7.698.272	6.996.924	81.773	34.022
Bank acceptances	-	165.797	-	-
Letters of credit	12.337	3.894.663	-	168
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.675	571.843	-	1.902
Total	**7.716.284**	**11.629.227**	**81.773**	**36.092**

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

3 (iv). Maturity distribution of non cash loans:

December 31, 2011 [(1)]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	2.727.074	1.683.763	475.628	-	4.886.465
Letter of guarantee	9.164.695	3.118.268	5.416.687	998.212	18.697.862
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
Total	**12.964.606**	**5.449.777**	**6.707.603**	**1.013.153**	**26.135.139**

December 31, 2010 [(1)]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	1.934.347	1.615.388	357.433	-	3.907.168
Letter of guarantee	7.816.852	2.607.637	3.587.851	798.651	14.810.991
Bank acceptances	165.797	-	-	-	165.797
Other	142.724	144.453	272.644	19.599	579.420
Total	**10.059.720**	**4.367.478**	**4.217.928**	**818.250**	**19.463.376**

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

b. Information on derivative financial instruments:

	December 31, 2011	December 31, 2010
Types of trading transactions		
Foreign currency related derivative transactions (I)	34.903.485	41.626.249
FC trading forward transactions	11.200.661	5.999.892
Trading swap transactions	17.534.051	25.209.582
Futures transactions	-	-
Trading option transactions	6.168.773	10.416.775
Interest related derivative transactions (II)	8.450.824	3.017.823
Forward interest rate agreements	-	-
Interest rate swaps	3.991.702	3.017.822
Interest rate options	4.459.122	-
Interest rate futures	-	1
Other trading derivative transactions (III)	1.571.666	1.276.049
A. Total trading derivative transactions (I+II+III)	**44.925.975**	**45.920.121**
Types of hedging derivative transactions		
Transactions for fair value hedge	6.206.854	4.317.238
Cash flow hedges	32.437.197	8.527.020
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	**38.644.051**	**12.844.258**
Total derivative transactions (A+B)	**83.570.026**	**58.764.379**

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

December 31, 2011 [(1)]	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(84.466)	(71.313)	115.502	(602.956)	(163.310)	(806.543)
-Inflow	8.153.563	4.705.707	4.641.118	2.981.524	368.340	20.850.252
-Outflow	(8.238.029)	(4.777.020)	(4.525.616)	(3.584.480)	(531.650)	(21.656.795)
Interest rate derivatives	454	2.010	(1.374)	3.017	887	4.994
-Inflow	97.487	5.159	294.006	3.521.145	662.743	4.580.540
-Outflow	(97.033)	(3.149)	(295.380)	(3.518.128)	(661.856)	(4.575.546)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	(33.879)	(7.309)	(170.816)	(571.407)	30.649	(752.762)
-Inflow	17.528	263.013	1.481.977	18.229.258	495.315	20.487.091
-Outflow	(51.407)	(270.322)	(1.652.793)	(18.800.665)	(464.666)	(21.239.853)
Total cash inflow	**8.268.578**	**4.973.879**	**6.417.101**	**24.731.927**	**1.526.398**	**45.917.883**
Total cash outflow	**(8.386.469)**	**(5.050.491)**	**(6.473.789)**	**(25.903.273)**	**(1.658.172)**	**(47.472.194)**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

December 31, 2010 (1)	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	201.254	388.383	(51.482)	(542.336)	(222.020)	(226.201)
-Inflow	7.079.928	8.473.681	4.816.412	2.749.818	376.825	23.496.664
-Outflow	(6.878.674)	(8.085.298)	(4.867.894)	(3.292.154)	(598.845)	(23.722.865)
Interest rate derivatives	460	(79.904)	(119.388)	(268.554)	(43.331)	(510.717)
-Inflow	65.372	8.536	613.117	2.984.709	353.200	4.024.934
-Outflow	(64.912)	(88.440)	(732.505)	(3.253.263)	(396.531)	(4.535.651)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	(20.546)	(25.509)	(224.288)	(623.637)	(2.933)	(896.913)
-Inflow	1.828	109.620	559.671	5.830.245	30.256	6.531.620
-Outflow	(22.374)	(135.129)	(783.959)	(6.453.882)	(33.189)	(7.428.533)
Total cash inflow	**7.147.128**	**8.591.837**	**5.989.200**	**11.564.772**	**760.281**	**34.053.218**
Total cash outflow	**(6.965.960)**	**(8.308.867)**	**(6.384.358)**	**(12.999.299)**	**(1.028.565)**	**(35.687.049)**

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

d. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 29.543 (December 31, 2010-TL 27.471) for litigation and has accounted for it in the financial statements under the "Other Provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054, the process is still ongoing.

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

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

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term loans (1)	2.397.425	154.556	2.198.108	208.773
Medium/long-term loans (1)	2.072.204	883.689	1.542.430	512.179
Interest on loans under follow-up	97.260	129	85.459	231
Premiums received from resource utilization support fund	-	-	-	-
Total	**4.566.889**	**1.038.374**	**3.825.997**	**721.183**

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

2. Information on interest income on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	13.222	1.180	11.048	869
From foreign banks	2.693	11.725	5.562	10.076
Headquarters and branches abroad	-	-	-	-
Total	**15.915**	**12.905**	**16.610**	**10.945**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

3. Information on interest income on marketable securities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From trading financial assets	20.046	1.591	6.244	6.427
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	496.841	55.213	163.855	50.186
From held-to-maturity investments	343.147	571.361	501.441	415.117
Total	**860.034**	**628.165**	**671.540**	**471.730**

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

	December 31, 2011	December 31, 2010
Interest received from associates and subsidiaries	14.010	5.325

b. Information on interest expense:

1. Information on interest expense on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	96.253	350.835	100.026	191.065
The CBRT	-	-	-	-
Domestic banks	9.596	4.706	9.272	3.653
Foreign banks	86.657	346.129	90.754	187.412
Headquarters and branches abroad	-	-	-	-
Other institutions	-	104	-	245
Total (1)	**96.253**	**350.939**	**100.026**	**191.310**

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	December 31, 2011	December 31, 2010
Interest paid to associates and subsidiaries	37.656	33.850

3. Information on interest expense to marketable securities issued:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Interest expense to marketable securities issued	48.236	-	-	-
Total	**48.236**	**-**	**-**	**-**

4. Maturity structure of the interest expense on deposits:

		Time deposit							
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulating deposit	Total	December 31, 2010
TL									
Bank deposit	224	1.124	6.518	-	-	500	-	8.366	23.129
Saving deposit	16	161.140	1.124.123	55.289	34.875	107.330	-	1.482.773	1.268.338
Public sector deposit	-	141	705	437	12	25	-	1.320	6.079
Commercial deposit	49	157.246	490.501	97.481	10.517	9.148	-	764.942	541.817
Other deposit	-	5.349	53.535	20.805	261	1.621	-	81.571	61.005
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**289**	**325.000**	**1.675.382**	**174.012**	**45.665**	**118.624**	**-**	**2.338.972**	**1.900.368**
FC									
Foreign currency deposit	184	176.522	496.848	37.274	1.409	12.057	-	724.294	368.853
Bank deposit	172	441	123	712	70	-	-	1.518	6.846
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	949	89	58	71	47	-	1.214	429
Total	**356**	**177.912**	**497.060**	**38.044**	**1.550**	**12.104**	**-**	**727.026**	**376.128**
Grand total	**645**	**502.912**	**2.172.442**	**212.056**	**47.215**	**130.728**	**-**	**3.065.998**	**2.276.496**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

c. Information on dividend income:

	December 31, 2011	December 31, 2010
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	158	10
Subsidiaries and associates	128.045	155.171
Total	**128.203**	**155.181**

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

	December 31, 2011	December 31, 2010
Gain	**23.314.281**	**17.386.877**
Gain from capital market transactions	54.552	80.211
Derivative financial transaction gains	13.790.462	10.648.433
Foreign exchange gains	9.469.267	6.658.233
Loss (-)	**(23.568.989)**	**(17.453.515)**
Loss from capital market transactions	(25.517)	(7.826)
Derivative financial transaction losses	(14.288.947)	(11.184.697)
Foreign exchange loss	(9.254.525)	(6.260.992)
Net gain/loss	**(254.708)**	**(66.638)**

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

The amount of net loss from derivative financial transactions related to exchange rate changes is 10.191 TL (December 31, 2010-TL 17.711 loss).

f. Information on other operating income:

Other operating income mainly includes reversal of provisions for non-performing loans collected. It also comprises reversal of other expense provisions which were recorded in previous years, including the provision for pension fund for TL 62.750 (December 31, 2010-TL 26.023), the gain from the sale of non-performing loan portfolio for TL 45.801 (December 31, 2010-TL 71.911) and the positive effect of real estate sale and impairment reversals for 151.561 TL (December 31, 2010-TL 132.488).

g. Provision for impairment of loans and other receivables:

	December 31, 2011	December 31, 2010
Specific provisions for loans and other receivables	455.657	968.703
III. Group loans and receivables	132.734	5.179
IV. Group loans and receivables	46.430	133.065
V. Group loans and receivables	276.493	830.459
General provision expenses	245.259	71.629
Provision expense for possible risks	20.813	25.902
Marketable securities impairment expenses	29.345	1.014
Financial assets at fair value through profit or loss	1.014	1.014
Available-for-sale financial assets	28.331	-
Impairment of investments in associates, subsidiaries and held-to-maturity securities	22.777	14.189
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	4.969	-
Held-to-maturity investments	17.808	14.189
Other	2.371	1.521
Total	**776.222**	**1.082.958**

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

h. Information related to other operating expenses:

	December 31, 2011	December 31, 2010
Personnel expenses	1.138.373	989.749
Reserve for employee termination benefits	10.280	-
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	1.328
Depreciation expenses of property and equipment	146.166	136.457
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	55.566	43.774
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	238	219
Depreciation expenses of assets held for resale	2.390	1.937
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	843.450	798.625
Operational lease expenses	130.589	113.132
Repair and maintenance expenses	27.055	25.573
Advertising expenses	69.716	78.049
Other expense	616.090	581.871
Loss on sales of assets	885	2.355
Other	493.138	514.071
Total	**2.690.486**	**2.488.515**

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

Income before tax includes net interest income amounting to TL 3.310.107 (December 31, 2010-TL 3.199.602), net fee and commission income amounting to TL 1.826.778 (December 31, 2010-TL 1.596.238) and total other operating expense amounting TL 2.690.486 (December 31, 2010-TL 2.488.515).

The Bank has no discontinued operations.

j. Provision for taxes on income from continuing operations and discontinued operations:
As of December 31, 2011, the Bank has current tax expense amounting to TL 420.569 (December 31, 2010-TL 461.928) and deferred tax expense amounting to TL 77.010 (December 31, 2010-TL 2.450 credit).

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

	December 31, 2011	December 31, 2010
Income before tax provision	2.355.065	2.519.768
Tax calculated with tax rate of 20%	471.013	503.954
Disallowables and deductions (net)	26.566	(44.476)
Total	**497.579**	**459.478**

A tax investigation report (No. GKR-2009-748/9, dated November 3, 2009) was issued following the examination of 2004 corporate tax. The Bank objected against Boğaziçi Corporate Tax Office report with No. 2010/1614 at İstanbul 3rd Tax Court asking for the cancellation of the tax/penalty notification No. 2009/1. In December 2011 Tax Court (decision no. 2011/4287) accepted only partially the Bank's objection, leaving to the Bank the right to file an appeal to the Council of State. As of December 31, 2011, due to the denied part of the case, the Bank recognized TL 16.640 as current tax provision for additional corporate tax and TL 22.406 as operational expense for tax delay interest in the income statement.

The Bank does not have discontinued operations.

k. 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 except as disclosed in other footnotes, to understand the Bank's current period performance. (December 31, 2010-as a result of changes in the internal composition of the loan portfolio, the Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. As a result of the revision, TL 114 million is recorded as income. Apart from this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

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

b. Information on increase/decrease amounts resulting from merger:
None.

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

d. Hedging transactions:
The Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EURO and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2011 is TL 308.530 loss. (December 31, 2010-TL 101.828 loss).

e. Information on share issue premium:
Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to statement of cash flows

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

Cash and foreign currency 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:

	December 31, 2011	December 31, 2010
Cash	**3.953.850**	**1.756.111**
Cash and effectives	686.548	637.571
Demand deposits in banks	3.267.302	1.118.540
Cash equivalents	**1.012.551**	**2.701.693**
Interbank money market	949.000	1.530.000
Time deposits in banks	63.551	1.171.693
Total cash and cash equivalents	**4.966.401**	**4.457.804**

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

	December 31, 2011	December 31, 2010
Cash	**7.208.779**	**3.953.850**
Cash and effectives	1.013.783	686.548
Demand deposits in banks	6.194.996	3.267.302
Cash equivalents	**2.571.645**	**1.012.551**
Money market	2.136.834	949.000
Time deposits in banks	434.811	63.551
Total cash and cash equivalents	**9.780.424**	**4.966.401**

b. Information on cash and cash equivalents those are not available for use due to legal limitations and other reasons:
Reserves amounting to TL 8.712.783 (December 31, 2010-TL 5.216.762) in CBRT represent the reserve requirements of the Bank. There is also TL 105.538 blocked amount in foreign banks account.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

Decrease in "Other Account" amounting to TL 2.321.700 (December 31, 2010-TL 78.066 increase) which is classified under "Operating profit before changes in operating assets and liabilities" includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/ losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.457.574 (December 31, 2010-TL 1.025.463 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a increase approximately of TL 469.043 as of December 31, 2011 (December 31, 2010-TL 43.319 decrease).

VII. Explanations and notes related to Bank's risk group

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

1. December 31, 2011:

	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	
Bank's risk group (1), (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	194.199	229.243	8.893	81.282	905.508	671.131
Balance at the end of the period	701.047	291.713	8.292	230.061	673.086	722.958
Interest and commission income received	**14.010**	**1.338**	**1.741**	**1.191**	**62.523**	**5.910**

(1) Defined in subsection 2 of the 49th article of the Banking Act No.5411.
(2) The information in table above includes marketable securities and due from banks as well as loans.

December 31, 2010:

	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	
Bank's risk group (1), (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	115.865	31.375	59.325	54.926	470.383	550.070
Balance at the end of the period	194.199	229.243	8.893	81.282	905.508	671.131
Interest and commission income received	**5.325**	**1.316**	**1.747**	**868**	**72.899**	**3.923**

(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.

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

Bank's risk group (1), (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Beginning of the period	549.533	384.711	3.449.707	2.131.632	5.019.730	2.343.771
End of the period	1.239.623	549.533	5.160.138	3.449.707	4.414.388	5.019.730
Interest expense on deposits	**37.656**	**33.850**	**217.274**	**172.642**	**242.442**	**135.069**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes securities issued, borrowings and repo transactions as well as deposits.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

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

Bank's risk group[1]	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Transactions at fair value through profit or loss [2]						
Beginning of the period[3]	963.586	1.002.431	187.782	378.174	642.637	710.040
End of the period [3]	2.044.472	963.586	216.174	187.782	97.206	642.637
Total profit/(loss)	**60.279**	**(264.295)**	**3.718**	**(17.801)**	**(16.174)**	**(26.061)**
Transactions for hedging purposes [2]						
Beginning of the period [3]	-	-	-	-	-	-
End of the period [3]	-	-	-	-	-	-
Total profit/(loss)	**-**	**-**	**-**	**-**	**-**	**-**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39.
(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The Bank performs various transactions with group companies during its banking activities. These are commercial transactions realized with market prices. The Bank sold real estate to a related party with a sales profit amounting to TL 12.628.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2011

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

c. Information regarding benefits provided to the Bank's top management:
Amount of TL 24.151 was paid to the Bank's top management as of December 31, 2011 (December 31, 2010-TL 25.496).

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

	Number	Employee number	Country of incorporation	Total asset	Statutory share capital
Domestic Branch [1]	906	14.855			
Foreign Rep. Office	-	-	-		
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	1	4	Bahreyn	7.985.171	-

(1) In 2011, 41 new branches have been opened while 2 branches have been closed.

IX. Explanations and notes related to subsequent events

1. In the meeting held on January 18, 2012, the Board decided to submit to the approval of shareholders at the General Assembly the extension of the registered capital ceiling of the Bank which will expire at the end of 2012 until the end of 2016 and the authorization to the Management regarding obtaining permits (required from Banking Regulation and Supervision Agency, Capital Market Board and other relevant authorities for a change as indicated in the accompanying Articles of Association of the Bank, "Capital," Chapter 8) to increase the amount of the Authorized Capital from TL 5.000.000 to TL 10.000.000.

2. On February 8, 2012, the Bank finalized a bond issuance of USD 500 million with 5 years maturity with a fixed semi-annual coupon rate of 6,75% managed by J.P. Morgan Securities Ltd., Standard Chartered Bank and UniCredit Bank AG.

3. On February 6, 2012, the Bank has issued TL 400.000 nominal value discounted bill with a simple interest rate of 9,95%, 161 days to maturity and issued bonds amounting to TL 150.000 nominal value with a quarterly coupon at an interest rate of 2,48 % with 368 days to maturity.

4. On February 17, 2012, the Bank completed a private placement bond issueance amounting to TL 30.000 nominal value with 6 year maturity and semi annual coupon payment.

5. According to the resolution of the Board of Directors of the Bank dated February 22, 2012, the Bank has signed a subordinated loan agreement with UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of five years, at an interest rate of 3 months LIBOR + 8,30%.

Section six

Other explanations and notes

I. Other explanations on the Bank's operations
None

Section seven

Independent auditor's report

I. Explanations on independent auditor's report
The unconsolidated financial statements for the period ended December 31, 2011 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited). The independent auditor's report dated February 23, 2012 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor
None.

Yapı ve Kredi Bankası A.Ş.
Consolidated independent audit report at December 31, 2011

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

Independent audit report

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

We have audited the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") as at December 31, 2011 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 year then ended and summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

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

Istanbul, February 23, 2012

Yapı ve Kredi Bankası A.Ş.
The consolidated financial report at December 31, 2011

Yapı ve Kredi Bankası A.Ş.
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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 report

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Sigorta A.Ş.	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı 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. Stiching Custody Servises YKB		
12. Yapı Kredi Bank Azerbaijan CJSC		
13. Yapı Kredi Invest LLC		

Additionally, although Yapı Kredi Diversified Payment Rights Finance Company, the "Special Purpose Entity", is not a subsidiary, as the 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 independently audited.

