



dedication to deliver

**ANNUAL REPORT 2009**

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Yapı Kredi is fully aware that sustainable customer satisfaction can only be achieved through customer loyalty...

Therefore, we have been striving to become indispensable to our customers and providing unlimited service for 65 years.

A woman with long brown hair, wearing a black business suit over a white shirt, is steering a boat on the ocean. She is looking forward with a slight smile. In the background, a man with grey hair, wearing a green shirt and khaki pants, is leaning over the side of the boat. The sky is bright blue with scattered white clouds, and the water is a deep blue with whitecaps. The boat's steering wheel and metal railings are visible in the foreground.

dedicated **expertise**

With nearly 17.000 “expert” specialists, we continue to develop customised products and services for our customers...



dedicated **innovation**





We continue to set the standards in the Turkish banking sector with hundreds of innovative products and services we have developed for our customers' convenience.

dedicated **support**



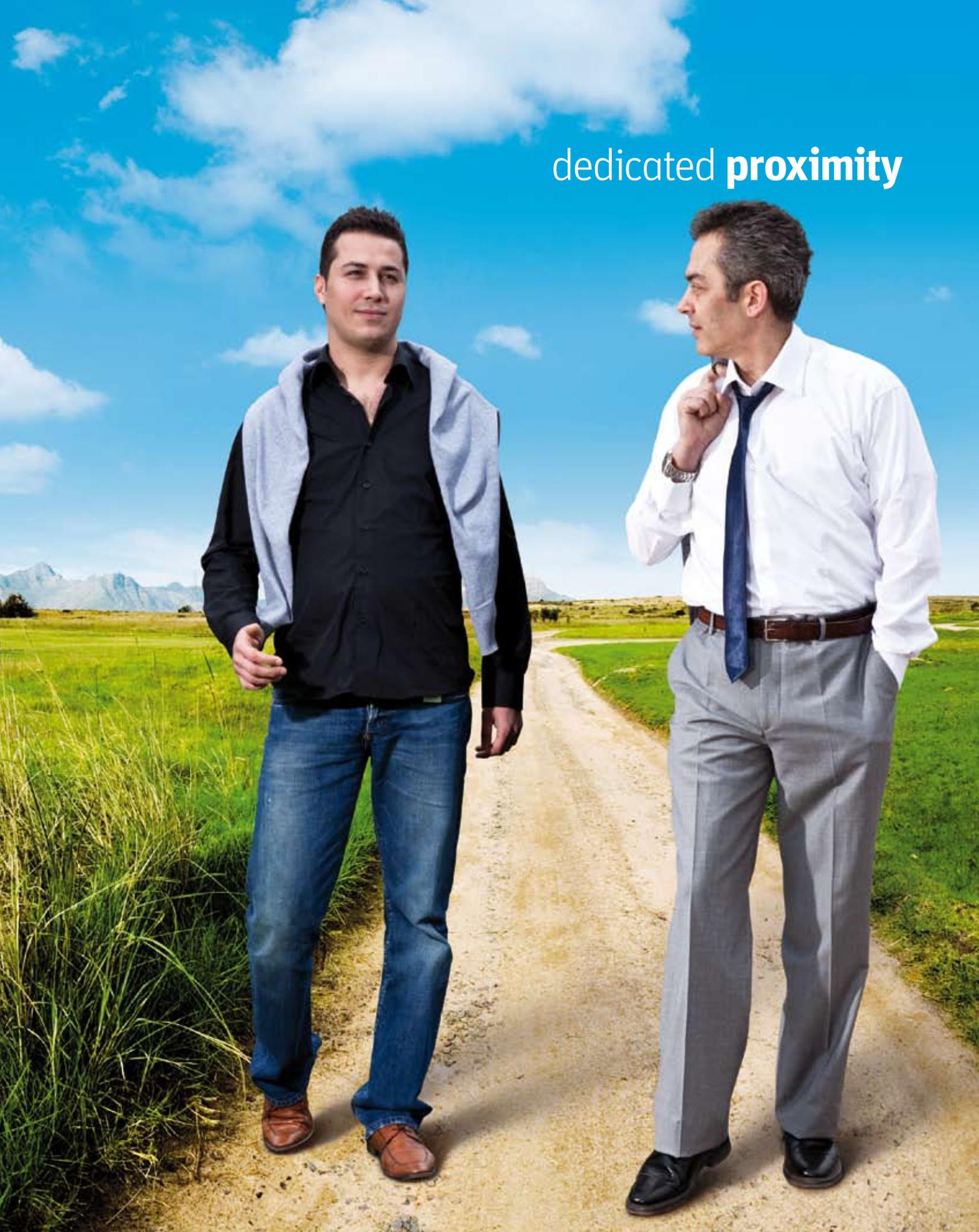


We stand by our clients during their good times as well as bad. We continue to support them as they venture into new enterprises or expand their existing businesses.



With our 838 branches countrywide, user-friendly and award-winning internet banking and call center; we continue to enhance our customers' speed and convenience of access to Yapı Kredi, regardless of where they may be...

dedicated **proximity**





**PART I**  
**INTRODUCTION**







**Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.**  
a member of  
**PricewaterhouseCoopers**  
BJK Plaza, Süleyman Seba Caddesi  
No:48 B Blok Kat 9 Akaretler  
Beşiktaş 34357 İstanbul-Turkey  
[www.pwc.com/tr](http://www.pwc.com/tr)  
Telephone +90 (212) 326 6060  
Facsimile +90 (212) 326 6050

## 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 31 December 2009 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 Law 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 31 December 2009 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law 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.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
**PricewaterhouseCoopers**

**Zeynep Uras, SMMM**

Istanbul, 9 March 2010

## 2009 ANNUAL SHAREHOLDERS' MEETING AGENDA

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 Auditor related to the activities of the year 2009, rejection or approval with amendments of the proposal of the Board of Directors regarding the Balance Sheet and Income Statement for the year 2009,
3. Approval of Board members elected by the Board of Directors according to Article 315 of the Turkish Commercial Code to fill in the vacancies, which occurred in 2009,
4. Clearing of members of the Board of Directors and the Statutory Auditors of liability related to activities of the Bank during the year 2009,
5. Approval of transaction regarding liquidation of some part of the receivables that are being followed up in non-performing loan accounts by sale and to clear Board members regarding these transactions,
6. Approval of sale of immovables located in Muğla province, Marmaris district, İçmeler village plots 1858 and 1912 which were acquired on account of our bank's receivables and to clear Board members regarding these transactions,
7. Electing Members of the Board of Directors and determining the term of office of Board members,
8. Electing Statutory Auditors and determining the term of office of the Statutory Auditors,
9. Determining the attendance fees for Members of the Board of Directors and the fees of the Statutory Auditors,
10. Rejection or approval with amendments of the proposal of the Board of Directors regarding the Profit Distribution for the year 2009,
11. Submitting the Profit Distribution Policy of the Bank for 2010 and beyond to the shareholders' attention according to the Corporate Governance Principles,
12. Submitting the Disclosure Policy of the Bank to the shareholders' attention according to the regulation issued by the Capital Markets Board,
13. Submitting the donations made by the Bank in 2009 to the foundations and associations with the aim of social relief to the shareholders' attention,
14. Approval of the External Auditor selected by the Board of Directors for auditing the 2010 financial statements in line with the requirements of the regulation issued by the Banking Regulation and Supervision Agency,
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 its 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, DIVIDEND DISTRIBUTION POLICY FOR 2010 AND BEYOND

### **Amendments to the Articles of Association**

At the Ordinary Annual Shareholders' Meeting dated April 3, 2009; Articles 4, 5, 6, 7, 8, 9, 12, 13, 15, 17, 18, 21, 25, 26, 30, 31, 36, 39, 41, 42, 48, 50, 51, 56, 57, 58, 61, 64, 66, 68, 78, 79, 82 and 88 as well as Provisional Article-1 were amended and Articles 10, 11 and 65 from the Articles of Association of the Bank were removed on the back of the Bank's adoption of the registered capital system, the principles of the Central Registry Agency in relation to dematerialisation and the transition process from YTL to TL.