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
Telephone Number : 0212 339 63 29/0212 339 78 20
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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	118
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	118
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	118
IV.	Information on the individual and corporate shareholders having control shares of the Parent Bank	119
V.	Summary information on the Parent Bank's activities and services	119

Section two
Consolidated financial statements

I.	Consolidated balance sheet	120
II.	Consolidated off-balance sheet commitments	122
III.	Consolidated income statement	123
IV.	Consolidated statement of income and expense items accounted under shareholders' equity	124
V.	Consolidated statement of changes in shareholders' equity	125
VI.	Consolidated statement of cash flows	127
VII.	Profit appropriation statement	128

Section three
Explanations on accounting policies

I.	Basis of presentation	129
II.	Explanations on strategy of using financial instruments and foreign currency transactions	129
III.	Information on consolidation principles	129
IV.	Explanations on forward transactions, options and derivative instruments	131
V.	Explanations on interest income and expense	132
VI.	Explanations on fee and commission income and expense	132
VII.	Explanations on financial assets	132
VIII.	Explanations on impairment of financial assets	133
IX.	Explanations on offsetting financial assets	134
X.	Explanations on sales and repurchase agreements and securities lending transactions	134
XI.	Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	134
XII.	Explanations on goodwill and other intangible assets	134
XIII.	Explanations on property and equipment	135
XIV.	Explanations on leasing transactions	135
XV.	Explanations on provisions, contingent asset and liabilities	135
XVI.	Explanations on obligations related to employee rights	136
XVII.	Explanations on taxation	136
XVIII.	Explanations on borrowings	138
XIX.	Explanations on issuance of share certificates	138
XX.	Explanations on avalized drafts and letter of acceptances	138
XXI.	Explanations on government grants	138
XXII.	Profit reserves and profit distribution	138
XXIII.	Earnings per share	138
XXIV.	Related parties	138
XXV.	Cash and cash equivalents	139
XXVI.	Operating segments	139
XXVII.	Reclassifications	139
XXVIII.	Legal mergers under common control	139
XXIX.	Other accounting policies	139

Section four
Information related to financial position of the Group

I.	Explanations on consolidated capital adequacy ratio	141
II.	Explanations on consolidated credit risk	144
III.	Explanations on consolidated market risk	147
IV.	Explanations on consolidated operational risk	148
V.	Explanations on consolidated currency risk	148
VI.	Explanations on consolidated interest rate risk	150
VII.	Explanations on consolidated liquidity risk	152
VIII.	Explanations on the presentation of financial assets and liabilities at fair values	154
IX.	Explanations on hedge accounting	155
X.	Explanations on the activities carried out on behalf of others and fiduciary transactions	157
XI.	Explanations on operating segments	157

Section five
Explanations and notes related to consolidated financial statements

I.	Explanations and notes related to consolidated assets	159
II.	Explanations and notes related to consolidated liabilities	171
III.	Explanations and notes related to consolidated off-balance sheet accounts	176
IV.	Explanations and notes related to consolidated income statement	180
V.	Explanations and notes related to consolidated statement of changes in shareholders' equity	183
VI.	Explanations and notes related to consolidated statement of cash flows	183
VII.	Explanations and notes related to Group's merger, transfers and companies acquired by banks	184
VIII.	Explanations and notes related to the Group's risk group	184
IX.	Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank	186
X.	Explanations and notes related to subsequent events	186

Section six
Other explanations and notes

I.	Other explanations on Group's operations	186

Section seven
Independent auditor's report

I.	Explanations on independent auditor's report	186
II.	Explanations and notes prepared by independent auditor	186

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

(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 December 31, 2011 18,20% of the shares Bank are publicly traded (December 31, 2010-18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCI") and Koç Group.

KFS was established on 16 March 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 UCI 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 A.Ş. ("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 in 2006 and 2007:

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 Nederland N.V.	July 2, 2007	Yapı Kredi NV

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.

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 December 31, 2011, the Bank's Board of Directors, Members of the Audit Committee and General Manager and Assistant General Managers are as follows:

Board of Directors Members:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

General Manager and Assistant General Managers:

Name	Responsibility
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

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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

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

With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

As of December 31, 2011, the Parent Bank has 906 branches operating in Turkey, 1 branch in off-shore region (December 31, 2010-867 branches operating in Turkey, 1 branch in off-shore region).

As of December 31, 2011, the Parent Bank has 14.859 employees (December 31, 2010-14.411 employees).The parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2011, the Group has 17.306 employees (December 31, 2010-16.780 employees).

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2011 and 2010

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

Section two
Consolidated financial statements

I. Consolidated balance sheet

					(31/12/2011)			(31/12/2010)
	Assets	**Note (Section five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Cash and balances with central bank**	**I-a**	**4.652.286**	**5.429.417**	**10.081.703**	**2.558.311**	**3.476.115**	**6.034.426**
II.	**Financial assets at fair value through profit or (loss) (net)**	**I-b**	**440.707**	**116.123**	**556.830**	**938.171**	**131.944**	**1.070.115**
2.1	Trading financial assets		440.707	116.123	556.830	938.171	131.944	1.070.115
2.1.1	Government debt securities		199.631	27.459	227.090	239.553	60.999	300.552
2.1.2	Share certificates		-	-	-	6.448	-	6.448
2.1.3	Trading derivative financial assets		188.600	86.018	274.618	622.779	70.745	693.524
2.1.4	Other marketable securities		52.476	2.646	55.122	69.391	200	69.591
2.2	Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**Banks**	**I-c**	**268.424**	**3.160.100**	**3.428.524**	**708.938**	**1.854.792**	**2.563.730**
IV.	**Money markets**		**2.136.726**	**36.835**	**2.173.561**	**970.970**	**-**	**970.970**
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Receivables from Istanbul stock exchange money market		15.000	36.835	51.835	-	-	-
4.3	Receivables from reverse repurchase agreements		2.121.726	-	2.121.726	970.970	-	970.970
V.	**Available-for-sale financial assets (net)**	**I-d**	**6.520.393**	**1.490.883**	**8.011.276**	**4.422.875**	**1.453.105**	**5.875.980**
5.1	Share certificates		17.100	326	17.426	16.331	269	16.600
5.2	Government debt securities		5.097.440	1.138.590	6.236.030	3.339.007	1.077.982	4.416.989
5.3	Other marketable securities		1.405.853	351.967	1.757.820	1.067.537	374.854	1.442.391
VI.	**Loans and receivables**	**I-e**	**45.160.589**	**24.910.325**	**70.070.914**	**34.957.515**	**19.718.347**	**54.675.862**
6.1	Loans		44.592.162	24.733.855	69.326.017	34.562.909	19.680.071	54.242.980
6.1.1	Bank's risk group		336.681	790.617	1.127.298	733.913	494.603	1.228.516
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		44.255.481	23.943.238	68.198.719	33.828.996	19.185.468	53.014.464
6.2	Loans under follow-up		1.835.600	302.518	2.138.118	1.766.342	141.624	1.907.966
6.3	Specific provisions (-)		(1.267.173)	(126.048)	(1.393.221)	(1.371.736)	(103.348)	(1.475.084)
VII.	**Factoring receivables**		**795.163**	**995.598**	**1.790.761**	**1.082.586**	**742.306**	**1.824.892**
VIII.	**Held-to-maturity securities (net)**	**I-f**	**3.468.882**	**9.241.740**	**12.710.622**	**5.319.830**	**7.655.114**	**12.974.944**
8.1	Government debt securities		3.468.882	9.241.740	12.710.622	5.319.830	7.655.114	12.974.944
8.2	Other marketable securities		-	-	-	-	-	-
IX.	**Investments in associates (net)**	**I-g**	**4.503**	**183.940**	**188.443**	**3.940**	**71.906**	**75.846**
9.1	Consolidated based on equity method		-	183.940	183.940	-	71.906	71.906
9.2	Unconsolidated		4.503	-	4.503	3.940	-	3.940
9.2.1	Financial investments in associates		4.503	-	4.503	3.940	-	3.940
9.2.2	Non-financial investments in associates		-	-	-	-	-	-
X.	**Subsidiaries (net)**	**I-h**	**2.300**	**-**	**2.300**	**2.300**	**-**	**2.300**
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	**Joint ventures (net)**	**I-i**	**19.650**	**-**	**19.650**	**22.265**	**-**	**22.265**
11.1	Accounted based on equity method		19.650	-	19.650	22.265	-	22.265
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial joint ventures		-	-	-	-	-	-
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	**Lease receivables**	**I-j**	**540.478**	**2.254.005**	**2.794.483**	**384.445**	**1.605.169**	**1.989.614**
12.1	Financial lease receivables		655.326	2.643.519	3.298.845	461.940	1.869.514	2.331.454
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(114.848)	(389.514)	(504.362)	(77.495)	(264.345)	(341.840)
XIII.	**Hedging derivative financial assets**	**I-k**	**376.973**	**362**	**377.335**	**34.463**	**3.738**	**38.201**
13.1	Fair value hedge		369.747	-	369.747	34.463	-	34.463
13.2	Cash flow hedge		7.226	362	7.588	-	3.738	3.738
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	**Property and equipment (net)**	**I-l**	**1.043.112**	**20.272**	**1.063.384**	**1.139.529**	**16.986**	**1.156.515**
XV.	**Intangible assets (net)**	**I-m**	**1.281.233**	**2.932**	**1.284.165**	**1.241.866**	**1.214**	**1.243.080**
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		301.740	2.932	304.672	262.373	1.214	263.587
XVI.	**Investment property (net)**	**I-n**	**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**Tax asset**		**359.938**	**4.524**	**364.462**	**317.180**	**2.248**	**319.428**
17.1	Current tax asset		-	2.584	2.584	-	1.223	1.223
17.2	Deferred tax asset	I-o	359.938	1.940	361.878	317.180	1.025	318.205
XVIII.	**Assets held for resale and related to discontinued operations (net)**	**I-p**	**103.572**	**-**	**103.572**	**82.416**	**-**	**82.416**
18.1	Held for sale purposes		103.572	-	103.572	82.416	-	82.416
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	**Other assets**	**I-r**	**1.029.662**	**1.398.484**	**2.428.146**	**957.024**	**936.450**	**1.893.474**
	Total assets		**68.204.591**	**49.245.540**	**117.450.131**	**55.144.624**	**37.669.434**	**92.814.058**

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2011 and 2010

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

I. Consolidated balance sheet

			(31/12/2011)			(31/12/2010)		
	Liabilities	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	**Deposits**	**II-a**	**35.075.620**	**31.110.930**	**66.186.550**	**32.261.175**	**22.945.827**	**55.207.002**
1.1	Deposits of the Bank's risk group		3.373.946	3.964.002	7.337.948	3.707.671	3.157.886	6.865.557
1.2	Other		31.701.674	27.146.928	58.848.602	28.553.504	19.787.941	48.341.445
II.	**Derivative financial liabilities held for trading**	**II-b**	**409.917**	**130.422**	**540.339**	**294.227**	**64.941**	**359.168**
III.	**Borrowings**	**II-c**	**1.367.084**	**13.315.818**	**14.682.902**	**2.026.611**	**8.046.459**	**10.073.070**
IV.	**Money markets**		**1.845.799**	**5.040.094**	**6.885.893**	**469.580**	**3.181.436**	**3.651.016**
4.1	Funds from interbank money market		-	19.137	19.137	-	29.843	29.843
4.2	Funds from Istanbul stock exchange money market		942.043	-	942.043	401.755	-	401.755
4.3	Funds provided under repurchase agreements		903.756	5.020.957	5.924.713	67.825	3.151.593	3.219.418
V.	**Marketable securities issued (net)**	**II-d**	**1.095.354**	**2.153.363**	**3.248.717**	**-**	**1.394.904**	**1.394.904**
5.1	Bills		951.004	5.582	956.586	-	19.485	19.485
5.2	Asset backed securities		-	2.147.781	2.147.781	-	1.375.419	1.375.419
5.3	Bonds		144.350	-	144.350	-	-	-
VI.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**Miscellaneous payables**		**3.961.864**	**833.636**	**4.795.500**	**3.421.542**	**784.429**	**4.205.971**
VIII.	**Other liabilities**	**II-e**	**767.922**	**842.187**	**1.610.109**	**703.682**	**340.801**	**1.044.483**
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.	**Hedging derivative financial liabilities**	**II-g**	**62.652**	**440.189**	**502.841**	**352.025**	**101.638**	**453.663**
11.1	Fair value hedge		18.959	-	18.959	313.917	-	313.917
11.2	Cash flow hedge		43.693	440.189	483.882	38.108	101.638	139.746
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	**Provisions**	**II-h**	**2.760.713**	**784.192**	**3.544.905**	**2.576.902**	**702.836**	**3.279.738**
12.1	General loan loss provision		670.146	382.122	1.052.268	520.460	306.393	826.853
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		201.362	4.979	206.341	178.753	3.214	181.967
12.4	Insurance technical provisions (net)		731.166	332.728	1.063.894	614.469	316.238	930.707
12.5	Other provisions		1.158.039	64.363	1.222.402	1.263.220	76.991	1.340.211
XIII.	**Tax liability**	**II-i**	**292.396**	**929**	**293.325**	**286.688**	**2.312**	**289.000**
13.1	Current tax liability		292.396	929	293.325	286.688	180	286.868
13.2	Deferred tax liability		-	-	-	-	2.132	2.132
XIV.	**Liabilities for assets 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**	**-**	**2.523.816**	**2.523.816**	**-**	**2.110.274**	**2.110.274**
XVI.	**Shareholders' equity**	**II-k**	**13.151.420**	**(516.186)**	**12.635.234**	**10.824.482**	**(78.713)**	**10.745.769**
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		916.528	(516.186)	400.342	812.686	(78.713)	733.973
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	114.015	17.109	131.124	187.262	65.535	252.797
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)		111.991	(533.295)	(421.304)	812	(144.248)	(143.436)
16.2.9	Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		146.641	-	146.641	80.731	-	80.731
16.3	Profit reserves		5.197.101	-	5.197.101	3.202.502	-	3.202.502
16.3.1	Legal reserves		266.973	-	266.973	163.959	-	163.959
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		4.930.128	-	4.930.128	3.038.543	-	3.038.543
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Income or (loss)		2.623.562	-	2.623.562	2.399.148	-	2.399.148
16.4.1	Prior years' income or (loss)		338.858	-	338.858	151.117	-	151.117
16.4.2	Current year income or (loss)		2.284.704	-	2.284.704	2.248.031	-	2.248.031
16.5	Minority interest	II-l	67.178	-	67.178	63.095	-	63.095
	Total liabilities and shareholders' equity		**60.790.741**	**56.659.390**	**117.450.131**	**53.216.914**	**39.597.144**	**92.814.058**

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2011 and 2010

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

II.	Consolidated off-balance sheet commitments							
				(31/12/2011)			(31/12/2010)	
		Note (Section five)	TL	FC	Total	TL	FC	Total
A	**Off-balance sheet commitments (I+II+III)**		**81.022.711**	**111.769.068**	**192.791.779**	**46.872.065**	**56.333.943**	**103.206.008**
I.	**Guarantees and warranties**	**III-a-2,3**	**10.695.392**	**15.677.117**	**26.372.509**	**7.798.109**	**11.894.444**	**19.692.553**
1.1	Letters of guarantee		9.943.564	8.871.149	18.814.713	7.780.097	7.167.366	14.947.463
1.1.1	Guarantees subject to state tender law		502.263	628.039	1.130.302	510.007	596.097	1.106.104
1.1.2	Guarantees given for foreign trade operations		1.105.998	8.126.300	9.232.298	840.037	6.434.849	7.274.886
1.1.3	Other letters of guarantee		8.335.303	116.810	8.452.113	6.430.053	136.420	6.566.473
1.2	Bank acceptances		-	158.915	158.915	-	165.797	165.797
1.2.1	Import letter of acceptance		-	158.915	158.915	-	165.797	165.797
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		13.687	4.993.297	5.006.984	12.337	3.987.536	3.999.873
1.3.1	Documentary letters of credit		13.687	4.983.502	4.997.189	12.337	3.974.126	3.986.463
1.3.2	Other letters of credit		-	9.795	9.795	-	13.410	13.410
1.4	Prefinancing given as guarantee		143	2.519	2.662	143	2.062	2.205
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		737.998	614.488	1.352.486	5.532	269.072	274.604
1.9	Other collaterals		-	1.036.749	1.036.749	-	302.611	302.611
II.	**Commitments**	**III-a-1**	**50.502.978**	**30.435.022**	**80.938.000**	**19.805.392**	**2.819.338**	**22.624.730**
2.1	Irrevocable commitments		23.716.890	6.930.298	30.647.188	19.805.392	2.819.338	22.624.730
2.1.1	Asset purchase and sale commitments		42.700	6.067.378	6.110.078	-	2.544.040	2.544.040
2.1.2	Deposit purchase and sales commitments		1.692	301	1.993	44	9.797	9.841
2.1.3	Share capital commitments to associates and subsidiaries		1.000	-	1.000	2.000	-	2.000
2.1.4	Loan granting commitments		4.345.796	814.989	5.160.785	3.070.259	233.241	3.303.500
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		4.220.740	-	4.220.740	3.653.626	-	3.653.626
2.1.8	Tax and fund liabilities from export commitments		37.251	-	37.251	39.486	-	39.486
2.1.9	Commitments for credit card limits		13.666.113	47.569	13.713.682	11.706.172	21.507	11.727.679
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		1.401.598	61	1.401.659	1.333.805	10.753	1.344.558
2.2	Revocable commitments		26.786.088	23.504.724	50.290.812	-	-	-
2.2.1	Revocable loan granting commitments		26.786.088	23.504.724	50.290.812	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**III-b, c**	**19.824.341**	**65.656.929**	**85.481.270**	**19.268.564**	**41.620.161**	**60.888.725**
3.1	Hedging derivative financial instruments		9.094.408	29.549.643	38.644.051	3.446.632	9.397.626	12.844.258
3.1.1	Transactions for fair value hedge		2.782.808	3.424.046	6.206.854	2.106.632	2.210.606	4.317.238
3.1.2	Transactions for cash flow hedge		6.311.600	26.125.597	32.437.197	1.340.000	7.187.020	8.527.020
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		10.729.933	36.107.286	46.837.219	15.821.932	32.222.535	48.044.467
3.2.1	Forward foreign currency buy/sell transactions		3.531.519	7.107.230	10.638.749	2.081.770	3.206.163	5.287.933
3.2.1.1	Forward foreign currency transactions-buy		1.219.066	4.078.821	5.297.887	637.179	2.004.987	2.642.166
3.2.1.2	Forward foreign currency transactions-sell		2.312.453	3.028.409	5.340.862	1.444.591	1.201.176	2.645.767
3.2.2	Swap transactions related to foreign currency and interest rates		3.156.690	20.650.084	23.806.774	8.030.332	21.979.345	30.009.677
3.2.2.1	Foreign currency swap-buy		1.915.136	7.568.292	9.483.428	5.869.467	7.636.788	13.506.255
3.2.2.2	Foreign currency swap-sell		1.241.554	8.502.444	9.743.998	1.960.865	11.000.959	12.961.824
3.2.2.3	Interest rate swap-buy		-	2.289.674	2.289.674	100.000	1.670.799	1.770.799
3.2.2.4	Interest rate swap-sell		-	2.289.674	2.289.674	100.000	1.670.799	1.770.799
3.2.3	Foreign currency, interest rate and securities options		3.334.724	7.566.881	10.901.605	5.159.829	6.683.197	11.843.026
3.2.3.1	Foreign currency options-buy		1.211.348	1.942.920	3.154.268	2.330.226	3.125.062	5.455.288
3.2.3.2	Foreign currency options-sell		1.591.738	1.540.119	3.131.857	2.524.459	2.944.966	5.469.425
3.2.3.3	Interest rate options-buy		262.350	2.348.516	2.610.866	-	-	-
3.2.3.4	Interest rate options-sell		187.350	1.660.906	1.848.256	-	-	-
3.2.3.5	Securities options-buy		40.969	29.383	70.352	152.572	340.122	492.694
3.2.3.6	Securities options-sell		40.969	45.037	86.006	152.572	273.047	425.619
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		-	-	-	1	-	1
3.2.5.1	Interest rate futures-buy		-	-	-	1	-	1
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		707.000	783.091	1.490.091	550.000	353.830	903.830
B.	**Custody and pledges received (IV+V+VI)**		**107.146.729**	**27.609.924**	**134.756.653**	**105.034.734**	**20.439.132**	**125.473.866**
IV.	**Items held in custody**		**53.463.516**	**4.289.298**	**57.752.814**	**63.860.271**	**3.846.300**	**67.706.571**
4.1	Customer fund and portfolio balances		10.497	122	10.619	5.569	102	5.671
4.2	Investment securities held in custody		42.441.549	3.581.191	46.022.740	55.522.712	3.387.712	58.910.424
4.3	Checks received for collection		8.669.405	92.110	8.761.515	6.615.323	62.224	6.677.547
4.4	Commercial notes received for collection		2.336.837	590.894	2.927.731	1.713.892	375.385	2.089.277
4.5	Other assets received for collection		-	24.981	24.981	-	20.877	20.877
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		5.228	-	5.228	2.775	-	2.775
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**52.561.567**	**22.673.972**	**75.235.539**	**40.304.331**	**15.999.918**	**56.304.249**
5.1	Marketable securities		207.970	204	208.174	281.601	167	281.768
5.2	Guarantee notes		560.893	442.768	1.003.661	433.773	380.268	814.041
5.3	Commodity		38.944	-	38.944	58.680	-	58.680
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		36.292.482	16.967.526	53.260.008	27.491.727	11.473.952	38.965.679
5.6	Other pledged items		15.461.278	5.260.128	20.721.406	12.038.550	4.142.785	16.181.335
5.7	Pledged items-depository		-	3.346	3.346	-	2.746	2.746
VI.	**Accepted independent guarantees and warranties**		**1.121.646**	**646.654**	**1.768.300**	**870.132**	**592.914**	**1.463.046**
	Total off-balance sheet commitments (A+B)		**188.169.440**	**139.378.992**	**327.548.432**	**151.906.799**	**76.773.075**	**228.679.874**

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Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2011 and 2010

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

III.	Consolidated income statement			
	Income and expense items	**Note (Section five)**	**01/01-31/12/2011**	**01/01-31/12/2010**
I.	**Interest income**	**IV-a**	**7.839.559**	**6.389.724**
1.1	Interest on loans	IV-a-1	5.738.756	4.649.422
1.2	Interest received from reserve requirements		505	58.431
1.3	Interest received from banks	IV-a-2	115.615	75.741
1.4	Interest received from money market transactions		33.007	46.856
1.5	Interest received from marketable securities portfolio	IV-a-3	1.574.371	1.251.191
1.5.1	Trading financial assets		43.495	18.105
1.5.2	Financial assets classified as at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		599.915	250.982
1.5.4	Held to maturity investments		930.961	982.104
1.6	Financial lease income		222.355	199.400
1.7	Other interest income		154.950	108.683
II.	**Interest expense**	**IV-b**	**(4.094.381)**	**(2.807.571)**
2.1	Interest on deposits	IV-b-4	(3.137.304)	(2.330.761)
2.2	Interest on funds borrowed	IV-b-1	(537.565)	(377.625)
2.3	Interest expense on money market transactions		(317.144)	(66.447)
2.4	Interest on securities issued	IV-b-3	(77.445)	(24.674)
2.5	Other interest expenses		(24.923)	(8.064)
III.	**Net interest income (I+II)**		**3.745.178**	**3.582.153**
IV.	**Net fees and commissions income**		**1.969.214**	**1.738.087**
4.1	Fees and commissions received		2.369.225	2.071.264
4.1.1	Non-cash loans		233.835	219.730
4.1.2	Other	IV-l	2.135.390	1.851.534
4.2	Fees and commissions paid		(400.011)	(333.177)
4.2.1	Non-cash loans		(429)	(3.836)
4.2.2	Other		(399.582)	(329.341)
V.	**Dividend income**	**IV-c**	**5.891**	**1.082**
VI.	**Trading gain/(loss) (net)**	**IV-d**	**(137.246)**	**(32.138)**
6.1	Trading gains/(losses) on securities		34.730	115.205
6.2	Derivative financial transactions gains/(losses)	IV-e	(533.847)	(470.513)
6.3	Foreign exchange gains/(losses)		361.871	323.170
VII.	**Other operating income**	**IV-f**	**1.050.117**	**1.353.599**
VIII.	**Total operating income (III+IV+V+VI+VII)**		**6.633.154**	**6.642.783**
IX.	**Provision for loan losses and other receivables (-)**	**IV-g**	**(860.585)**	**(1.162.305)**
X.	**Other operating expenses (-)**	**IV-h**	**(2.910.825)**	**(2.693.198)**
XI.	**Net operating income/(loss) (VIII-IX-X)**		**2.861.744**	**2.787.280**
XII.	**Excess amount recorded as income after merger**		**-**	**-**
XIII.	**Income/(loss) from investments consolidated based on equity method**		**14.420**	**6.419**
XIV.	**Income/(loss) on net monetary position**		**-**	**-**
XV.	**Profit/loss before taxes from continuing operations (XI+…+XIV)**	**IV-i**	**2.876.164**	**2.793.699**
XVI.	**Provision for taxes on income from continuing operations (±)**	**IV-j**	**(584.784)**	**(538.996)**
16.1	Current tax provision		(512.317)	(550.611)
16.2	Deferred tax provision		(72.467)	11.615
XVII.	**Net profit/losses from continuing operations (XV±XVI)**		**2.291.380**	**2.254.703**
XVIII.	**Income from discontinued operations**		**-**	**-**
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures (business partnerships)		-	-
18.3	Other income from discontinued operations		-	-
XIX.	**Expenses from discontinued operations (-)**		**-**	**-**
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures (business partnerships)		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	**Profit/losses before taxes from discontinued operations (XVIII-XIX)**		**-**	**-**
XXI.	**Provision for income taxes from discontinued operations (±)**		**-**	**-**
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	**Net profit/losses from discontinued operations (XX±XXI)**		**-**	**-**
XXIII.	**Net profit/losses (XVII+XXII)**	**IV-k**	**2.291.380**	**2.254.703**
23.1	Group's profit/loss		2.284.704	2.248.031
23.2	Minority interest profit/losses (-)	IV-m	6.676	6.672
	Earnings/(loss) per share (in TL full)		0,0053	0,0052

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2011 and 2010

(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 equity	**(31/12/2011)**	**(31/12/2010)**
I.	**Transfers to the marketable securities valuation differences from the available for sale financial assets**	**(351.368)**	**122.640**
II.	**Property and equipment revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Currency translation differences for foreign currency transactions**	**159.642**	**(5.301)**
V.	**Profit or loss on cash flow hedges (effective part of the fair value differences)**	**(237.914)**	**(127.285)**
VI.	**Profit/loss from foreign investment hedges (effective part of fair value changes)**	**(88.958)**	**19.484**
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**	**609**
IX.	**Deferred tax related to valuation differences**	**118.272**	**(4.528)**
X.	**Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)**	**(400.107)**	**5.619**
XI.	**Current year profit/loss**	**2.291.380**	**2.254.703**
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	11.130	4.710
11.2	Reclassification of cash flow hedge transactions and presentation of the related part under income statement	(185.994)	(65.061)
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4	Other	2.466.244	2.315.054
XII.	**Total profit/loss related to the current period (X+XI)**	**1.891.273**	**2.260.322**

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

V. Consolidated statement of changes in shareholders' equity

	December 31, 2010	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	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.140
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	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.140
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	96.697	-	-	-	-	96.697	(145)	96.552
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(86.241)		(86.241)	-	(86.241)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)	-	(101.828)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	15.587	-	15.587	-	15.587
VII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(5.301)	-	-	-	-	(5.301)	-	(5.301)
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 adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	609	-	-	-	-	-	-	-	609	-	609
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	2.248.031	-	-	-	-	-	-	2.248.031	6.672	2.254.703
XX.	Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	(693)	(693)
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(693)	(693)
20.2	Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+ ......+XVIII+XIX+XX)		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	10.745.769

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 380.805 and TL 3.367.865, 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 unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity at December 31, 2010

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

V. Consolidated statement of changes in shareholders' equity

	December 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	10.745.769
	Changes in the period																			
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(297.686)	-	-	-	-	(297.686)	(785)	(298.471)
IV.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(261.497)	-	(261.497)	-	(261.497)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)	-	(190.331)
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(71.166)	-	(71.166)	-	(71.166)
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		-	-	-	-	-	-	-	-	-	-	176.013	-	-	(16.371)	-	159.642	-	159.642
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		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219	-	219
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	2.284.704	-	-	-	-	-	-	2.284.704	6.676	2.291.380
XVIII.	Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	(1.808)	(1.808)
18.1	Dividend paid		-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	(1.808)	(1.808)
18.2	Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+……+XVII+XVIII)		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

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 502.769 and TL 5.425.773, respectively, and the share of the Parent Bank in such 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 unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2011 and 2010

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

VI. Consolidated statement of cash flows

		Notes (Section five)	(31/12/2011)	(31/12/2010)
A.	**Cash flows from banking operations**			
1.1	Operating profit before changes in operating assets and liabilities		2.026.926	3.296.534
1.1.1	Interest received		7.595.985	6.124.353
1.1.2	Interest paid		(3.889.448)	(2.759.804)
1.1.3	Dividend received		5.891	1.082
1.1.4	Fees and commissions received		2.374.835	2.071.527
1.1.5	Other income		331.228	(513.433)
1.1.6	Collections from previously written-off loans and other receivables		1.346.270	1.594.440
1.1.7	Payments to personnel and service suppliers		(2.733.322)	(2.403.581)
1.1.8	Taxes paid		(606.786)	(607.822)
1.1.9	Other	VI-c	(2.397.727)	(210.228)
1.2	Changes in operating assets and liabilities		953.376	217.558
1.2.1	Net (increase)/decrease in trading securities		62.288	(3.405)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		(761.304)	(375.856)
1.2.4	Net (increase)/decrease in loans		(17.389.935)	(16.527.969)
1.2.5	Net decrease/(increase) in other assets		(496.008)	(475.172)
1.2.6	Net (decrease)/increase in bank deposits		(234.362)	444.084
1.2.7	Net (increase)/decrease in other deposits		11.064.633	11.363.637
1.2.8	Net (increase)/decrease in funds borrowed		7.132.577	4.772.319
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	VI-c	1.575.487	1.019.920
I.	**Net cash provided from banking operations**		**2.980.302**	**3.514.092**
B.	**Cash flows from investing activities**			
II.	**Net cash provided from investing activities**		**(388.890)**	**(3.425.860)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries (business partnerships)		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries (business partnerships)		-	-
2.3	Purchases of property and equipment		(247.644)	(234.847)
2.4	Disposals of property and equipment		188.868	45.330
2.5	Cash paid for purchase of investments available-for-sale		(4.462.379)	(9.624.918)
2.6	Cash obtained from sale of investments available-for-sale		2.194.414	6.025.287
2.7	Cash paid for purchase of investment securities		(563.716)	(3.020.222)
2.8	Cash obtained from sale of investment securities		2.501.567	3.383.510
2.9	Other		-	-
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**2.114.382**	**935.956**
3.1	Cash obtained from funds borrowed and securities issued		6.319.492	3.222.407
3.2	Cash used for repayment of funds borrowed and securities issued		(4.203.302)	(2.285.645)
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(1.808)	(693)
3.5	Payments for finance leases		-	(113)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**VI-c**	**653.549**	**(54.185)**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**		**5.359.343**	**970.003**
VI.	**Cash and cash equivalents at beginning of the period**	**VI-a**	**6.105.032**	**5.047.843**
VII.	**Cash and cash equivalents at end of the period**	**VI-a**	**11.464.375**	**6.017.846**

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

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements at December 31, 2011 and 2010

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

VII. Profit appropriation statement [(1) (2)]

		(31/12/2011)	(31/12/2010)
I.	**Distribution of current year income**		
1.1	Current year income	2.355.065	2.519.768
1.2	Taxes and duties payable (-)	(497.579)	(459.478)
1.2.1	Corporate tax (income tax)	(420.569)	(461.928)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(77.010)	2.450
A.	**Net income for the year (1.1-1.2)**	**1.857.486**	**2.060.290**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	(103.014)
1.5	Other statutory reserves (-)	-	-
B.	**Net income available for distribution [(A+(1.3+1.4+1.5)]**	**1.857.486**	**1.957.276**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividends to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Second legal reserves (-)	-	-
1.11	Statutory reserves (-)	-	-
1.12	Extraordinary reserves	-	1.891.585
1.13	Other reserves	-	-
1.14	Special funds	-	65.691
II.	**Distribution of reserves**	**-**	**-**
2.1	Appropriated reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	Dividends to personnel (-)	-	-
2.5	Dividends to board of directors (-)	-	-
III.	**Earnings per share**	**-**	**-**
3.1	To owners of ordinary shares	0,0043	0,0047
3.2	To owners of ordinary shares (%)	-	-
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**	**-**	**-**
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(1) Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2011 has not been prepared by the Board of Directors, only net profit related to the year 2011, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 147.891 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

(2) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

(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 Turkish Accounting Standards Board ("TASB") 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 31 December 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 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, 2010. TAS/TFRS changes (TFRIC 14 (Change) "Repayments of a Minimum Funding Instrument "; TAS 32 (Change), "Classification on Rights Issue"; TFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments; TAS 24, "Related Party Disclosures", Improvements to TFRS (Published in 2010) (effective from January 1, 2011) do not have an effect on the Group's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXIX. below.

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

Additional paragraph for convenience translation:

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 these 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 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.

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").

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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.

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 (%) 2011	Direct and indirect rates (%) 2011
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 NV	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaycan	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 (1)	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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

Title	Activity center (City/Country)	Main activities	Effective rates (%) December 31, 2011	Direct and indirect rates (%) December 31,2011
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Bankacılık	30,67	30,67

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	Activity center (City/Country)	Main activities	Effective rates (%) December 31, 2011	Direct and indirect rates (%) December 31,2011
Banque de Commerce et de Placements S.A.	İstanbul/Türkiye	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 unconsolidated associates, subsidiaries and joint ventures are accounted for at cost value, less any impairment if any, in accordance with "Turkish Accounting Standards for Consolidated and Separate Financial Statements" ("TAS 27") in the Separate financial statements.

Foreign currency denominated unconsolidated associates, subsidiaries and joint ventures are booked 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.

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 variable 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.

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 December 31, 2011, 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 expenses:

Interest income and expenses are recognised in the income statement on 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 the collection is made according to the related regulation.

VI. Explanations on fee and commission income and expense:

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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 either acquired for generating profit from short-term fluctuations in the price or dealer's margin, 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.

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.

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 repayment 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.

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 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.

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 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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%

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 of 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 the 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.

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 asset 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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.

b. Pension rights

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("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 extended for a maximum 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.

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 related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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

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

c. 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

The corporate tax rate in Turkey is 20% and it 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.

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 December 31, 2011 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.

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 stand alone financial statements in accordance with TAS12. The deferred tax asset and deferred tax liability are presented as separate in these financial statements.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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" in the official gazette No:26704 dated 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. 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 Bank has started to obtain funds by issuing bonds at the current period.

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 letter of acceptances are included in the "off-balance sheet commitments".

XXI. Explanations on government grants:
In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until December 31,2011 the Group received government grant from TÜBİTAK amounting to TL 828 (December 31, 2010-TL 609).

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.

	December 31, 2011	December 31, 2010
Group's Profit	2.284.704	2.248.031
Weighted Average Number of Issued Ordinary Shares (Thousand)	434.705.128	434.705.128
Earnings per share (Disclosed in full TL)	**0,0053**	**0,0052**

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 2011. (December 31, 2010-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 VIII. of Section Five.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

XXV. Cash and cash equivalents:

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

XXVI. 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 XI. of Section Four.

XXVII. Reclassifications:

Reclassifications have been made on comparative figures as of December 31, 2010 to conform the changes in presentation in the December 31, 2011 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.

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.

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).

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

(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 14,88% (December 31, 2010-15,43%).