### **Dividend Distribution Policy for 2010 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, the General Assembly is, taking into consideration the growth of the Bank toward its targets within the sector as well as its financing requirements, authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of a 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.

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 may be taken at the Annual Shareholders Meeting.

It is envisaged that the dividend policy of the Bank will be 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 whenever necessary, taking into consideration the domestic and international economic conditions and the projects and funds on the agenda.

### **Note on 2009 Net Profit**

It is resolved that TL 67.738.833,93 should be reserved as the primary reserve from TL 1.354.776.678,61 (the unconsolidated net profit for the accounting period) and the TL 1.268.884.314,32 that remains after the reservation of TL 18.153.530,36 (75% of the profit from the sales of real properties and share stocks on the basis of clause 5.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 2009 dividend distribution table on page 182 that was submitted at the Annual Shareholders' Meeting for approval.

## YAPI KREDİ IN BRIEF

For the past 65 years, Yapı Kredi continuously invested in customer satisfaction by building close relationships with its customers, simplifying business processes and encouraging employees' engagement with an aim to ensure sustainable value generation for its customers, stakeholders and employees.

Turkey's first privately-owned bank with a nationwide presence, Yapı Kredi has always played an important role in the development of the domestic economy and has set standards in the Turkish banking sector with many innovative products and services.

Driven by a customer-centric strategy, Yapı Kredi focuses on understanding the needs and expectations of its customers while seeking to create the best customer experience. Yapı Kredi serves six million active customers through its credit card, individual banking, SME (Small and Medium Size Enterprises), corporate and commercial and private banking operations supported by its product factories in asset management, leasing, factoring, private pension funds, insurance, equity brokerage and investment banking as well as international banking operations in the Netherlands, Russia and Azerbaijan.

Yapı Kredi is the fourth largest private bank in Turkey with total assets of TL 71,7 billion as of the end of 2009 and ranks fourth in total cash loans with 10,0% market share and seventh in total deposits with 8,2% market share.

Yapı Kredi maintains leading positions in key segments and products supported by its strong franchise, large network and leading brand.

The Bank is the leader in credit cards (20,4% market share in outstanding and 21,4% market share in issuing volume). In addition, Yapı Kredi holds leading positions in factoring (leader with 26,9% market share), leasing (leader with 16,1% market share), asset management (ranking second with 18% market share), brokerage services (ranking second with 6,4% market share), private pension funds (ranking third with 15,0% market share) and life and non-life insurance (5,1% and 5,7% market shares respectively) through its domestic product factories.

Yapı Kredi, with 838 branches located in more than 70 cities, has the fourth largest branch network in the Turkish banking sector. High quality products and services are also provided to customers through alternative delivery channels including rich content telephone, internet and mobile banking as well as 2.353 ATMs, the fifth largest network in Turkey. In addition to Yapı Kredi's wide ATM network, customers are also offered access to more than 15.000 ATMs in 22 European countries through an ATM sharing agreement with UniCredit.

Yapı Kredi follows corporate governance principles set by the Capital Markets Board with a disciplined approach. To this end, Yapı Kredi's strong and improving performance in corporate governance in 2009 differentiated the Bank from its peers. SAHA corporate governance and rating agency upgraded Yapı Kredi's corporate governance rating to 8,44 in 2009 from 8,02 in 2008. This rating upgrade indicates the commitment of the Bank in corporate governance principles. Yapı Kredi is the only bank in its peer group that is included in the Istanbul Stock Exchange Corporate Governance Index, comprised of 24 companies.