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 1 November 2006 and (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 (1)					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (Net)	**25.434.790**	**4.980.806**	**11.773.173**	**53.101.570**	**1.199.105**	**2.192.478**
Cash	1.428.135	171	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	5.281.746	-	-	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	1.585.001	-	224.364	-	-
Interbank Money Market Placements	36.834	-	-	-	-	-
Receivables from reverse repurchase transactions	-	2.100.000	-	-	-	-
Reserve Requirements with the Central Bank of the Republic of Turkey	3.439.176	-	-	-	-	-
Loans	2.419.174	1.072.649	11.549.363	47.287.786	1.199.105	2.192.478
Non-Performing receivables (Net)	-	-	-	734.940	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-Maturity investments	12.319.605	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	32.153	-	-
Miscellaneous receivables	-	194.959	-	680.080	-	-
Interest and income accruals	264.702	26.308	223.810	926.845	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	1.801.223	-	-
Fixed assets	-	-	-	1.015.964	-	-
Other assets	245.418	1.718	-	398.215	-	-
Off-balance sheet items	**875.728**	**5.343.930**	**531.741**	**17.630.015**	**-**	**-**
Non-cash loans and commitments	875.728	3.749.632	531.741	17.469.958	-	-
Derivative financial instruments	-	1.594.298	-	160.057	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets (2)	**26.310.518**	**10.324.736**	**12.304.914**	**70.731.585**	**1.199.105**	**2.192.478**

(1) There are no assets weighted with 10% risk.
(2) Not weighted

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

	Risk Weights [1]					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (Net)	**27.276.076**	**6.902.173**	**12.244.564**	**56.978.312**	**1.199.105**	**2.192.478**
Cash	1.766.254	171	-	8.879	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	5.281.746	-	-	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	3.083.964	-	323.090	-	-
Interbank Money Market Placements	51.834	-	-	-	-	-
Receivables from reverse repurchase transactions	-	2.120.366	-	-	-	-
Reserve Requirements with the Central Bank of the Republic of Turkey	3.439.176	-	-	-	-	-
Loans	3.252.815	1.448.534	11.844.673	49.824.880	1.199.105	2.192.478
Non-Performing receivables (Net)	-	-	-	744.897	-	-
Lease receivables	6.770	7.495	173.594	2.579.396	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-Maturity investments	12.487.666	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	32.153	-	-
Miscellaneous receivables	333.427	194.959	-	892.672	-	-
Interest and income accruals	279.648	44.966	226.297	970.250	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	2.300	-	-
Fixed assets	-	-	-	1.063.703	-	-
Other assets	376.740	1.718	-	536.092	-	-
Off-balance sheet items	**893.597**	**5.414.549**	**576.085**	**17.882.667**	**-**	**-**
Non-cash loans and commitments	893.597	3.796.128	576.085	17.703.996	-	-
Derivative financial instruments	-	1.618.421	-	178.671	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets[2]	**28.169.673**	**12.316.722**	**12.820.649**	**74.860.979**	**1.199.105**	**2.192.478**

(1) There are no assets weighted with 10% risk.
(2) Not weighted

d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31,2010
Amount subject to credit risk (ASCR)	85.132.603	64.043.140	89.918.261	68.300.334
Amount subject to market risk (ASMR)	3.299.213	1.410.150	3.779.300	1.949.350
Amount subject to operational risk (ASOR)	8.842.703	7.806.018	9.764.669	8.999.966
Shareholder's equity	**14.294.439**	**11.820.819**	**15.393.036**	**12.227.770**
Shareholder's equity/(ASCR+ASMR+ASOR)*100	**14,69**	**16,14**	**14,88**	**15,43**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

e. Information about shareholders' equity items:

	December 31, 2011	December 31, 2010
Core capital		
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	266.973	163.959
First legal reserve (Turkish Commercial Code 466/1)	266.973	163.959
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	4.930.128	3.038.543
Reserves allocated by the General Assembly	4.930.128	3.038.543
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves, extraordinary reserves	-	-
Profit	2.623.562	2.399.148
Current period profit (net)	2.284.704	2.248.031
Prior period profit	338.858	151.117
Provisions for possible risks (up to 25% of core capital)	151.960	124.712
Profit on disposal of associates, subsidiaries and immovables	146.641	80.731
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	67.178	63.095
Portion of loss not covered with reserves (-)	-	-
Current period loss (net)	-	-
Prior period loss	-	-
Leasehold improvements (-)	94.353	102.899
Prepaid expenses (-)[1]	-	138.650
Intangible assets (-)	1.284.165	1.243.080
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
Total core capital	**11.698.856**	**9.276.491**

Supplementary capital	**December 31, 2011**	**December 31, 2010**
General provisions	1.052.268	826.853
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[2] [3]	2.916.370	2.097.218
45% of Marketable Securities valuation differences	59.006	113.759
Investments in associates and subsidiaries	80.468	5.269
Available-for-Sale financial assets	(21.462)	108.490
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)	-	-
Total supplementary capital	**4.027.644**	**3.037.830**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

	December 31, 2011	December 31, 2010
Tier III capital		
Capital	**15.726.500**	**12.314.321**
Deductions from the capital	**333.464**	**86.551**
Investments in Unconsolidated Financial Institutions and Banks	4.503	3.940
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	203.590	71.906
Loans extended as contradictory to the articles 50 and 51of 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.	8.900	10.705
Other	116.471	-
Total shareholders' equity	**15.393.036**	**12.227.770**

(1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No. 27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.
(2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.
(3) According to the resolution of the Board of Directors 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%. The amount of TL 1.046.776, calculated after the deduction of the required items as described in "Banking Law" and "Regulation on Own Funds of Banks" from the available amount in the Bank's accounts for this agreement since December 28, 2011, has been utilised as secondary subordinated loan under supplementary capital in the calculation of the current period's consolidated capital adequacy ratio by the authorization of BRSA dated February 20, 2012 and numbered B.02.1.BDK.0.11.00.00.50.1-3685.

II. Explanations on consolidated credit risk:

a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty can not fulfill its obligations stated in agreements where the Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. In the loan granting process, liquid collaterals are obtained to the greatest extent possible. Long-term projections of the companies are analysed both by financial analysis specialists and head office when granting long-term and project finance loans. Since credit and interest risks are higher in long-term commitments, their pricing is coordinated with Treasury Management.

Corporate and commercial loan customers are followed-up in the system with risk scores and relatively more risky customers are monitored.

In case of SME, the credit rating system are used in the SME loans rating approval authorization system and the amount of loan requested determine the authorization level. By this system, high graded clients are approved by lower authorization level while low graded clients are directed to the higher authorization levels for approval.

The Parent Bank calculates the probability of default for the customers with its rating system for various types of customers. The rating concentrations of the corporate and commercial loans that are rated individually by the Parent Bank's internal rating system are disclosed below.

	December 31, 2011	December 31, 2010
Above average (1-4)	%35,9	%31,2
Average (5+-6)	%51,0	%47,9
Below average (7+-9)	%13,1	%20,9

b. The Group has control limits over the positions of forwards, options and similar agreements.

c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

d. In line with the Communiqué related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provisions for these loans and other receivables, if the cash risk of a customer is classified as non performing, the non-cash is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

e. The Group's banking activities in foreign countries and crediting transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.

f. 1. The proportion of the Group's top 100 cash loan balances in total cash loans is 21% (December 31, 2010-21%).

2. The proportion of the Group's top 100 non-cash loan balances in total non-cash loans is 38% (December 31, 2010-40%).

3. The proportion of the Group's cash and non-cash loan balances with the first 100 customers comprises of 20% of total cash loans and non-cash loans (December 31,2010-20%).

g. The Group provided a general loan loss provision amounting to TL 1.052.268 (December 31, 2010-TL 826.853).

h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to banks and Other financial Institutions		Marketable securities(1)		Other loans(2)		Off Balance sheet liabilities(2)	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Loans concentration according to the type of borrowers										
Private Sector	48.041.586	37.593.280	955.954	951.217	283.449	309.911	1.550.733	902.643	39.870.173	28.844.057
Public Sector	1.471.372	1.292.231	-	-	19.173.742	17.692.485	-	-	12.912	28.807
Banks	-	-	794.739	625.234	1.529.493	1.202.071	8.132.377	4.862.930	3.376.691	1.653.115
Individual Customers	23.392.507	18.028.406	-	-	-	-	167.728	97.823	13.759.921	11.791.304
Share certificates	-	-	-	-	17.426	23.048	210.393	100.411	-	-
Total	**72.905.465**	**56.913.917**	**1.750.693**	**1.576.451**	**21.004.110**	**19.227.515**	**10.061.231**	**5.963.807**	**57.019.697**	**42.317.283**
Information according to geographical concentration										
Domestic	70.644.637	55.166.929	1.717.634	1.533.148	19.230.576	17.706.179	8.358.683	4.327.715	51.219.981	38.672.180
European Union Countries	778.860	329.931	3.645	2.745	1.417.369	1.138.604	1.064.315	655.966	4.286.248	2.052.987
OECD Countries (3)	102.595	43.080	-	-	14.666	12.262	207.466	786.198	586.160	729.517
Off-shore banking regions	-	73	-	-	8.072	14.574	212	73	177	930
USA, Canada	9.664	77.180	-	-	275.260	299.464	395.002	191.868	267.775	254.347
Other Countries	1.369.709	1.296.724	29.414	40.558	58.167	56.432	35.553	1.987	659.356	607.322
Toplam	**72.905.465**	**56.913.917**	**1.750.693**	**1.576.451**	**21.004.110**	**19.227.515**	**10.061.231**	**5.963.807**	**57.019.697**	**42.317.283**

(1) Contains trading financial assets (excluding derivative assets), available-for-sale financial assets and held-to-maturity investments.
(2) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts ("UCA").
(3) OECD countries other than EU countries, USA and Canada.

i. Information on amounts that are exposed to credit risk:

	December 31, 2011	December 31, 2010
Balance sheet items that are exposed to credit risk:		
Bank placements	3.428.524	2.563.730
Money markets	2.173.561	970.970
Loans and advances to customers	74.656.158	58.490.368
-Credit Cards	10.502.599	8.618.396
-Consumer loans	13.622.880	9.767.283
-Corporate, commercial and other loans	45.945.435	36.290.183
-Financial Leasing	2.794.483	1.989.614
-Factoring	1.790.761	1.824.892
Trading financial assets	556.830	1.070.115
-Government securities	227.090	300.552
-Share certificates	-	6.448
-Other marketable securities	55.122	69.591
-Derivative financial instruments	274.618	693.524
Investment securities	20.721.898	18.850.924
-Government debt securities	18.946.652	17.391.933
-Share certificates	17.426	16.600
-Other marketable securities	1.757.820	1.442.391
Held for hedging derivative financial assets	377.335	38.201
Other assets	2.267.516	1.754.824
Credit risk exposures relating to off-balance sheet items		
Financial guarantees	23.821.697	18.947.336
Loan commitments and other credit related liabilities	21.425.279	15.776.396
Other commitments	11.772.721	7.593.551

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

j. Marketable securities:

December 31, 2011 Moody's credit rating	Financial assets at fair value through profit or loss (Net)	Available-for-sale financial assets (Net)	Held to maturity investments (Net)	Total
Aaa	-	9.791	83.468	93.259
Aa1	-	45.065	-	45.065
Aa2	246	13.285	19.626	33.157
Aa3	-	432.025	-	432.025
A1	-	144.134	-	144.134
A2	-	586.345	-	586.345
A3	-	-	-	-
Baa1	2.400	17.396	14.668	34.464
Baa2	-	229.932	-	229.932
Baa3	-	78.037	-	78.037
Ba1	-	20.648	-	20.648
Ba2	-	36.518	-	36.518
Ba2(1)	278.934	6.180.476	12.578.211	19.037.621
Ba3	-	15.144	-	15.144
Ca	-	-	14.649	14.649
Unrated(2)	632	185.054	-	185.686
Total	**282.212**	**7.993.850**	**12.710.622**	**20.986.684**

December 31, 2010 Moody's credit rating	Financial assets at fair value through profit or loss (Net)	Available-for-sale financial assets (Net)	Held to maturity investments (Net)	Total
Aaa	-	-	70.309	70.309
Aa2	200	10.812	16.454	27.466
Aa3	-	457.300	-	457.300
A2	-	304.986	-	304.986
A3	-	163.210	-	163.210
Baa1	-	25.293	-	25.293
Baa2	-	189.873	-	189.873
Baa3	-	33.730	-	33.730
Ba1	-	32.092	-	32.092
Ba2(1)	270.826	3.773.825	12.822.164	16.866.815
Ba3	41.165	632.187	66.017	739.369
Unrated(2)	57.952	236.072	-	294.024
Total	**370.143**	**5.859.380**	**12.974.944**	**19.204.467**

(1) Securities consist of Republic of Turkey government bonds and treasury bills.
(2) Also include investment funds amounting TL 128.456 (December 31, 2010-TL 114.934).

k. Information according to geographical concentration:

	Assets	Liabilities (2)	Non-cash loans	Capital expenditures	Net profit (3)
December 31, 2011					
Domestic	109.953.442	74.633.184	23.685.605	242.704	2.291.380
European Union countries	4.224.819	25.603.121	1.539.139	110	-
OECD countries (1)	85.723	1.629.186	376.409	-	-
Off-shore banking regions	8.290	56	188	-	-
USA, Canada	763.553	1.446.664	205.257	-	-
Other Countries	2.203.911	1.502.686	565.911	4.830	-
Investments in associates, subsidiaries and joint ventures	210.393	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	**117.450.131**	**104.814.897**	**26.372.509**	**247.644**	**2.291.380**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2010	Assets	Liabilities (2)	Non-cash loans	Capital expenditures	Net profit (3)
Domestic	87.274.582	64.876.912	17.338.659	231.504	2.254.703
European Union countries	2.390.822	13.733.224	1.304.997	254	-
OECD countries (1)	793.042	1.046.489	250.891	-	-
Off-shore banking regions	14.720	15.075	930	-	-
USA, Canada	595.380	1.305.300	238.404	-	-
Other Countries	1.645.101	1.091.289	558.672	3.089	-
Investments in associates, subsidiaries and joint ventures	100.411	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	**92.814.058**	**82.068.289**	**19.692.553**	**234.847**	**2.254.703**

(1) OECD Countries other than EU countries, USA and Canada.
(2) Shareholders' equity is not included.
(3) The net profit can not be distributed according to geographical concentration.

I. Sectoral concentrations for cash loans:

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**552.717**	**1,25**	**493.224**	**2,00**	**442.899**	**1,28**	**458.744**	**2,33**
Farming and Raising Livestock	462.042	1,04	468.954	1,90	369.600	1,07	429.742	2,18
Forestry	78.638	0,18	4.526	0,02	63.893	0,18	6.210	0,03
Fishing	12.037	0,03	19.744	0,08	9.406	0,03	22.792	0,12
Manufacturing	**8.625.718**	**19,34**	**13.224.164**	**53,46**	**6.703.756**	**19,40**	**10.253.185**	**52,10**
Mining	236.476	0,53	2.013.564	8,14	168.107	0,49	1.344.520	6,83
Production	8.188.916	18,36	8.202.561	33,16	6.355.704	18,39	7.045.224	35,80
Electric, Gas and Water	200.326	0,45	3.008.039	12,16	179.945	0,52	1.863.441	9,47
Construction	**2.018.357**	**4,53**	**3.221.677**	**13,03**	**1.466.977**	**4,24**	**2.792.075**	**14,19**
Services	**5.741.769**	**12,87**	**5.110.620**	**20,66**	**4.967.579**	**14,37**	**4.417.885**	**22,45**
Wholesale and Retail Trade	2.237.386	5,02	801.895	3,24	1.884.014	5,45	684.193	3,48
Hotel Food and Beverage services	322.438	0,72	1.293.387	5,23	486.210	1,41	1.100.963	5,59
Transportation and Telecommunication	731.105	1,64	2.559.199	10,35	538.570	1,56	2.214.708	11,25
Financial Institutions	1.711.622	3,84	39.071	0,16	1.462.171	4,23	114.280	0,58
Real Estate and Leasing services	222.839	0,50	195.608	0,79	235.352	0,68	117.700	0,60
Self Employment services	-	-	-	-	-	-	-	-
Education services	46.080	0,10	13.145	0,05	27.431	0,08	8.550	0,04
Health and Social services	470.299	1,05	208.315	0,84	333.831	0,96	177.491	0,91
Other	**27.653.601**	**62,01**	**2.684.170**	**10,85**	**20.981.698**	**60,71**	**1.758.182**	**8,93**
Total	**44.592.162**	**100,00**	**24.733.855**	**100,00**	**34.562.909**	**100,00**	**19.680.071**	**100,00**

III. 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 December 31, 2011 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:

	December 31, 2011	December 31, 2010
(I) Capital to be Employed for General Market Risk-Standard Method	202.880	78.386
(II) Capital to be Employed for Specific Risk-Standard Method	47.295	62.568
(III) Capital to be Employed for Currency Risk-Standard Method	49.829	13.723
(IV) Capital to be Employed for Commodity Risk-Standard method	1.534	390
(V) Capital to be employed for settlement risk-Standard method	-	-
(VI) Capital to be employed for market risk due to options-Standard method	806	881
(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)	302.344	155.948
(IX) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	**3.779.300**	**1.949.350**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

b. Average market risk table of calculated market risk at the period ends:

	December 31, 2011			December 31, 2010		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	193.848	230.685	167.599	98.187	123.579	78.386
Share price risk	59.605	71.645	47.295	47.072	62.568	38.490
Currency risk	34.674	49.829	15.276	49.063	95.928	13.723
Commodity risk	2.483	6.400	-	180	390	51
Settlement risk	-	-	-	-	-	-
Option risk	8.885	25.852	530	5.519	20.724	131
Total amount subject to risk	**3.743.669**	**4.805.138**	**2.883.750**	**2.500.254**	**3.789.863**	**1.634.763**

IV. Explanations on consolidated operational risk:

The Group calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Group, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from 1 June 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2011, the total amount subject to operational risk is TL 9.764.669 (December 31, 2010-TL 8.999.966) and the amount of the related capital requirement is TL 781.174 (December 31, 2010-TL 719.998).

V. 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).

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
Balance sheet evaluation rate:	**TL 1,84170**	**TL 2,38270**	**TL 0,02373**
December 30, 2011 bid rate	TL 1,85880	TL 2,39770	TL 0,02385
December 29, 2011 bid rate	TL 1,84250	TL 2,40840	TL 0,02367
December 28, 2011 bid rate	TL 1,83760	TL 2,40170	TL 0,02355
December 27, 2011 bid rate	TL 1,83620	TL 2,39980	TL 0,02351
December 26, 2011 bid rate	TL 1,83390	TL 2,39680	TL 0,02345

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 the table below:

USD : 1,81134
Euro : 2,39021
Yen : 0,02323

As of December 31, 2010;

	USD	EUR	Yen
Balance sheet evaluation rate:	**1,50730 TL**	**1,99780 TL**	**0,01845 TL**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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:

	EURO	USD	Yen	Other FC	Total
December 31, 2011					
Assets					
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and Balances with The Central Bank of the Republic of Turkey	3.900.059	874.752	1.139	653.467	5.429.417
Banks	1.275.323	1.821.447	6.509	56.821	3.160.100
Financial assets at fair value through profit or loss	7.843	106.269	1.108	903	116.123
Money market placements	-	36.835	-	-	36.835
Available-for-sale financial assets	165.851	1.270.495	-	54.537	1.490.883
Loans [1]	9.039.423	18.662.267	121.991	830.227	28.653.908
Investments in associates, subsidiaries and joint ventures	-	-	-	183.940	183.940
Held-to-maturity investments	628.558	8.613.182	-	-	9.241.740
Hedging derivative financial assets	-	362	-	-	362
Tangible assets	522	-	-	19.750	20.272
Intangible assets	-	-	-	2.932	2.932
Other assets	2.192.691	1.786.159	1.242	638.315	4.618.407
Total assets	**17.210.270**	**33.171.768**	**131.989**	**2.440.892**	**52.954.919**
Liabilities					
Bank deposits	709.938	375.695	21	52.208	1.137.862
Foreign currency deposits	8.916.338	19.109.954	9.927	1.936.849	29.973.068
Funds from money market	329.225	4.688.397	-	22.472	5.040.094
Funds borrowed from other financial institutions	7.717.932	5.488.545	86.832	22.509	13.315.818
Marketable securities issued	987.567	1.165.796	-	-	2.153.363
Miscellaneous payables	500.153	320.924	286	12.273	833.636
Hedging derivative financial liabilities	65.776	374.413	-	-	440.189
Other liabilities	2.957.141	861.640	1.007	10.294	3.830.082
Total liabilities	**22.184.070**	**32.385.364**	**98.073**	**2.056.605**	**56.724.112**
Net on balance sheet position	**(4.973.800)**	**786.404**	**33.916**	**384.287**	**(3.769.193)**
Net off balance sheet position[2]	**6.151.489**	**(2.580.679)**	**(33.673)**	**(11.875)**	**3.525.262**
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
Non-cash loans	**4.852.200**	**10.223.512**	**363.258**	**238.147**	**15.677.117**
December 31, 2010					
Total assets	13.016.015	25.494.815	90.329	1.169.013	39.770.172
Total liabilities	16.460.431	21.750.270	55.503	1.023.055	39.289.259
Net on-balance sheet position	**(3.444.416)**	**3.744.545**	**34.826**	**145.958**	**480.913**
Net off-balance sheet position	**4.389.539**	**(4.717.269)**	**(49.169)**	**27.141**	**(349.758)**
Financial derivative assets	6.368.760	5.768.346	23.917	357.377	12.518.400
Financial derivative liabilities	1.979.221	10.485.615	73.086	330.236	12.868.158
Non-cash loans	**3.989.735**	**7.344.613**	**324.972**	**235.124**	**11.894.444**

(1) FX indexed loans amounting to TL 3.920.053 (December 31, 2010-TL 2.161.909) which have been disclosed as TL in the financial statements.
(2) Forward transactions classified as commitments amounting to 11.370 TL are not included.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

Currency risk sensitivity:
The table below represents the sensitivity of the Parent Bank to 15% change of currency exchange rates (USD and EUR). 15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Parent Bank's stress test scenarios.

	December 31, 2011	December 31,2010
Change in currency exchange rate	Profit/loss effect (1)	Profit/loss effect (1)
(+) 15%	(39.850)	(15.330)
(-) 15%	39.850	15.330

(1) Excluding tax effect.

VI. 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 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/FC 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 repricing mismatch in the foreign currency balance sheet, FC/FC interest rate swaps were utilized.

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

December 31, 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic 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
Total assets	**15.956.359**	**9.759.971**	**21.254.104**	**27.821.508**	**23.821.043**	**18.837.146**	**117.450.131**
Liabilities							
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
Total liabilities	**44.502.518**	**23.871.289**	**12.487.479**	**2.462.463**	**835.383**	**33.290.999**	**117.450.131**
Balance sheet long position	**-**	**-**	**8.766.625**	**25.359.045**	**22.985.660**	**-**	**57.111.330**
Balance sheet short position	**(28.546.159)**	**(14.111.318)**	**-**	**-**	**-**	**(14.453.853)**	**(57.111.330)**
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)
Total position	**(23.955.435)**	**(1.666.179)**	**9.928.704**	**7.877.684**	**22.326.868**	**(14.453.853)**	**57.789**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic Turkey	-	-	-	-	-	6.034.426	6.034.426
Banks	540.361	755.486	385.433	402.066	-	480.384	2.563.730
Financial assets at fair value through profit/loss	282.589	377.955	132.778	85.728	126.666	64.399	1.070.115
Money market placements	970.970	-	-	-	-	-	970.970
Available-for-sale financial assets	670.127	167.152	793.347	2.234.836	1.989.900	20.618	5.875.980
Loans	10.327.087	5.869.082	13.962.312	15.694.640	7.841.257	981.484	54.675.862
Held-to-maturity investments	2.020.451	2.173.896	822.733	2.169.162	5.788.702	-	12.974.944
Other assets	1.013.925	1.502.890	754.359	986.972	39.670	4.350.215	8.648.031
Total assets	**15.825.510**	**10.846.461**	**16.850.962**	**21.573.404**	**15.786.195**	**11.931.526**	**92.814.058**
Liabilities							
Bank deposits	571.638	367.371	219.328	328.878	103.660	193.023	1.783.898
Other deposits	36.476.310	6.290.441	933.054	366.958	30.530	9.325.811	53.423.104
Funds from money market	1.378.265	1.892.553	380.198	-	-	-	3.651.016
Miscellaneous payables	2.606.114	1.166	-	-	-	1.598.691	4.205.971
Marketable securities issued	-	1.375.419	-	-	19.033	452	1.394.904
Funds borrowed from other financial institutions	5.645.591	735.268	2.846.779	312.164	533.095	173	10.073.070
Other liabilities and shareholders' equity	159.008	1.198.528	1.678.196	313.473	123.616	14.809.274	18.282.095
Total liabilities	**46.836.926**	**11.860.746**	**6.057.555**	**1.321.473**	**809.934**	**25.927.424**	**92.814.058**
Balance sheet long position	**-**	**-**	**10.793.407**	**20.251.931**	**14.976.261**	**-**	**46.021.599**
Balance sheet short position	**(31.011.416)**	**(1.014.285)**	**-**	**-**	**-**	**(13.995.898)**	**(46.021.599)**
Off-balance sheet long position	3.042.205	4.589.973	423.157	-	-	-	8.055.335
Off-balance sheet short position	-	-	-	(7.757.173)	(500.565)	-	(8.257.738)
Total position	**(27.969.211)**	**3.575.688**	**11.216.564**	**12.494.758**	**14.475.696**	**(13.995.898)**	**(202.403)**

Interest rate sensitivity analysis [1]:

The table below represents the effect of 1% parallel change in the yield curve on assets and liabilities sensitive to interest rate excluding the tax effects.

Change in Interest rate	December 31, 2011 Value effect	December 31, 2010 Value effect
(+) %1	(569.485)	(751.170)
(-) %1	685.592	842.281

[1] The interest rate sensitivity analysis disclosed above is that of the Parent Bank.

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.

December 31, 2011 [1]	EURO %	USD %	Yen %	TL %
Assets[3]				
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[2]	5,80	4,81	4,02	13,74
Held-to-maturity Investments	5,26	6,70	-	9,93
Liabilities[3]				
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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2010 (1)	EURO	USD	Yen	TL
	%	%	%	%
Assets(3)				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,19	-	7,91
Financial assets at fair value through profit/loss	8,02	4,62	-	8,24
Money market placements	-	-	-	6,02
Available-for-sale financial assets	6,89	6,81	-	7,72
Loans(2)	4,95	4,35	4,72	12,87
Held-to-maturity Investments	5,23	6,76	-	9,98
Liabilities (3)				
Bank deposits	0,55	1,05	-	8,13
Other deposits	2,54	2,78	0,30	8,71
Funds from money market	1,75	1,49	-	5,42
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,44	2,46	2,38	10,74

(1) The average interest rates disclosed above are those of the Parent Bank.
(2) Does not include credit card receivables.
(3) Does not include demand/non-interest transactions

VII. 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.

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1,2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset/liability and 100% for the total asset/liability. Liquidity ratios realized in 2011 and 2010 are disclosed below.

	First-term period (Weekly)		Second-term period (Monthly)	
December 31, 2011(1)	**FC**	**Total**	**FC**	**Total**
Average %	146,26	154,79	101,83	113,56
Highest %	187,20	189,05	128,50	126,62
Lowest %	115,02	135,55	83,91	100,74

	First-term period (Weekly)		Second-term period (Monthly)	
December 31, 2010(1)	**FC**	**Total**	**FC**	**Total**
Average %	154,33	167,16	100,52	112,11
Highest %	195,67	197,43	128,36	131,23
Lowest %	119,30	149,81	78,15	102,00

(1) The liquidity risk disclosed above is that of the Parent Bank.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1) (2)	Total
December 31, 2011								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	6.642.526	3.439.177	-	-	-	-	-	10.081.703
Banks	1.005.068	1.468.792	320.164	266.297	368.203	-	-	3.428.524
Financial assets at fair value through profit or loss	41.037	47.967	66.915	227.321	109.798	63.792	-	556.830
Money market placements	-	2.173.561	-	-	-	-	-	2.173.561
Available-for-sale financial assets	87.419	238.702	30.893	1.050.207	2.400.612	4.186.017	17.426	8.011.276
Loans	-	11.484.640	5.496.522	16.498.220	21.537.428	14.309.207	744.897	70.070.914
Held-to-maturity Investments	-	-	79.249	191.934	4.737.146	7.702.293	-	12.710.622
Other assets (1)	1.023.979	1.418.230	1.653.029	1.201.142	1.810.991	244.566	3.064.764	10.416.701
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**
Liabilities								
Bank deposits	178.739	665.788	295.368	284.029	43.102	95.463	-	1.562.489
Other deposits	10.848.583	36.806.994	13.039.207	3.338.649	570.596	20.032	-	64.624.061
Funds borrowed from other financial institutions	-	1.797.521	469.226	8.492.047	2.749.117	1.174.991	-	14.682.902
Funds from money market	-	3.528.706	1.641.320	1.078.338	637.529	-	-	6.885.893
Marketable securities issued	-	698	109.765	1.417.785	1.599.844	120.625	-	3.248.717
Miscellaneous payables	500.404	4.004.786	109.437	95.965	197	102	84.609	4.795.500
Other liabilities (2)	1.736.534	354.315	480.691	751.088	4.125.809	1.011.521	13.190.611	21.650.569
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**
Net liquidity gap	**(4.464.231)**	**(26.887.739)**	**(8.498.242)**	**3.977.220**	**21.237.984**	**24.083.141**	**(9.448.133)**	**-**
December 31, 2010								
Total assets	4.906.941	17.015.258	7.824.814	14.252.544	25.241.212	19.943.555	3.629.734	92.814.058
Total liabilities	10.148.828	45.325.130	8.930.873	7.119.134	6.493.608	3.611.710	11.184.775	92.814.058
Net liquidity gap	**(5.241.887)**	**(28.309.872)**	**(1.106.059)**	**7.133.410**	**18.747.604**	**16.331.845**	**(7.555.041)**	**-**

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

Breakdown of financial liabilities according to their remaining contractual maturities:
The Group's maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

December 31, 2011 (1)	Demand and Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities	.					
Deposits	48.631.002	13.429.422	3.674.818	696.942	145.030	66.577.214
Funds borrowed from other financial institutions	1.799.739	649.283	9.104.618	3.235.131	827.007	15.615.778
Funds from money market	3.529.197	1.647.208	1.096.668	663.952	-	6.937.025
Subordinated loans	-	28.585	100.180	2.534.617	491.272	3.154.654
Marketable securities issued (net)	700	116.212	1.457.768	1.692.192	133.264	3.400.136
Total	**53.960.638**	**15.870.710**	**15.434.052**	**8.822.834**	**1.596.573**	**95.684.807**

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2010[1]	Demand and Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	46.670.003	6.772.971	1.183.011	800.752	171.391	55.598.128
Funds borrowed from other financial institutions	2.128.796	519.849	4.663.791	2.539.474	914.532	10.766.442
Funds from money market	1.105.553	1.423.875	554.459	475.175	138.837	3.697.899
Subordinated loans	-	15.862	78.129	473.882	2.181.519	2.749.392
Marketable securities issued (net)	-	92.063	289.975	1.076.120	-	1.458.158
Total	**49.904.352**	**8.824.620**	**6.769.365**	**5.365.403**	**3.406.279**	**74.270.019**

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

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

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

	Carrying Value		Fair Value	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Financial assets	**96.394.897**	**77.061.486**	**98.662.117**	**79.196.443**
Due from money market	2.173.561	970.970	2.173.561	970.970
Banks	3.428.524	2.563.730	3.445.199	2.583.555
Available-for-sale financial assets	8.011.276	5.875.980	8.011.276	5.875.980
Held-to-maturity investments	12.710.622	12.974.944	12.975.342	13.741.481
Loans	70.070.914	54.675.862	72.056.739	56.024.457
Financial liabilities	**91.437.485**	**72.991.221**	**91.381.062**	**73.029.663**
Bank deposits	1.562.489	1.783.898	1.565.177	1.800.003
Other deposits	64.624.061	53.423.104	64.624.061	53.423.104
Funds borrowed from other financial institutions	14.682.902	10.073.070	14.623.791	10.095.407
Subordinated Loans	2.523.816	2.110.274	2.523.816	2.110.274
Marketable securities issued	3.248.717	1.394.904	3.248.717	1.394.904
Miscellaneous payables	4.795.500	4.205.971	4.795.500	4.205.971

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

December 31, 2011	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss) (Net)	**268.127**	**288.703**	**-**	**556.830**
Government debt securities	227.090	-	-	227.090
Share certificates	-	-	-	-
Trading derivative financial assets	-	274.618	-	274.618
Other marketable securities	41.037	14.085	-	55.122
Available-for-sale financial assets (Net)	**6.352.710**	**1.641.140**	**17.426**	**8.011.276**
Government debt securities	6.236.030	-	-	6.236.030
Other marketable securities(1)	116.680	1.641.140	17.426	1.775.246
Hedging derivative financial assets	**-**	**377.335**	**-**	**377.335**
Total assets	**6.620.837**	**2.307.178**	**17.426**	**8.945.441**
Trading derivative financial liabilities	-	540.339	-	540.339
Hedging derivative financial liabilities	-	502.841	-	502.841
Total liabilities	**-**	**1.043.180**	**-**	**1.043.180**

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

December 31, 2010	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss) (Net)	**376.391**	**693.724**	**-**	**1.070.115**
Government debt securities	300.552	-	-	300.552
Share certificates	6.448	-	-	6.448
Trading derivative financial assets	-	693.524	-	693.524
Other marketable securities	69.391	200	-	69.591
Available-for-sale financial assets (Net)	**4.552.088**	**1.308.165**	**15.727**	**5.875.980**
Government debt securities	4.416.989	-	-	4.416.989
Other marketable securities(1)	135.099	1.308.165	15.727	1.458.991
Hedging derivative financial assets	**-**	**38.201**	**-**	**38.201**
Total assets	**4.928.479**	**2.040.090**	**15.727**	**6.984.296**
Trading derivative financial liabilities	-	359.168	-	359.168
Hedging derivative financial liabilities	-	453.663	-	453.663
Total liabilities	**-**	**812.831**	**-**	**812.831**

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

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

The increase in the current year on Level 3 amounting to 1.699 TL is due to capital increases in non-public equity shares.

IX. Explanations on hedge accounting:
The Bank applies the following hedge accounting models as of December 31, 2011;

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

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

Contractual amounts and the fair values as at December 31, 2011 and 2010 of these hedging instruments are presented in the table below:

	December 31, 2011			December 31, 2010		
	Notional(1)	Asset	Liability	Notional(1)	Asset	Liability
Hedging instrument						
Interest rate swap	32.437.197	7.588	483.882	8.527.020	3.738	139.746
Cross currency interest rate swap	6.206.854	369.747	18.959	4.317.238	34.463	313.917
Total	**38.644.051**	**377.335**	**502.841**	**12.844.258**	**38.201**	**453.663**

(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 principle section of these financial statements in Section III. Part IV.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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.

The impact of application of FVH accounting is summarized below;

December 31, 2011

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

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

December 31, 2010

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference/ adjustment of the hedged item(1)	Net fair value of the hedging instrument(2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses)(3)
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	224.429	34.463	313.917	84.292

(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 16.178.

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:

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(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2010

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds[1]	Net gain/(loss) reclassified to equity[2][3]
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	3.738	139.746	(101.828)	(101.828)

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 4.208.

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, the reserves accounted under equity is transferred to profit and loss accounts through amortization over the life of the remaining maturity of the hedging instrument. In addition if the hedging instrument is sold or closed before its maturity, the reserves accounted under equity are amortized to profit and loss accounts with the straight line method.

Below is a schedule as at December 31, 2011 and 2010 indicating the periods when expected cash flows are expected to occur and when they are expected to affect profit or loss (the periods are disclosed based on the remaining maturity of the hedging instruments):

December 31, 2011	Up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Interest rate swaps[1]	328.919	14.087.347	17.946.647	74.284	32.437.197

(1) Includes total of buy and sell legs.

December 31, 2010	Up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Interest rate swaps[1]	-	3.614.600	4.658.980	253.440	8.527.020

(1) Includes total of buy and sell legs.

The Bank performs effectiveness test on a monthly basis prospectively to confirm that the expected interest cash flows of customer deposits, borrowings and repos subject to CFH accounting are equal to the expected interest cash flows of the hedging instruments whose remaining maturities are disclosed in the above table.

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 December 31, 2011 is EUR 238 million (December 31, 2010-EUR 203 million). The foreign exchange loss of TL 112.775 (December 31, 2010-TL 41.608 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.

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

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

XI. Explanations on 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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.

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

December 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue(3)	2.685.663	1.605.212	268.103	166.037	1.823.484	78.764	6.627.263
Operating costs(3)	(1.551.352)	(556.396)	(113.246)	(92.821)	(1.533.499)	75.904	(3.771.410)
Net operating profit	**1.134.311**	**1.048.816**	**154.857**	**73.216**	**289.985**	**154.668**	**2.855.853**
Dividend income(2)	-	-	-	-	5.891	--	5.891
Income/Loss from investments accounted based on equity method	-	--	-	-	14.420	--	14.420
Income before tax	**1.134.311**	**1.048.816**	**154.857**	**73.216**	**310.296**	**154.668**	**2.876.164**
Tax provision (2)	-	-	-	-	(584.784)	-	(584.784)
Net income(3)	**1.134.311**	**1.048.816**	**154.857**	**73.216**	**(274.488)**	**154.668**	**2.291.380**
Minority interest(-)					(6.676)		(6.676)
Group income/loss	**1.134.311**	**1.048.816**	**154.857**	**73.216**	**(281.164)**	**154.668**	**2.284.704**
Segment assets(3)	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
Total assets	**31.022.708**	**37.482.434**	**1.650.498**	**5.068.889**	**44.471.275**	**(2.245.673)**	**117.450.131**
Segment liabilities(3)	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
Total liabilities	**25.921.556**	**26.691.404**	**16.735.360**	**4.250.605**	**46.092.497**	**(2.241.291)**	**117.450.131**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated and other consolidated adjustments in these financial statements.
(2) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column
(3) Segment asset and liabilities figures are prepared according to Management Information Systems (MIS) data.

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue	2.791.902	1.326.630	338.760	167.124	2.082.432	(65.147)	6.641.701
Operating costs	(1.347.294)	(631.115)	(104.023)	(55.293)	(1.770.637)	52.859	(3.855.503)
Net operating profit	**1.444.608**	**695.515**	**234.737**	**111.831**	**311.795**	**(12.288)**	**2.786.198**
Dividend income(2)					1.082		1.082
Income/Loss from investments accounted based on equity method					6.419		6.419
Income before tax	**1.444.608**	**695.515**	**234.737**	**111.831**	**319.296**	**(12.288)**	**2.793.699**
Tax provision (2)					(538.996)		(538.996)
Net income	**1.444.608**	**695.515**	**234.737**	**111.831**	**(219.700)**	**(12.288)**	**2.254.703**
Minority interest(-)					(6.672)		(6.672)
Group income/loss	**1.444.608**	**695.515**	**234.737**	**111.831**	**(226.372)**	**(12.288)**	**2.248.031**
Segment assets	26.522.965	33.129.240	1.275.280	4.193.536	28.578.708	(986.082)	92.713.647
Investments in associates, subsidiaries and joint ventures					100.411		100.411
Total assets	**26.522.965**	**33.129.240**	**1.275.280**	**4.193.536**	**28.679.119**	**(986.082)**	**92.814.058**
Segment liabilities	23.676.641	21.843.565	11.257.345	3.551.013	22.718.162	(978.437)	82.068.289
Shareholders' equity					10.745.769		10.745.769
Total liabilities	**23.676.641**	**21.843.565**	**11.257.345**	**3.551.013**	**33.463.931**	**(978.437)**	**92.814.058**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(2) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

(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 of the Republic of Turkey ("the CBRT"):

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Cash	781.556	251.463	513.679	188.190
The CBRT	3.870.730	4.850.192	2.044.632	3.172.303
Other	-	327.762	-	115.622
Total	**4.652.286**	**5.429.417**	**2.558.311**	**3.476.115**

2. Information on the account of the CBRT:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Demand unrestricted amount (1)	3.870.730	1.411.016	2.044.632	865.256
Time unrestricted amount	-	-	-	-
Reserve requirement	-	3.439.176	-	2.307.047
Total	**3.870.730**	**4.850.192**	**2.044.632**	**3.172.303**

(1) The reserve requirement booked as average has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA 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.