Yapı Kredi's main shareholder with an 81,8% stake is Koç Financial Services (KFS), a 50%-50% joint venture between the Koç Group and UniCredit Group. With roots dating back to 1926, Koç Group is Turkey's oldest and largest conglomerate operating in energy, automotive, consumer durables and finance. Italy based UniCredit Group is one of the largest banking and financial services organisations in Europe and the leader in Central and Eastern European countries. The remaining 18,2% of the Bank's shares are publicly traded and held by minority shareholders.

**NET PROFIT** (MILLION TL)**09****1.553****08**

1.265

**07**

1.019

**TOTAL REVENUES** (MILLION TL)**09****6.071****08**

4.802

**07**

3.963

**TOTAL ASSETS** (MILLION TL)**09****71.734****08**

70.872

**07**

56.130

**Key Financial Indicators (million TL)**

(Consolidated BRSA financials)

|  | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|--|-------------|-------------|-------------|
| Total Assets                           | 56.130      | 70.872      | 71.734      |
| Loans                                  | 29.088      | 39.555      | 39.271      |
| Deposits                               | 33.706      | 44.278      | 43.375      |
| Securities and Derivatives             | 14.518      | 15.385      | 16.326      |
| Assets Under Management <sup>(1)</sup> | 6.372       | 5.818       | 6.991       |
| Total Revenues                         | 3.963       | 4.802       | 6.071       |
| Other Operating Expenses               | 2.338       | 2.560       | 2.510       |
| Net Profit                             | 1.019       | 1.265       | 1.553       |
| Return on Average Equity (%)           | 23,5        | 24,6        | 22,7        |
| Cost/Income (%)                        | 59,0        | 53,3        | 41,3        |
| Capital Adequacy Ratio (%)             | 12,8        | 14,2        | 16,5        |
| Loans/Deposits (%)                     | 86,3        | 89,8        | 90,5        |
| Number of Branches <sup>(2)</sup>      | 676         | 861         | 838         |
| Number of ATMs <sup>(2)</sup>          | 1.930       | 2.381       | 2.353       |
| Number of Employees <sup>(2)</sup>     | 14.249      | 14.795      | 14.333      |

(1) Mutual funds, private pension funds and discretionary portfolio management

(2) Bank-only

## YAPI KREDİ'S HISTORY

Founded in 1944 as Turkey's first private bank with a nationwide presence, Yapı Kredi introduced many firsts in the banking sector, leveraging its differentiated banking approach and technological leadership.

**1967:** Yapı Kredi introduced computerisation to the Turkish banking sector.

**1980s:** Yapı Kredi introduced individual loans, credit cards, debit cards, automatic teller machines and a variety of investment products to the public.

**1984:** Yapı Kredi introduced the first inter-branch online banking programme.

**1985:** Yapı Kredi laid the foundations for today's corporate banking products and services under the wholesale commercial banking name.

**1986:** Yapı Kredi was the first Turkish bank to issue bonds and certificates in international capital markets.

**1988:** Yapı Kredi introduced Turkey's first revolving credit card and offered the first consumer loans in Turkey.

**1989:** Yapı Kredi provided the first auto loans in Turkey.

**1991:** Yapı Kredi launched the first telephone banking service and introduced the credit card loyalty point system.

**1995:** Yapı Kredi was the first bank in Turkey to receive the ISO 9001 quality certification.

**2002:** Yapı Kredi launched the first mobile POS application in Turkey.

**2004:** Yapı Kredi became the first bank in Turkey to reward customer value in a systematic fashion through Benim Param (My Money), a loyalty programme able to meet all banking needs of retail customers utilising a single application.