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 year 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 December 31, 2011, the Group's reserve deposits, including those at foreign banks, amount to TL 8.986.633 (December 31, 2010-TL 5.255.231).

b. Information on financial assets at fair value through profit and loss:
1. As of December 31, 2011, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2010-TL 43.734) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 57.144 (December 31, 2010-TL 72.723).

2. Positive differences related to trading derivative financial assets:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward Transactions	107.654	5.973	27.563	1.723
Swap Transactions	34.541	65.637	541.681	37.956
Futures Transactions	-	-	-	-
Options	46.405	14.408	53.535	31.066
Other	-	-	-	-
Total	**188.600**	**86.018**	**622.779**	**70.745**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

c. Information on banks:

1. Information on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	268.424	3.160.100	708.938	1.854.792
Domestic	221.993	1.355.011	682.482	658.248
Foreign	46.431	1.805.089	26.456	1.196.544
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	**268.424**	**3.160.100**	**708.938**	**1.854.792**

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
EU Countries	1.239.550	886.752	105.538	87.186
USA, Canada	334.092	128.030	-	-
OECD countries (1)	18.001	19.858	-	-
Off-shore banking regions	213	73	-	-
Other	125.120	101.101	29.006	-
Total	**1.716.976**	**1.135.814**	**134.544**	**87.186**

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

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

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

As of December 31, 2011, available-for-sale financial assets given as collateral/blocked amount to TL 555.400 (December 31, 2010-TL 512.549) and available for sale financial assets subject to repo transactions are TL 705.903 (December 31, 2010-TL 196.783).

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

	December 31, 2011	December 31, 2010
Debt securities	8.046.603	5.804.928
Quoted on stock exchange (1)	6.376.457	4.494.573
Not quoted(2)	1.670.146	1.310.355
Share certificates	64.717	58.401
Quoted on stock exchange	140	354
Not quoted	64.577	58.047
Impairment provision (-)	(187.463)	(44.332)
Other (3)	87.419	56.983
Total	**8.011.276**	**5.875.980**

(1) As of December 31, 2011, Eurobonds amounting to TL 1.083.123 (December 31,2010-TL 809.457) have been classified under debt securities quoted on Stock Exchange, even though they are not quoted on a stock exchange since these are traded in the secondary market.
(2) As of December 31, 2011, not quoted debt securities amounting to TL 951.989 (December 31, 2010-TL 729.227) are credit linked notes.
(3) As of December 31, 2011, other available-for-sale financial assets include mutual funds amounting to TL 87.419 (December 31, 2010-TL 56.983).

e. Explanations on loans:

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

	December 31, 2011		December 31, 2010	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	**-**	**-**	**-**	**-**
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**4.576**	**230.061**	**7.962**	**81.282**
Loans granted to employees	**96.504**	**71**	**85.204**	**83**
Total	**101.080**	**230.132**	**93.166**	**81.365**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

	Standard loans and other receivables		Loans and other receivables under close monitoring	
Cash loans	**Loans and other receivables**	**Restructured or rescheduled**	**Loans and other receivables**	**Restructured or rescheduled**
Non-specialised loans	**67.833.862**	**-**	**1.421.678**	**70.477**
Discount and purchase notes	992.456	-	5.523	-
Export loans	4.170.547	-	125.137	-
Import loans	-	-	-	-
Loans granted to financial sector	1.731.297	-	-	-
Foreign loans	2.202.896	-	4	5.235
Consumer loans	12.936.404	-	522.759	2.423
Credit cards	10.147.831	-	233.345	13.006
Precious metal loans	336.748	-	181	-
Other (1)	35.315.683	-	534.729	49.813
Specialised loans	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**
Total	**67.833.862**	**-**	**1.421.678**	**70.477**

(1) As explained in the Note IX of Section IV, TL 107.204 of fair value difference of hedged items is classified under other loans.

3. Loans according to their maturity structure:

	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**
Short-term loans and other receivables	**26.685.363**	**-**	**512.971**	**6.777**
Non-specialised loans	26.685.363	-	512.971	6.777
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	**41.148.499**	**-**	**908.707**	**63.700**
Non-specialised loans	41.148.499	-	908.707	63.700
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

December 31, 2011	**Corporate, commercial and other loans**	**Consumer loans**	**Credit cards**	**Financial leasing**	**Factoring**	**Total**
Standard loans	44.749.627	12.936.404	10.147.831	2.549.066	1.787.155	72.170.083
Watch list	720.622	525.182	246.351	131.498	-	1.623.653
Loans under legal follow-up	1.452.724	317.376	368.018	264.121	22.836	2.425.075
Specific provisions (-)	(977.538)	(156.082)	(259.601)	(150.202)	(19.230)	(1.562.653)
Total	**45.945.435**	**13.622.880**	**10.502.599**	**2.794.483**	**1.790.761**	**74.656.158**

December 31, 2010	**Corporate, commercial and other loans**	**Consumer loans**	**Credit cards**	**Financial leasing**	**Factoring**	**Total**
Standard loans	35.155.061	9.166.002	8.244.470	1.674.712	1.823.566	56.063.811
Watch list	927.771	444.659	305.017	193.801	-	1.871.248
Loans under legal follow-up	1.057.915	378.569	471.482	313.781	18.707	2.240.454
Specific provisions (-)	(850.564)	(221.947)	(402.573)	(192.680)	(17.381)	(1.685.145)
Total	**36.290.183**	**9.767.283**	**8.618.396**	**1.989.614**	**1.824.892**	**58.490.368**

(ii) Fair value of collaterals:

December 31, 2011	**Corporate, commercial and other loans**	**Consumer loans**	**Credit cards**	**Financial leasing**	**Factoring**	**Total**
Watch list	333.927	232.157	-	59.312	-	625.396
Loans under legal follow-up	302.664	52.892	-	91.951	-	447.507
Total	**636.591**	**285.049**	**-**	**151.263**	**-**	**1.072.903**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	372.980	174.571	-	107.818	-	655.369
Loans under legal follow-up	190.853	80.735	-	101.858	-	373.446
Total	**563.833**	**255.306**	**-**	**209.676**	**-**	**1.028.815**

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	**97.119**	**12.903.728**	**13.000.847**
Real estate loans	7.052	6.415.601	6.422.653
Automotive loans	6.711	1.262.491	1.269.202
Consumer loans	3.384	40.556	43.940
Other	79.972	5.185.080	5.265.052
Consumer Loans-FC Indexed	**-**	**182.192**	**182.192**
Real estate loans	-	175.070	175.070
Automotive loans	-	502	502
Consumer loans	-	4.509	4.509
Other	-	2.111	2.111
Consumer Loans-FC	**6.938**	**53.471**	**60.409**
Real estate loans	33	808	841
Automotive loans	668	3.641	4.309
Consumer loans	2.849	32.959	35.808
Other	3.388	16.063	19.451
Individual Credit Cards-TL	**9.496.805**	**220.192**	**9.716.997**
With installments	5.240.139	213.698	5.453.837
Without installments	4.256.666	6.494	4.263.160
Individual Credit Cards-FC	**230**	**627**	**857**
With installments	230	627	857
Without installments	-	-	-
Personnel Loans-TL	**2.835**	**39.866**	**42.701**
Real estate loans	-	1.233	1.233
Automotive loans	1	1.071	1.072
Consumer loans	-	-	-
Other	2.834	37.562	40.396
Personnel Loans-FC Indexed	**-**	**5**	**5**
Real estate loans	-	5	5
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**321**	**195**	**516**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	321	195	516
Personnel Credit Cards-TL	**51.785**	**403**	**52.188**
With installments	29.851	403	30.254
Without installments	21.934	-	21.934
Personnel Credit Cards-FC	**1**	**53**	**54**
With installments	1	53	54
Without installments	-	-	-
Credit Deposit Account-TL (Real Person) (1)	**174.711**	**-**	**174.711**
Credit Deposit Account-FC (Real Person)	**205**	**-**	**205**
Total	**9.830.950**	**13.400.732**	**23.231.682**

(1) TL 1.040 of the credit deposit account belongs to the credits used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	**672.684**	**5.246.725**	**5.919.409**
Business Loans	842	291.731	292.573
Automotive Loans	30.681	1.868.356	1.899.037
Consumer Loans	-	78	78
Other	641.161	3.086.560	3.727.721
Commercial Installments Loans-FC Indexed	**20.996**	**529.262**	**550.258**
Business Loans	-	30.519	30.519
Automotive Loans	766	115.317	116.083
Consumer Loans	-	-	-
Other	20.230	383.426	403.656
Commercial Installments Loans-FC	**1.601.514**	**800.684**	**2.402.198**
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	125.770	63.936	189.706
Other	1.475.744	736.748	2.212.492
Corporate Credit Cards-TL	**622.862**	**1.224**	**624.086**
With installment	238.440	1.224	239.664
Without installment	384.422	-	384.422
Corporate Credit Cards-FC	**-**	**-**	**-**
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	**528.676**	**-**	**528.676**
Credit Deposit Account-FC (Legal Person)	**3.296**	**-**	**3.296**
Total	**3.450.028**	**6.577.895**	**10.027.923**

7. Loans according to types of borrowers:

	December 31, 2011	December 31, 2010
Public	1.471.372	1.292.231
Private	67.854.645	52.950.749
Total	**69.326.017**	**54.242.980**

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

	December 31, 2011	December 31, 2010
Domestic loans	67.117.882	52.677.468
Foreign loans	2.208.135	1.565.512
Total	**69.326.017**	**54.242.980**

9. Loans granted to investments in associates and subsidiaries:

	December 31, 2011	December 31, 2010
Direct loans granted to associates and subsidiaries	15.079	25.085
Indirect loans granted to associates and subsidiaries	-	-
Total	**15.079**	**25.085**

10. Specific provisions provided against loans:

	December 31, 2011	December 31, 2010
Loans and other receivables with limited collectability	75.878	54.980
Loans and other receivables with doubtful collectability	201.954	340.240
Uncollectible loans and other receivables	1.115.389	1.079.864
Total	**1.393.221**	**1.475.084**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1, 2011	**850.564**	**221.947**	**402.573**	**1.475.084**
Allowance for impairment	345.479	368.826	84.455	798.760
Amount recovered during the period	(226.251)	(361.706)	(45.441)	(633.398)
Loans written off during the period as uncollectible (1)	(103)	(73.646)	(182.003)	(255.752)
Exchange differences	7.849	661	17	8.527
December 31, 2011	**977.538**	**156.082**	**259.601**	**1.393.221**

	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1, 2010	**1.077.310**	**361.242**	**776.369**	**2.214.921**
Allowance for impairment	685.934	322.777	93.526	1.102.237
Amount recovered during the period	(396.349)	(326.005)	(14.871)	(737.225)
Loans written off during the period as uncollectible (1)	(516.836)	(136.003)	(452.455)	(1.105.294)
Exchange differences	505	(64)	4	445
December 31, 2010	**850.564**	**221.947**	**402.573**	**1.475.084**

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2011			
(Gross amounts before specific reserves)	**116.892**	**32.509**	**82.818**
Restructured loans and other receivables	116.892	32.509	82.818
Rescheduled loans and other receivables	-	-	-
December 31, 2010			
(Gross amounts before specific reserves)	**28.592**	**34.388**	**62.729**
Restructured loans and other receivables	28.592	34.388	62.729
Rescheduled loans and other receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010	**247.452**	**374.080**	**1.286.434**
Additions (+)	1.536.077	55.082	232.210
Transfers from other categories of non-performing loans (+)	-	726.330	553.032
Transfer to other categories of non-performing loans (-)	(726.330)	(553.032)	-
Collections (-)	(558.221)	(246.949)	(541.100)
FX valuation differences	2.843	159	6.429
Write-offs(-)(1)	-	-	(256.378)
Corporate and Commercial Loans	-	-	(103)
Consumer Loans	-	-	(73.646)
Credit Cards	-	-	(182.003)
Other	-	-	(626)
December 31, 2011	**501.821**	**355.670**	**1.280.627**
Specific Provision (-)	(75.878)	(201.954)	(1.115.389)
Net Balance on Balance Sheet	**425.943**	**153.716**	**165.238**

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

According to the resolution of the Board of Directors of the Bank dated November 24, 2011, a portfolio composed of non-performing consumer loans and credit card loans amounting to TL 290.277 as of October 31, 2011, all fully provisioned, was sold to LBT Varlık Yönetim A.Ş. with a gain of TL 45.801.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

11 (iii). Information on Non-performing loans granted as foreign currency loans

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2011			
Period end balance	135.453	50.685	116.380
Specific provision (-)	(18.886)	(12.745)	(94.417)
Net Balance on-balance sheet	**116.567**	**37.940**	**21.963**
December 31, 2010			
Period end balance	13.651	662	127.311
Specific provision (-)	(7.433)	(219)	(95.696)
Net Balance on-balance sheet	**6.218**	**443**	**31.615**

11 (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 collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2011	**425.943**	**153.716**	**165.238**
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)	-	-	-
December 31, 2010	**192.472**	**33.840**	**206.570**
Loans granted to real persons and corporate entities (Gross)	247.452	373.357	1.201.042
Specific provision amount (-)	(54.980)	(339.517)	(994.472)
Loans granted to real persons and corporate entities (Net)	192.472	33.840	206.570
Banks (Gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (Net)	-	-	-

12. Information on the performing and close monitoring loans the maturity of which were extended:

Extended Agreements[1]	Up to 1 month	1-3 months	3-6 months	6months-1 year	1-5 years	Over 5 years	Total
1	6.322	21.306	83.814	119.790	1.084.194	111.224	1.426.650
2	7.125	42.252	8.783	34.841	110.060	-	203.061
3 and over	1.491	1.762	8.089	9.249	-	-	20.591
Total	**14.938**	**65.320**	**100.686**	**163.880**	**1.194.254**	**111.224**	**1.650.302**

(1) Two 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.

The Bank did not restructure any loan 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

f. Information on held-to-maturity investments:

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

	December 31, 2011	December 31, 2010
Government Bond	12.710.622	12.974.944
Treasury Bill	-	-
Other debt securities	-	-
Total	**12.710.622**	**12.974.944**

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

	December 31, 2011	December 31, 2010
Debt Securities	12.853.755	13.053.379
Quoted on Stock Exchange (1)	12.853.755	13.053.379
Not Quoted	-	-
Impairment Provision (-)(2)	(143.133)	(78.435)
Total	**12.710.622**	**12.974.944**

(1) As of December 31, 2011, Eurobonds amounting to TL 9.241.740 (December 31, 2010-TL 7.665.114) 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.

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

	December 31, 2011	December 31, 2010
Beginning balance	**12.974.944**	**13.318.719**
FC differences on monetary assets (1)	1.738.227	33.702
Purchases during year	563.716	3.020.222
Disposals through sales and redemptions	(2.501.567)	(3.383.510)
Impairment provision (-)	(64.698)	(14.189)
Period end balance	**12.710.622**	**12.974.944**

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

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

As of December 31, 2011, held-to-maturity investments given as collateral/blocked amount to TL 2.760.106 (December 31, 2010-TL 1.463.634). Held-to-maturity investments subject to repo transactions amount to TL 6.467.221 (December 31, 2010-TL 3.464.024).

g. Information on investments in associates (Net):

1. Information on unconsolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage if different voting percentage (%)	The Parent Bank's risk group share holding percentage(%)
1	Kredi Kayıt Bürosu	Istanbul/Turkey	18,18	18,18
2	Bankalararası Kart Merkezi	Istanbul/Turkey	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	33.294	28.668	3.163	1.804	-	12.969	3.986	-
2	22.629	19.044	6.401	686	-	3.179	2.525	-

Financial statement information disclosed above shows September 30, 2011 results.

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 (%)	The Parent Bank's risk group share holding percentage(%)
1	Banque de Commerce et de Placements S.A.	Geneva/Switzerland	30,67	69,33

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	4.499.320	617.970	6.938	87.812	15.244	55.033	26.900	-

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

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

	December 31, 2011	December 31, 2010
Balance at the beginning of the period	**71.906**	**58.939**
Movements during the period	**112.034**	**12.967**
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	17.035	8.744
Sales	-	-
Revaluation (decrease)/increase(1)	94.999	4.223
Impairment provision	-	-
Balance at the end of the period	**183.940**	**71.906**
Capital Commitments	**-**	**-**
Share percentage at the end of the period (%)	**30,67**	**30,67**

(1) Includes TL 2.489 (December 31, 2010-TL 2.069) of dividend received in the current period and 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 available this period.

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

	December 31, 2011	December 31, 2010
Banks	183.940	71.906
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	**183.940**	**71.906**

2 (v). Investments in associates quoted on 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 share holding 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 the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	12.907	10.897	319	54	-	1.338	1.135	-
2	37.555	23.318	3.948	1.021	16	621	1.018	-

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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 shareholding 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 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 [(1),]	Amsterdam/Netherlands	67,24	100,00
11	Yapı Kredi Azerbaijan [(2)]	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 Stiching 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 below 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)]
1	108.346	108.270	-	-	-	5	2.065	-
2	1.304.705	290.201	5.631	89.305	22.785	84.107	76.454	-
3	1.820.004	129.345	519	136.793	-	46.040	26.178	-
4	347.906	108.837	9.735	19.736	2.162	10.155	842	-
5	1.030.983	353.655	21.755	38.770	25.743	55.185	42.549	984.000
6	3.202.602	877.942	3.471	223.735	-	142.736	91.765	1.649.400
7	78.403	77.112	44	2.576	(1.216)	(527)	5.589	45.900
8	821.999	151.630	20.465	17.818	9.831	42.433	23.377	-
9	84.907	77.442	831	6.390	49	41.505	52.419	-
10	4.115.628	530.849	522	171.080	20.881	33.314	70.385	-
11	559.587	132.907	12.947	27.060	1.005	15.478	13.677	

(1) Calculated with the ISE market prices as of December 31, 2011 considering the total number of shares.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at December 31, 2011.

2 (iii). Movement schedule of consolidated subsidiaries:

	December 31, 2011	December 31, 2010
Balance at the beginning of the period	**1.787.541**	**1.779.648**
Movements during the period	**11.382**	**7.893**
Purchases	-	-
Transfers	-	-
Bonus shares obtained[(1), (2)]	11.382	7.893
Share of current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	-
Balance at the end of the period	**1.798.923**	**1.787.541**
Capital commitments	-	-
Share percentage at the end of the period (%)	**-**	**-**

(1) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 30, 2010; capital was increased by 4.392 thousand AZN from the profit of 2009.
(2) 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

Subsidiaries	December 31,2011	December 31, 2010
Banks	297.519	286.137
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
Total financial subsidiaries	**1.798.923**	**1.787.541**

2 (v). Subsidiaries quoted on Stock Exchange:

	December 31,2011	December 31, 2010
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	**876.095**	**876.095**

i. Information on joint ventures (net):

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures:

2 (i). Information on consolidated Joint Ventures:

	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non-current assets	Long-term liabilities	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	80.525	24.789	344	24.867	(35.255)
Total			**80.525**	**24.789**	**344**	**24.867**	**(35.255)**

Financial statements in the table above has been obtained from the financial statements as at December 31, 2011

j. Information on lease receivables (net):

1) Breakdown according to maturities:

	December 31, 2011		December 31, 2010	
	Gross	Net	Gross	Net
Less than 1 year	1.093.526	893.073	881.135	714.985
Between 1-4 years	1.690.542	1.443.695	1.151.085	991.929
More than 4 years	514.777	457.715	299.234	282.700
Total	**3.298.845**	**2.794.483**	**2.331.454**	**1.989.614**

2) Information for net investments in finance leases:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Gross lease receivables	655.326	2.643.519	461.940	1.869.514
Unearned financial income from leases (-)	(114.848)	(389.514)	(77.495)	(264.345)
Amount of cancelled leases (-)	-	-	-	-
Total	**540.478**	**2.254.005**	**384.445**	**1.605.169**

According to the resolution of the Board of Directors of Yapı Kredi Leasing dated November 28, 2011; as a result of the studies performed in accordance with the confidentiality agreements about the auction sale of selected portfolios composed of overdue receivables of the Company, portfolio followed under non-performing loan accounts amounting to TL 34.481 as of October 31, 2011 was sold to Anadolu Varlık Yönetim A.Ş. for a total consideration of TL 1.500.

k. Information on hedging derivative financial assets:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair Value Hedge[(1)]	369.747	-	34.463	-
Cash Flow Hedge[(1)]	7.226	362	-	3.738
Foreign Net Investment Hedge	-	-	-	-
Total	**376.973**	**362**	**34.463**	**3.738**

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

l. Information on property and equipment:

	Immovables	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
December 31, 2010					
Cost	2.101.826	385.309	5.191	837.995	3.330.321
Accumulated depreciation (-)	(1.295.921)	(271.375)	(4.423)	(602.087)	(2.173.806)
Net book value	**805.905**	**113.934**	**768**	**235.908**	**1.156.515**
December 31, 2011					
Net book value at beginning of the period	**805.905**	**113.934**	**768**	**235.908**	**1.156.515**
Additions	2.469	69.091	-	71.717	143.277
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(178.862)	(3.435)	(152)	(2.753)	(185.202)
Reversal of impairment, net	99.374	-	-	-	99.374
Impairment (-)	-	-	-	-	-
Depreciation (-)	(40.862)	(42.856)	(252)	(69.463)	(153.433)
Foreign currency differences(-) (net)	1.305	926	63	559	2.853
Net Book Value at end of the period	**689.329**	**137.660**	**427**	**235.968**	**1.063.384**
Cost at the end of the period	2.012.485	434.744	3.457	870.019	3.320.705
Accumulated depreciation at the period end (-)	(1.323.156)	(297.084)	(3.030)	(634.051)	(2.257.321)
December 31, 2011	**689.329**	**137.660**	**427**	**235.968**	**1.063.384**

As of December 31, 2011, the Parent Bank booked total provision for impairment amounting to TL 328.682 (December 31, 2010-TL 545.324) for the property and equipment.

m. Information on intangible assets:

	December 31, 2011	December 31, 2010
Net book value at the beginning of the period	**1.243.080**	**1.194.649**
Additions during the period	104.367	90.675
Unused and disposed items (-)	(3.666)	(159)
Transfers to tangible assets	-	-
Impairment reversal	-	4.015
Amortisation expenses (-)	(60.014)	(46.100)
Foreign exchange valuation differences	398	-
Net book value at the closing of the period	**1.284.165**	**1.243.080**

n. Information on investment property:
None (December 31, 2010-None).

o. Information on deferred tax asset:

	December 31, 2011		December 31, 2010	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	206.341	41.332	181.967	36.461
Provision for the actuarial deficit of the pension fund	775.286	155.057	838.036	167.607
Derivative financial liabilities	1.050.724	204.298	812.831	150.173
Securities portfolio valuation differences	198.453	39.691	306.985	61.396
Subsidiaries, investment in associates and share certificates	123.072	24.614	123.117	24.623
Other	699.127	139.283	662.443	131.935
Total deferred tax asset	**3.053.003**	**604.275**	**2.925.379**	**572.195**
Derivative financial assets	(821.361)	(159.232)	(956.156)	(178.328)
Valuation difference of securities portfolio	(179.761)	(35.952)	(129.603)	(25.658)
Property, equipment and intangibles, net	(264.371)	(42.255)	(334.790)	(41.928)
Other	(25.940)	(4.958)	(47.948)	(10.208)
Total deferred tax liability	**(1.291.433)**	**(242.397)**	**(1.468.497)**	**(256.122)**
Deferred tax asset, net	**1.761.570**	**361.878**	**1.456.882**	**316.073**

According to TAS 12, deferred tax assets and deferred tax liabilities have been netted off in the financial statements of each subsidiary subject to consolidation and disclosed separately in assets and liabilities.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

p. Movement schedule of assets held for resale:

	December 31, 2011	December 31, 2010
Net book value at the beginning of the period	**82.416**	**88.680**
Additions	64.432	58.076
Disposals (-), net	(42.028)	(64.936)
Impairment reversal	1.380	2.752
Impairment provision (-)	(238)	(219)
Depreciation (-)	(2.390)	(1.937)
Net book value at the end of the period	**103.572**	**82.416**
Cost at the end of the period	110.958	88.875
Accumulated depreciation at the end of the period (-)	(7.386)	(6.459)
Net book value at the end of the period	**103.572**	**82.416**

As of December 31, 2011, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 9.791 (December 31, 2010-TL 10.933).

r. Information on other assets:

As of December 31, 2011, other assets do not exceed 10% of the total assets

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

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

1(i) 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	-	-	-	-	-	-	-	-
Total	**11.027.322**	**216.577**	**7.187.968**	**37.522.753**	**6.085.769**	**965.431**	**3.180.730**	**66.186.550**

1 (ii). December 31, 2010:

	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	1.812.754	22.181	4.586.189	10.872.860	210.498	37.412	114.112	17.656.006
Foreign currency deposits	4.514.769	30.503	4.023.430	11.273.139	528.832	262.680	722.673	21.356.026
Residents in Turkey	3.838.021	16.092	3.864.195	9.765.581	250.273	149.836	341.088	18.225.086
Residents abroad	676.748	14.411	159.235	1.507.558	278.559	112.844	381.585	3.130.940
Public sector deposits	320.906	-	14.937	60.880	543	-	-	397.266
Commercial deposits	2.404.752	-	3.069.321	6.377.905	143.864	3.206	70.318	12.069.366
Other institutions deposits	34.853	-	85.306	1.478.796	288	65	990	1.600.298
Precious metals vault	237.777	-	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	193.023	149.383	419.083	163.480	196.727	229.668	432.534	1.783.898
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	68.087	-	357.762	4.022	-	-	246.138	676.009
Foreign banks	110.663	149.383	61.321	159.458	196.727	229.668	186.396	1.093.616
Participation banks	14.273	-	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-	-
Total	**9.518.834**	**202.067**	**12.198.266**	**30.272.482**	**1.097.526**	**550.948**	**1.366.879**	**55.207.002**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

2. Information on saving deposits insurance:

2(i). Information on saving deposits under the guarantee of 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	
Saving deposits	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Saving deposits	8.534.672	8.779.823	12.736.461	8.651.347
Foreign currency savings deposit	2.751.032	2.448.173	7.640.970	5.572.934
Other deposits in the form of savings deposits	607.610	117.017	633.098	196.827
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:

	December 31, 2011	December 31, 2010
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	37.005	21.080
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	9.026	116.231

b. Information on trading derivative financial liabilities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	94.915	8.414	38.372	321
Swap transactions	285.853	91.283	203.768	31.881
Futures transactions	-	17	-	-
Options	29.149	30.708	52.087	32.739
Other	-	-	-	-
Total	**409.917**	**130.422**	**294.227**	**64.941**

c. Information on borrowings:

1. Information on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	713.873	394.273	1.078.428	360.655
From foreign banks, institutions and funds	653.211	12.921.545	948.183	7.685.804
Total	**1.367.084**	**13.315.818**	**2.026.611**	**8.046.459**

2. Information on maturity structure of borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term	915.891	6.938.501	1.510.635	4.099.579
Medium and long-term	451.193	6.377.317	515.976	3.946.880
Total	**1.367.084**	**13.315.818**	**2.026.611**	**8.046.459**

d. Information on securities issued:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Bills	951.004	5.582	-	19.485
Asset backed securities	-	2.147.781	-	1.375.419
Bank Bonds	144.350	-	-	-
Total	**1.095.354**	**2.153.363**	**-**	**1.394.904**

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

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 406 million and EUR 208 million, the equivalent of TL 1.242.144 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 2011, a total of TL 387.701 is paid (December 31, 2010-TL 345.191)

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 905.637 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.

On October 10, 2011, the Bank issued bonds amounting to TL 150.000 (nominal) at an interest rate of 9,08% with 368 days to maturity and coupon payment within period of 92 days.

On December 5, 2011, the Bank issued domestic bills amounting to TL 1.000.000 (nominal) at an interest rate of 10,62%, issue price of TL 95.34 (full TL) with 168 days to maturity.

These bonds and bills can be re-purchased and re-sold according to the relevant legislation and net outstanding balances are reflected on the accompanying financial statements.

e. Information on other liabilities:
As of December 31, 2011, other liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:
1. Information on financial leasing agreements:
None (December 31, 2010-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 Parent Bank has no liability that stems from operational leasing agreements.

g. Information on hedging derivative financial liabilities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair Value Hedge[1]	18.959	-	313.917	-
Cash Flow Hedge [1]	43.693	440.189	38.108	101.638
Foreign Net Investment Hedge	-	-	-	-
Total	**62.652**	**440.189**	**352.025**	**101.638**

(1) Represented as explained in Note IX of Section IV

h. Information on provisions:
1. Information on general provisions:

	December 31, 2011	December 31, 2010
Provisions for Group I loans and receivables	783.800	596.325
Provisions for Group II loans and receivables	73.036	108.673
Provisions for non cash loans	67.095	61.702
Other	128.337	60.153
Total	**1.052.268**	**826.853**

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 61.691 of additional general provision for the loans whose payment plans are extended. Such loans are explained in note I.e.12 section V.

2. Information on reserve for employment termination benefits:

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

The following actuarial assumptions are used in the calculation of total liabilities

	December 31, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
The rate used related to retirement expectation (%)	94,94	94,71

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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 (full TL) effective from January 1, 2012 (January 1, 2011-TL 2.623,23 (full TL)) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

	December 31, 2011	December 31, 2010
Prior period ending balance	**101.701**	**100.482**
Changes during the period	36.817	19.705
Paid during the period	(25.063)	(18.385)
Foreign currency differences	528	(102)
Balance at the end of the period	**113.983**	**101.700**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 92.358 as of December 31, 2011 (December 31, 2010-TL 80.267).

3. Other provisions:

	December 31, 2011	December 31, 2010
Pension fund provision	775.286	838.036
Non-cash loan provision	108.232	127.958
Provisions for possible risks(1)	108.432	88.826
Provisions on credit cards and promotion campaigns related to banking services	33.905	39.697
Legal risk provision(1)	43.528	35.886
Provision on export commitment tax and funds liability	37.251	39.486
Other	115.768	170.322
Total	**1.222.402**	**1.340.211**

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

4. Pension fund provision:

The Bank provided provision amounting to TL 775.286 (December 31, 2010-TL 838.036) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	December 31, 2011	December 31, 2010
Income statement (charge)/benefit	62.750	26.023

The amount of TL 62.750 (December 31, 2010-TL 26.023) is recorded as other operating income in the income statement.

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

	December 31, 2011	December 31, 2010
Present value of funded obligations	1.293.105	1.279.566
-Pension benefits transferable to SSI	1.250.572	1.183.533
-Post employment medical benefits transferable to SSI	42.533	96.033
Fair value of plan assets	(517.819)	(441.530)
Provision for the actuarial deficit of the pension fund	**775.286**	**838.036**

The principal actuarial assumptions used were as follows:

	December 31, 2011	December 31, 2010
Discount rate		
-Pension benefits transferable to SSI	%9,80	%9,80
-Post employment medical benefits transferable to SSI	%9,80	%9,80

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 14 years for men and 18 years for women who retire at the age of 65 and 64, respectively.

Plan assets are comprised as follows:

	December 31, 2011		December 31, 2010	
	Amount	%	Amount	%
Government bonds and treasury bills	195.456	38	154.902	35
Premises and equipment	116.055	22	116.393	26
Bank placements	167.717	32	133.432	30
Short-term receivables	19.367	4	19.493	5
Other	19.224	4	17.310	4
Total	**517.819**	**100**	**441.530**	**100**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

5. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans:

As of December 31, 2011, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 17.520 (December 31, 2010-TL 21.327). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

i. Information on taxes payable:

(i) Information on taxes payable:

	December 31, 2011	December 31, 2010
Corporate Tax Payable	112.576	122.306
Taxation of Marketable Securities	71.281	81.688
Property Tax	1.489	1.359
Banking Insurance Transaction Tax ("BITT")	56.607	35.985
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.759	3.437
Other	24.848	23.497
Total	**270.560**	**268.272**

As at December 31, 2011, the Bank has submitted its application to Boğaziçi Corporate Tax Authority and Taxpayers Office to claim for the benefit of the tax amnesty (the Law numbered 6111) regarding 6 tax penalties resulting from tax inspectors' review of 2005, 2006, 2007, 2009 and 2010 fiscal years. The restructured tax payable amounting to TL 1.332 was paid in the second quarter of 2011.

In addition, Group companies which have submitted application regarding this law have paid amounts of no significance.

(ii) Information on premium payables:

	December 31, 2011	December 31, 2010
Social security premiums-employee	1.864	962
Social security premiums-employer	2.196	995
Bank pension fund premiums-employee	8.097	7.291
Bank pension fund premiums-employer	8.471	7.604
Pension fund deposit and provisions-employee	-	-
Pension fund deposit and provisions-employer	-	-
Unemployment insurance-employee	710	581
Unemployment insurance-employer	1.427	1.163
Other	-	-
Total	**22.765**	**18.596**

(iii) Information on deferred tax liability:

There is no deferred tax liability (December 31, 2010-TL 2.132) 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.

j. Information on subordinated loans:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.523.816	-	2.110.274
From other foreign institutions	-	-	-	-
Total	**-**	**2.523.816**	**-**	**2.110.274**

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

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 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%.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

k. Information on shareholders' equity:

1. Presentation of Paid-in capital:

	December 31, 2011	December 31, 2010
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 of 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 5.000.000.

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

None (December 31, 2010-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:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	(112.200)	2.195	108.075	63.235
Foreign currency difference (1)	226.215	14.914	79.187	2.300
Total	**114.015**	**17.109**	**187.262**	**65.535**

(1) Also includes current period foreign currency differences.

l. Information on minority interest:

	December 31, 2011	December 31, 2010
Period opening balance	**63.095**	**57.261**
Current period net income	6.676	6.672
Dividends paid	(1.808)	(693)
Foreign currency translation differences	(785)	(145)
Period ending balance	**67.178**	**63.095**

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:

	December 31, 2011	December 31, 2010
Commitments on credit cards limits	13.713.682	11.727.679
Loan granting commitments	5.160.785	3.303.500
Commitments for cheques	4.220.740	3.653.626
Other irrevocable commitments	7.551.981	3.939.925
Total	**30.647.188**	**22.624.730**

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 67.095 (December 31, 2010-TL 61.702) and a specific provision regarding non-cash loans amounting to TL 108.232 (December 31, 2010-TL 127.958)

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

	December 31, 2011	December 31, 2010
Bank acceptance loans	158.915	165.797
Letter of credits	5.006.984	3.999.873
Other guarantees and collaterals	2.391.897	579.420
Total	**7.557.796**	**4.745.090**

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

	December 31, 2011	December 31, 2010
Temporary letter of guarantees	1.789.616	1.020.700
Definite letter of guarantees	13.020.400	10.637.897
Advance letter of guarantees	2.476.742	2.100.373
Letter of guarantees given to customs	1.048.085	807.679
Other letter of guarantees	479.870	380.814
Total	**18.814.713**	**14.947.463**

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

	December 31, 2011	December 31, 2010
Non-cash loans given against cash loans	342.946	297.715
With original maturity of 1 year or less than 1 year	32.580	84.962
With original maturity of more than 1 year	310.366	212.753
Other non-cash loans	26.029.563	19.394.838
Total	**26.372.509**	**19.692.553**

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

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**153.475**	**1,44**	**254.661**	**1,62**	**128.439**	**1,64**	**179.169**	**1,51**
Farming and raising livestock	115.608	1,08	241.083	1,54	96.758	1,24	175.426	1,47
Forestry	33.968	0,32	8.424	0,05	24.429	0,31	1.237	0,01
Fishing	3.899	0,04	5.154	0,03	7.252	0,09	2.506	0,03
Manufacturing	**3.966.462**	**37,09**	**7.464.265**	**47,64**	**3.193.878**	**40,96**	**5.618.099**	**47,23**
Mining	474.401	4,44	650.116	4,15	271.652	3,48	481.108	4,04
Production	3.058.194	28,59	5.661.873	36,14	2.462.232	31,58	4.319.847	36,32
Electric, gas and water	433.867	4,06	1.152.276	7,35	459.994	5,90	817.144	6,87
Construction	**3.164.314**	**29,59**	**3.788.942**	**24,17**	**2.194.349**	**28,14**	**3.022.661**	**25,41**
Services	**2.330.696**	**21,79**	**3.931.494**	**25,08**	**1.964.996**	**25,20**	**2.863.639**	**24,08**
Wholesale and retail trade	1.112.054	10,4	853.137	5,44	981.340	12,58	399.881	3,36
Hotel, food and beverage services	97.522	0,91	127.342	0,81	77.349	0,99	76.832	0,65
Transportation and telecommunication	317.317	2,97	396.460	2,53	260.105	3,34	308.714	2,60
Financial institutions	470.730	4,40	1.949.497	12,44	381.561	4,89	1.588.141	13,35
Real estate and leasing services	94.246	0,88	277.906	1,77	60.406	0,77	220.842	1,86
Self-employment services	-	-	-	-	-	-	-	-
Education services	15.498	0,14	2.531	0,02	15.835	0,20	2.931	0,02
Health and social services	223.329	2,09	324.621	2,07	188.400	2,43	266.298	2,24
Other	**1.080.445**	**10,09**	**237.755**	**1,49**	**316.447**	**4,06**	**210.876**	**1,77**
Total	**10.695.392**	**100,00**	**15.677.117**	**100,00**	**7.798.109**	**100,00**	**11.894.444**	**100,00**

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

	Group I		Group II(1)	
December 31, 2011	TL	FC	TL	FC
Non-Cash Loans				
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	-	-
Total	**10.598.701**	**15.624.554**	**96.691**	**52.563**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

	Group I		Group II(1)	
December 31, 2010	**TL**	**FC**	**TL**	**FC**
Non-cash loans				
Letters of guarantee	7.698.324	7.133.344	81.773	34.022
Bank acceptances	-	165.797	-	-
Letters of credit	12.337	3.987.368	-	168
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.675	571.843	-	1.902
Total	**7.716.336**	**11.858.352**	**81.773**	**36.092**

(1) Also include balances of Group III, IV and V.