**2006:** Yapı Kredi successfully completed its merger with Koçbank, the largest merger in the Turkish banking sector.

**2008:**

- Yapı Kredi launched the World Share Programme, Turkey's first donation platform that accepts credit card points and emphasises the contribution of credit cards to social responsibility projects.
- Yapı Kredi launched capital guaranteed funds, a first in Turkey.
- Yapı Kredi introduced Turkey's first barcode-based bill payment system through ATMs, enabling customers and non-customers to pay bills in cash quickly and easily at Tele24 Plus stations. The Bank also started offering customers cash back from ATMs not only in coins but also for the first time, in banknotes.

**2009:**

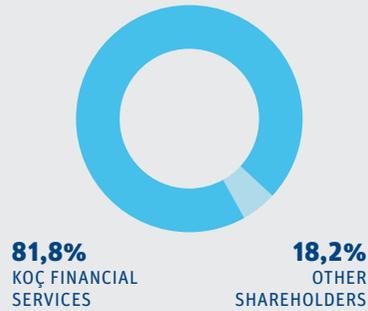
- Yapı Kredi launched the first iPhone Financial Application in Turkey, enabling customers to spontaneously follow financial markets and reach Yapı Kredi's call center easily with one click.
- Yapı Kredi launched Yapı Kredi Banking Academy, a first in the sector, in terms of size, scope and function.
- Yapı Kredi started offering banking services to physically impaired customers through specially designed ATMs for the first time in Turkey.
- Yapı Kredi launched the first sales tool for hearing impaired customers so as to understand their needs and offer tailored products and services through online chat sessions.
- Benim KOBİ'm (My SME Package) application, a first in the banking sector, was launched to provide SME customers with a complete package of advantageous products and services best suiting to their needs.

## YAPI KREDİ'S SHAREHOLDER STRUCTURE

Yapı Kredi's main shareholder, with an 81,8% stake, is Koç Financial Services (KFS). The remaining 18,2% of the Bank's shares are publicly traded and held by minority shareholders.

| Shareholder            | Share Amount (TL)       | Share (%)     |
|------------------------|-------------------------|---------------|
| Koç Financial Services | 3.555.712.396,07        | 81,80         |
| Other Shareholders     | 791.338.887,93          | 18,20         |
| <b>Total</b>           | <b>4.347.051.284,00</b> | <b>100,00</b> |

### SHAREHOLDING STRUCTURE



Yapı Kredi's main shareholder, with an 81,8% stake, is Koç Financial Services (KFS). KFS is an equal share (50%-50%) joint venture between the Koç Group and UniCredit Group. The remaining 18,2% of the Bank's shares are publicly traded and held by minority shareholders.

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.

## YAPI KREDİ'S VISION, MISSION AND STRATEGY

Yapı Kredi's vision is to be the undisputed leader in the finance sector.

### VISION

Yapı Kredi aims to be the undisputed leader in the finance sector.

### MISSION

As a fully integrated banking and financial services group, Yapı Kredi aims to ensure long-term sustainable growth and value creation for all stakeholders, and to become the first choice of customers and employees.

#### Strategy

Yapı Kredi's strategy is focused on:

**Superior and long-lasting customer satisfaction through:**

- innovative services and products to address changing customer needs, also leveraging on a segment-based business model
- continuous investments in technology and delivery channels
- employee engagement and satisfaction

**Healthy and consistent growth based on:**

- outstanding performance of core banking activities driven by leadership in the higher return on capital and growth segments
- continuous focus on expanding market presence through network development and investment for growth, aimed at sustaining long-term performance

**Strong and sustainable profitability driven by:**

- continuous enhancement of productivity and commercial effectiveness
- strong emphasis on efficiency and cost management
- outstanding risk management

Yapı Kredi aims to achieve the above mentioned strategic objectives through the implementation of the segment specific guidelines listed below:

**Strong focus on retail banking through:**

- reinforced leadership in credit cards with strong focus on business performance and credit risk management, coupled with enhancement of synergies via better integration of credit cards with other retail segments
- growth in SME banking on the back of an underpenetrated SME market and via deepening customer relationships through diverse bundled products and an integrated relationship management approach
- strengthened presence in individual banking via significantly deepening customer relationships and increasing product usage