3 (iv). Maturity distribution of non cash loans:

December 31, 2011 (1)	**Indefinite**	**Up to 1 year**	**1-5 Years**	**Above 5 years**	**Total**
Letter of credit	2.727.074	1.802.256	477.654	-	5.006.984
Letter of guarantee	9.164.695	3.183.647	5.468.158	998.213	18.814.713
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
Total	**12.964.606**	**5.633.649**	**6.761.100**	**1.013.154**	**26.372.509**

December 31, 2010 (1)	**Indefinite**	**Up to 1 year**	**1-5 Years**	**Above 5 years**	**Total**
Letter of credit	1.934.347	1.708.092	357.434	-	3.999.873
Letter of guarantee	7.816.864	2.711.202	3.620.745	798.652	14.947.463
Bank acceptances	165.797	-	-	-	165.797
Other	142.724	144.453	272.644	19.599	579.420
total	**10.059.732**	**4.563.747**	**4.250.823**	**818.251**	**19.692.553**

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

b. Information on derivative financial instruments:

	December 31, 2011	**December 31, 2010**
Types of trading transactions		
Foreign currency related derivative transactions (I)	36.152.300	42.680.725
FC trading forward transactions	10.638.749	5.287.933
Trading swap transactions	19.227.426	26.468.079
Futures transactions	-	-
Trading option transactions	6.286.125	10.924.713
Interest related derivative transactions (II)	9.038.470	3.541.599
Forward interest rate agreements	-	-
Interest rate swaps	4.579.348	3.541.598
Interest rate options	4.459.122	-
Interest rate futures	-	1
Other trading derivative transactions (III)	1.646.449	1.822.143
A. Total trading derivative transactions (I+II+III)	**46.837.219**	**48.044.467**
Types of hedging transactions		
Fair value hedges	6.206.854	4.317.238
Cash flow hedges	32.437.197	8.527.020
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	**38.644.051**	**12.844.258**
Total derivative transactions (A+B)	**85.481.270**	**60.888.725**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

December 31, 2011 [1]	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives:	(125.298)	(95.077)	92.234	(602.951)	(163.310)	(894.402)
-Inflow	9.136.901	4.156.536	4.805.995	3.000.351	368.340	21.468.123
-Outflow	(9.262.199)	(4.251.613)	(4.713.761)	(3.603.302)	(531.650)	(22.362.525)
Interest rate derivatives:	454	2.010	(1.374)	3.017	887	4.994
-Inflow	97.487	5.159	294.006	3.814.968	662.743	4.874.363
-Outflow	(97.033)	(3.149)	(295.380)	(3.811.951)	(661.856)	(4.869.369)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives:	(33.879)	(7.309)	(170.816)	(571.407)	30.649	(752.762)
-Inflow	17.528	263.013	1.481.977	18.229.258	495.315	20.487.091
-Outflow	(51.407)	(270.322)	(1.652.793)	(18.800.665)	(464.666)	(21.239.853)
Total cash inflow	**9.251.916**	**4.424.708**	**6.581.978**	**25.044.577**	**1.526.398**	**46.829.577**
Total cash outflow	**(9.410.639)**	**(4.525.084)**	**(6.661.934)**	**(26.215.918)**	**(1.658.172)**	**(48.471.747)**

December 31, 2010 [1]	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	199.679	397.349	(43.927)	(533.470)	(222.020)	(202.389)
-Inflow	7.327.810	8.587.374	4.731.083	2.758.746	376.825	23.781.838
-Outflow	(7.128.131)	(8.190.025)	(4.775.010)	(3.292.216)	(598.845)	(23.984.227)
Interest rate derivatives:	460	(79.904)	(119.388)	(268.554)	(43.331)	(510.717)
-Inflow	65.372	8.536	613.117	3.246.597	353.200	4.286.822
-Outflow	(64.912)	(88.440)	(732.505)	(3.515.151)	(396.531)	(4.797.539)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives:	(20.546)	(25.509)	(224.288)	(623.637)	(2.933)	(896.913)
-Inflow	1.828	109.620	559.671	5.830.245	30.256	6.531.620
-Outflow	(22.374)	(135.129)	(783.959)	(6.453.882)	(33.189)	(7.428.533)
Total cash inflow	**7.395.010**	**8.705.530**	**5.903.871**	**11.835.588**	**760.281**	**34.600.280**
Total cash outflow	**(7.215.417)**	**(8.413.594)**	**(6.291.474)**	**(13.261.249)**	**(1.028.565)**	**(36.210.299)**

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

d. Information on contingent liabilities:

The Group has recorded a provision of TL 43.528 (December 31, 2010-TL 35.886) for litigation and has accounted for it in the financial statements under the "Other provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054, and the process is still ongoing.

e. Information on services in the name and accounts 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

(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:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term loans [1]	2.384.819	222.848	2.194.855	261.631
Medium/long-term loans[1]	2.072.204	961.496	1.542.430	564.816
Interest on loans under follow-up	97.260	129	85.459	231
Premiums received from resource utilisation support fund	-	-	-	-
Total	**4.554.283**	**1.184.473**	**3.822.744**	**826.678**

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

2. Information on interest income on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	59.367	24.952	33.477	14.546
From Foreign Banks	2.551	28.745	6.639	21.079
Headquarters and Branches Abroad	-	-	-	-
Total	**61.918**	**53.697**	**40.116**	**35.625**

3. Information on interest income on marketable securities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From trading financial assets	41.904	1.591	11.678	6.427
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	531.621	68.294	195.097	55.885
From held-to-maturity investments	348.634	582.327	514.304	467.800
Total	**922.159**	**652.212**	**721.079**	**530.112**

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

	December 31, 2011	December 31, 2010
Interests received from associates and subsidiaries	1.360	816

b. Information on interest expense:

1. Information on interest expense on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	147.070	390.391	156.016	221.364
The CBRT	-	-	-	-
Domestic banks	37.246	5.824	48.658	12.518
Foreign banks	109.824	384.567	107.358	208.846
Headquarters and branches abroad	-	-	-	-
Other institutions	-	104	-	245
Total [1]	**147.070**	**390.495**	**156.016**	**221.609**

(1) Includes fees and commissions received for borrowings.

2. Information on interest expense given to associates and subsidiaries:

	December 31, 2011	December 31, 2010
Interests paid to associates and subsidiaries	489	1.125

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

3. Information on securities issued:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Interest on securities issued	48.042	29.403	-	24.674
Total	**48.042**	**29.403**	**-**	**24.674**

4. Maturity structure of the interest expense on deposits:

		Time deposit							
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulating deposit	Total	December 31, 2010
TL									
Bank deposit	224	3.664	9.554	-	-	500	-	13.942	19.482
Saving deposit	27	161.592	1.124.688	55.330	35.072	107.341	-	1.484.050	1.273.721
Public sector deposit	-	141	705	437	12	25	-	1.320	6.079
Commercial deposit	49	126.667	491.584	97.486	10.687	9.148	-	735.621	517.591
Other deposit	-	5.349	53.535	20.805	261	1.621	-	81.571	61.005
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**300**	**297.413**	**1.680.066**	**174.058**	**46.032**	**118.635**	**-**	**2.316.504**	**1.877.878**
FC									
Foreign currency deposit	2.764	192.477	509.220	45.451	10.148	30.794	725	791.579	418.299
Bank deposit	172	4.745	5.525	6.758	6.014	4.793	-	28.007	34.154
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	949	89	58	71	47	-	1.214	430
Total	**2.936**	**198.171**	**514.834**	**52.267**	**16.233**	**35.634**	**725**	**820.800**	**452.883**
Grand total	**3.236**	**495.584**	**2.194.900**	**226.325**	**62.265**	**154.269**	**725**	**3.137.304**	**2.330.761**

c. Information on dividend income:

	December 31, 2011	December 31, 2010
Trading financial assets	211	401
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	158	582
Other	5.522	99
Total	**5.891**	**1.082**

d. Information on trading loss/gain: (Net)

	December 31, 2011	December 31, 2010
Gain	**23.566.321**	**17.960.280**
Gain from capital market transactions	60.867	122.725
Derivative financial transaction gains	13.831.192	10.739.279
Foreign exchange gains	9.674.262	7.098.276
Loss (-)	**(23.703.567)**	**(17.992.418)**
Loss from capital market transactions	(26.137)	(7.520)
Derivative financial transaction losses	(14.365.039)	(11.209.792)
Foreign exchange loss	(9.312.391)	(6.775.106)
Net gain/loss	**(137.246)**	**(32.138)**

e. Information on loss/gain from derivative financial transactions

The amount of net loss from derivative financial transactions related to exchange rate changes is TL 67.798 (December, 31 2010-TL 7.871 loss).

f. Information on other operating income:

Other operating income mainly includes reversal of provisions for non-performing loans collected. It also comprises reversal of other expense provisions which were recorded in previous years, including the provision for pension fund for TL 62.750 (December 31, 2010-TL 26.023), the gain from the sale of non-performing loan portfolio for TL 45.801 (December 31, 2010-TL 71.911) and the positive effect of real estate sale and impairment reversals for 171.664 TL (December 31, 2010-TL 143.773).

Apart from these, it also 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 available this period.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

g. Provision expenses related to loans and other receivables:

	December 31, 2011	December 31, 2010
Specific provisions for loans and other receivables	491.825	1.045.337
III. Group loans and receivables	132.905	8.268
IV. Group loans and receivables	46.837	133.683
V. Group loans and receivables	312.083	903.386
General provision expenses	248.713	74.315
Provision expense for possible risks	24.371	25.905
Marketable securities impairment expenses	29.345	1.014
Financial assets at fair value through profit or loss	1.014	1.014
Available-for-sale financial assets	28.331	-
Impairment of investments in associates, subsidiaries and held-to-maturity securities	62.997	14.189
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	62.997	14.189
Other	3.334	1.545
Total	**860.585**	**1.162.305**

h. Information related to other operating expenses:

	December 31, 2011	December 31, 2010
Personnel expenses	1.281.148	1.125.639
Reserve for employee termination benefits	11.659	2.259
Provision expense for pension fund	-	-
Impairment expenses of fixed assets	-	1.324
Depreciation expenses of fixed assets	153.433	142.925
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	60.014	46.100
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	238	219
Depreciation expenses of assets held for resale	2.390	1.937
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	908.683	855.796
Operational lease expenses	130.722	113.235
Maintenance expenses	30.856	29.073
Advertising expenses	74.496	82.411
Other expense	672.609	631.077
Loss on sales of assets	888	2.883
Other	492.372	514.116
Total	**2.910.825**	**2.693.198**

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

Income before tax includes net interest income amounting to TL 3.745.178 (December 31, 2010-TL 3.582.153), net fee and commission income amounting to TL 1.969.214 (December 31, 2010-TL 1.738.087) and total other operating expense amounting TL 2.910.825 (December 31, 2010-TL 2.693.198).

The Group has no discontinued operations.

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

As of December 31, 2011, the Group has current tax expense amounting to TL 512.317 (December 31, 2010 TL-550.611) and deferred tax charge amounting to TL 72.467 (December 31, 2010-TL 11.615)

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

	December 31, 2011	December 31, 2010
Income before tax provision	2.876.164	2.793.699
Tax calculated with tax rate of 20%	575.233	558.740
Disallowables, deductions and other, net	7.331	(25.053)
Tax rate difference	2.220	5.309
Total provision for taxes on income	**584.784**	**538.996**

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

A tax investigation report (No. GKR-2009-748/9, dated November 3, 2009) was issued following the examination of 2004 corporate tax. The Bank objected against Boğaziçi Corporate Tax Office report with No. 2010/1614 at İstanbul 3rd Tax Court asking for the cancellation of the tax/penalty notification No. 2009/1. In December 2011 Tax Court (decision no. 2011/4287) accepted only partially the banks objection, leaving to the Bank the right to file an appeal to the Council of State. As of December 31, 2011, due to the denied part of the case, the Bank recognized TL 16.640 as current tax provision for additional corporate tax and TL 22.406 as operational expense for tax delay interest in the income statement.

The Group has no discontinued operations.

k. 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 except as disclosed in other footnotes, to understand the Group's current period performance. (December 31, 2010-as a result of changes in the internal composition of the loan portfolio, the Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. As a result of the revision, TL 114 million is recorded as income. Apart from this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)

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

l. Other items in income statement:

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

m. Income/loss of minority interest:

	December 31, 2011	December 31, 2010
Income/loss of minority interest	6.676	6.672

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

a. Information on dividends:

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

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

None.

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

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

d. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2011 is TL 308.530 loss (December 31, 2010-TL 101.828 loss).

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 December 31, 2011 is EUR 238 million (December 31, 2010-EUR 203 million). The foreign exchange loss of TL 112.775 (December 31, 2010-TL 41.608 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.

e. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to consolidated statement of cash flows

a. Information on cash and cash equivalent assets:

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 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:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

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

	December 31, 2011	December 31, 2010
Cash	**4.127.914**	**2.032.372**
Cash and effectives	702.227	655.382
Demand deposits in banks	3.425.687	1.376.990
Cash equivalents	**1.977.118**	**3.015.471**
Interbank money market	970.536	1.581.164
Deposits in bank	1.006.582	1.434.307
Total cash and cash equivalents	**6.105.032**	**5.047.843**

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

	31 Aralık 2011	31 Aralık 2010
Cash	**7.647.595**	**4.127.914**
Cash and effectives	1.033.190	702.227
Demand deposits in banks	6.614.405	3.425.687
Cash equivalents	**3.816.780**	**1.889.932**
Interbank money market	2.172.189	970.536
Deposits in bank	1.644.591	919.396
Total cash and cash equivalents	**11.464.375**	**6.017.846**

b. Information on cash and cash equivalents those are not in use due to legal limitations and other reasons:
As of December 31, 2011, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 8.986.633 (December 31, 2010-TL 5.255.231). There is also TL 134.544 blocked amount in foreign banks account.

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:
Decrease in "Other account" amounting to TL 2.397.727 (December 31, 2010-TL 210.228) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.575.487 (December 31, 2010-TL 1.019.920 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 653.549 as of December 31, 2011 (December 31, 2010-TL 54.185 decrease).

VII. Explanations and notes related to group's merger, transfers and companies acquired by banks

None.

VIII. 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:

December 31, 2011	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	
Group's risk group (1) (2)	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-cash**
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
Interest and commission income received	**1.360**	**16**	**8.156**	**1.191**	**64.530**	**5.913**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes banks, marketable securities and loans.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

December 31, 2011	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	
Group's risk group (1) (2)	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	5.128	1.281	68.674	54.926	545.598	550.074
Balance at the end of the period	25.085	3.271	258.251	81.282	951.016	671.337
Interest and commission income received	**816**	**38**	**4.388**	**868**	**77.789**	**3.921**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes banks, loans and marketable securities.

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

Group's risk group(1) (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Beginning of the period	11.699	41.731	4.367.079	3.060.980	5.279.564	2.330.627
End of the period	10.801	11.699	7.546.932	4.367.079	4.885.191	5.279.564
Interest expense on deposits	**489**	**1.125**	**275.723**	**198.531**	**244.178**	**137.756**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes borrowings as well as deposits and repo transactions.

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

Group's risk group(1)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2011	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Transactions at fair value through profit or loss(2)						
Beginning of the period (3)	38.038	-	187.782	378.169	642.637	710.036
End of the period (3)	-	38.038	216.174	187.782	97.206	642.637
Total profit/loss	**(3.745)**	**(486)**	**3.718**	**(17.801)**	**(17.777)**	**(26.061)**
Transactions for hedging purposes(2)						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total profit/loss	**-**	**-**	**-**	**-**	**-**	**-**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39.
(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

b. With respect to the Group's risk group:
1. The relations with entities that are included in the Parent Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The Parent Bank performs various transactions with group companies during its banking activities. These are commercial transactions realized with market prices. The Parent Bank sold real estate to a related party with a sales profit amounting to TL 12.628.

c. Information regarding benefits provided to the Group's top management:
Amount of TL 30.299 was paid to the Group's top management as of December 31, 2011 (December 31, 2010 - TL 30.808).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statement at December 31, 2011

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

IX. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank

	Number	Employee number	Country of incorporation	Total asset	Statutory share capital
Domestic Branch(1)(2)	906	14.855			
Foreign Rep. Office(2)	-	-	-		
Foreign Branch(2)	-	-	-	-	-
Off-Shore Banking Region Branch(2)	1	4	Bahreyn	7.985.171	-

(1) In 2011, 41 new branches have been opened while 2 branches have been closed.
(2) The values disclosed above are those of the Parent Bank

X. Explanations and notes related to subsequent events

1. In the meeting held on January 18, 2012, the Board decided to submit to the approval of shareholders at the General Assembly the extension of the registered capital ceiling of the Bank which will expire at the end of 2012 until the end of 2016 and the authorization to the Management regarding obtaining permits (required from Banking Regulation and Supervision Agency, Capital Market Board and other relevant authorities for a change as indicated in the accompanying Articles of Association of the Bank, "Capital," Chapter 8) to increase the amount of the Authorized Capital from TL 5.000.000 to TL 10.000.000.

2. On February 8, 2012, the Bank finalized a bond issuance of USD 500 million with 5 years maturity with a fixed semi-annual coupon rate of 6,75% managed by J.P. Morgan Securities Ltd., Standard Chartered Bank and UniCredit Bank AG.

3. On February 6, 2012, the Bank has issued TL 400.000 nominal value discounted bill with a simple interest rate of 9,95%, 161 days to maturity and issued bonds amounting to TL 150.000 nominal value with a quarterly coupon at an interest rate of 2,48 % with 368 days to maturity.

4. On February 17, 2012, the Bank completed a private placement bond issueance amounting to TL 30.000 nominal value with 6 year maturity and semi annual coupon payment.

5. By 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).

6. According to the resolution of the Board of Directors 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%.

Section six

Other explanations and notes

I. Other explanations on Group's operations

None.

Section seven

Independent auditor's report

I. Explanations on independent auditor's report

The consolidated financial statements for the period ended December 31, 2011 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited). The independent auditor's report dated February 23, 2012 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

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2011 Awards

Bank of the Year in Turkey for the 3rd time
The Banker
(2007, 2009 and 2011)

Best Bank in Turkey for the 2nd time
World Finance
(2010 and 2011)

Best Internet Banking
Golden Spider Web Awards

Most Praiseworthy Call Center
IMI Conferences İstanbul Call Center Awards

Silver Award in Best Call Center in Europe Category
ContactCenterWorld.com

Best Bill Payment and Presentment
Global Finance

Corporate Social Responsibility Award
(Yapı Kredi Enabled Banking)
Golden Compass Public Relations Awards

Best Job Aligning Learning and Development with Corporate Goals
(Yapı Kredi Banking Academy)
International Quality and Productivity Center (IQPC)

Corporate University Honorable Mention
(Yapı Kredi Banking Academy)
International Quality and Productivity Center (IQPC)

Contribution to Trade Finance
Active Academy Awards

Internal Audit Awareness Award
Turkish Institute of Internal Auditors

Card Payment System Awards

Most Innovative Use of Visa Systems
Visa Europe Member Awards

Best in Class in Lifestyle Category (www.adioscard.com.tr and www.ykprivate.com.tr)
Interactive Media Awards

Best Customer Satisfaction in Credit Cards
The Turkish Quality Association (KalDer)

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