**Selective growth in corporate and commercial banking through:**

- sustainable business performance on the back of increased share of business from the existing customer base while taking into account return on capital

**Continued leadership in private banking via:**

- further growth of market presence, leveraging on brand recognition and better synergies with the product factories, via reinforced focus on new customer acquisition and further development of the existing customer base

## YAPI KREDİ'S VALUES

Yapı Kredi's vision is based on five core values: freedom, fairness, transparency, trust and respect.

Yapı Kredi's vision is based on five core values: freedom, fairness, transparency, trust and respect. Core values are recognised and implemented by Yapı Kredi employees as key enablers of both customer and employee satisfaction.

### **Freedom**

Yapı Kredi employees express their opinions openly and easily under any circumstance by using appropriate and constructive methods. Yapı Kredi employees act in accordance with the framework of the Bank's values and participate in activities which contribute to the future of the corporation.

### **Fairness**

Yapı Kredi employees treat their customers, colleagues and the Bank's stakeholders in a consistent manner to provide equal opportunities without seeking personal gain. Yapı Kredi employees make decisions after objectively evaluating every situation and act in accordance with their values and commitments while fulfilling their corporate and social responsibilities and engagement in customer satisfaction.

### **Transparency**

Yapı Kredi employees share corporate information relevant to their field with their customers, colleagues and other stakeholders in a transparent and timely manner while adhering to the Bank's

confidentiality principles and ensure the accessibility of this information to all relevant parties. Yapı Kredi employees express their real opinions with the same degree of transparency.

### **Trust**

Yapı Kredi employees build trust among their customers, colleagues and other stakeholders through their banking knowledge, skills and their commitment to corporate values. Yapı Kredi employees trust the people to whom they have given responsibility and authority. Consistent with the Bank's corporate values, Yapı Kredi employees keep their promises in a timely and accurate manner; they do not make promises they cannot keep. They take responsibility for the problems of their customers, find rapid solutions and follow up on the results.

### **Respect**

Yapı Kredi employees listen to their customers and colleagues, irrespective of their identities, to understand their needs and take what has been said seriously. They respect the opinion of others and know that their opinions and ideas will be taken seriously as well.

## CHAIRMAN'S MESSAGE

The Turkish banking sector maintained its stability and resilience in terms of capitalisation, liquidity and risk management during the global financial crisis in 2009. In this challenging environment, Yapı Kredi adopted a flexible approach to proactively align its strategy and priorities to the rapidly changing environment while maintaining its focus on customer related business.

Dear Shareholders,

2009 was indisputably a challenging year for both developed and developing economies due to the impacts of the crisis. The crisis which broke out in the financial sector in 2008, rapidly evolved into a crisis of credibility, liquidity and confidence in 2009 with strong effects on the real economies. However, as of the end of the year, even though a consensus was not reached with regards to the exact timing, expectations in terms of a nearing end of the global economic crisis were strengthened. While these expectations were based on the improvement of several leading economic indicators monitored on a worldwide basis during late 2009, it is still undeniable that the global economic system has entered into an irreversible process of change in terms of both structure and dynamics.

Being an open economy in terms of commodity and capital flows and therefore fully integrated to the global economy, Turkey, the 17<sup>th</sup> largest economy in the world, has been significantly affected by the crisis. Subdued consumer demand and sluggish economic activity resulted in difficulties in the real sector, particularly in the field of industrial production. Our domestic economy has not been performing at a desired level in terms of budget deficit,

production capacity and, most importantly, employment. These issues, which remained on our domestic agenda throughout 2009 and will most likely continue to be the significant challenges in Turkey in 2010, were also accompanied by other critical issues such as foreign exchange risk due to the private sector's foreign debt, decrease in foreign capital inflow, deceleration in EU membership negotiations, uncertainty regarding negotiations with the IMF and the occasional increase in political risk.

The crisis environment, which seriously affected numerous financial institutions throughout the world, proved to be a test for the Turkish banking sector. The Turkish banking sector, which was extensively restructured in the aftermath of the 2001 crisis, posted solid growth thereafter and succeeded in maintaining its stability and resilience in terms of capitalisation, liquidity and risk management. However, the difficulties in the real sector throughout the year affected the banking sector in the form of asset quality deterioration and shrinking business volumes due to subdued demand. Nevertheless, the banking sector managed to maintain its stability thanks to strict cost management and continued interest rate reductions by the Central Bank throughout the year, aimed at stimulating the economy.



**TAYFUN BAYAZIT**  
CHAIRMAN OF THE BOARD OF DIRECTORS

In this challenging environment, Yapı Kredi maintained its customer oriented and innovative approach. The Bank adopted a flexible approach to proactively align its strategy and priorities to the rapidly changing environment while maintaining its focus on customer related business rather than securities investment. Yapı Kredi also increased its emphasis on efficiency and productivity so as to be best positioned for growth in the post-crisis period.

Through sustained efforts to continuously increase service quality and improve customer satisfaction, Yapı Kredi served 6 million active customers through its extensive network of 838 branches, 2.353 ATMs, award-winning call center and internet banking. As a result, 2009 proved to be successful year for Yapı Kredi despite the unfavourable economic environment. At the end of 2009, as the fourth largest private bank in Turkey with total consolidated assets of TL 71,7 billion, Yapı Kredi maintained its leadership in credit cards as well as leading positions in asset management, leasing, factoring, private pension funds and brokerage services through its domestic product factories.

Despite the challenging period, strong performance of Yapı Kredi's strategic business units, domestic product factories and international banking operations led us to success on the back of reinforced efforts to increase synergies and collaboration through economies of scale.

In 2010, Yapı Kredi will continue to focus on achieving superior customer satisfaction, sustainable growth and improvement in commercial effectiveness while maintaining strong emphasis on asset quality, cost control and efficiency.

On behalf of the Board of Directors, I hereby take this opportunity to thank our customers, who have permanently maintained their confidence and support for our Bank, our colleagues and stakeholders for their contribution and devoted efforts, our correspondent banks for their strong and enduring relationships and our shareholders, for their solid support.

## CEO'S MESSAGE

Yapı Kredi, with focus on customer satisfaction, commercial effectiveness and efficiency, will continue to maintain a strong emphasis on increasing the efficiency of the existing service channels, raising the level of internal and external service quality through further improvement of systems infrastructure as well as sustaining consistent growth.

Dear Shareholders,

The global financial crisis increased in severity starting from late 2008 in developed countries and, as a consequence of globalisation, spread to the developing countries. As a result of significant economic contraction for the first time in years on the back of a period of high uncertainty, 2009 was a challenging year for all the economies in the world.

In 2009, the real sector was significantly impacted by the financial crisis with the global unemployment rate reaching high levels. With inflation having been eliminated from the economic agenda of world markets, focus shifted to how and when the crisis would come to an end, especially in developed countries. Towards the end of 2009, the negative impact of the crisis started to decelerate as a consequence of the measures taken primarily by developed countries. Even though economic activity remains significantly lower compared to the pre-crisis period, several favourable developments in domestic and global markets ensured a relatively more optimistic outlook in financial markets towards the end of the year.

Turkey continued to be impacted by the global crisis throughout the year in line with the world economy but at a less severe scale compared to other countries. Despite this challenging environment, the Turkish banking sector maintained its robust capital structure, strong profitability and solid liquidity.

Yapı Kredi took opportunity of the crisis environment to make significant improvements in its infrastructure and processes. The Bank launched a number of key projects to improve its overall credit infrastructure and undertook a proactive restructuring programme to increase collections and to support customers in temporary difficulty. In addition, Yapı Kredi significantly improved its customer relationship management (CRM) systems with the aim of better utilising sales opportunities both at branches and the call center, thereby increasing service quality. Yapı Kredi also invested in its management information systems (MIS) infrastructure to set up a fully customer-oriented system which is able to better track performance by setting individual targets for relationship managers.



**FAİK AÇIKALIN**  
CHIEF EXECUTIVE OFFICER

In terms of innovation, the Bank further enhanced its leading position with the launch of new products and services tailored to meet the diverse needs of different customer segments. As a result, Yapı Kredi left behind a year in which credit infrastructure was significantly enhanced to better manage credit risk, sales support tools were improved to increase customer orientation and commercial effectiveness, and focus on innovation continued with launch of new products and services.

In this context, Yapı Kredi sustained its positive performance in terms of profitability and customer-focused business approach in line with its strategy and priorities. The Bank achieved solid profitability driven by strong revenue performance and tight cost containment coupled with efficiency improvements, while not compromising investments for growth. Total revenues increased by 26% year-on-year to TL 6.071 million while cost/income improved to 41% from 53%. Yapı Kredi increased its net income by 23% year-on-year to TL 1.553 million, indicating return on average equity of 23% in 2009.

Yapı Kredi strengthened its solid capital position and maintained its strong liquidity level throughout the year and stood out in the sector by securing syndicated

loans amounting to USD 1.395 million at appealing terms despite the challenging market conditions.

In 2009, the Bank further reinforced its close relationships with its customers and received numerous prestigious awards by reputable organisations. In the upcoming period, Yapı Kredi will continue to focus on customer satisfaction, commercial effectiveness and efficiency, with an objective to continuously add to its achievements. In this regard, the Bank will maintain strong emphasis on increasing the efficiency of existing service channels, raising the level of internal and external service quality through further improvement of systems infrastructure as well as sustaining consistent growth. Having strengthened its market presence and provided its customers with innovative products and services in accordance with their needs in 2009, Yapı Kredi is determined to demonstrate sustainably strong performance through the continuous support of its shareholders and the devoted efforts of its employees also in the upcoming period.

I would like to take this opportunity to thank our customers and shareholders for their trust and support, and to our employees, the real enablers of our success, for making it possible for Yapı Kredi to reach all of its accomplishments so far.

## DEVELOPMENTS IN THE ECONOMY

Turkey, together with Brazil and China, is one of the three G-20 countries that did not resort to fiscal recapitalisation of their financial sectors. Turkey is expected to display the highest economic growth rate within the CEE region during 2010 at 4,5%.\*

Now in its second year, the global crisis still offers enough questions and uncertainty to keep all interested parties guessing about the next phase while hoping for the best. What we know at the moment is that replication of the 1929 Great Depression was avoided thanks to the most aggressive fiscal and monetary stimuli the world has ever seen. The result achieved should be considered a success. Pricing in credit markets normalised as spreads between risky and safe assets declined considerably; there is broad consensus that the worst is over with respect to production and unemployment, given much better than expected unemployment figures in the US since September. For a self-sustaining recovery, it is imperative that confidence comes back, as a prerequisite for consumption and investment expenditures to pick up going forward.

There are some undeniable risks on the agenda when looking at the world economy with a long-term perspective. The main problem seems to be whether or not households would increase their spending in such a way as to allow the US economy to come out of the recession swiftly under their current reduced income levels and high unemployment.

Secondly, huge fiscal recapitalisations and fiscal stimulus packages have created colossal budget deficits and have led to significant surges in debt deficit ratios almost everywhere, especially in developed economies. Will markets at some point be asking for higher compensation for risk and thus impose higher costs of Treasury

borrowing even in the absence of monetary policy tightening? And last, but not least, will credible exit strategies be designed so as to facilitate non-inflationary exits from these aggressive, unconventional policies?

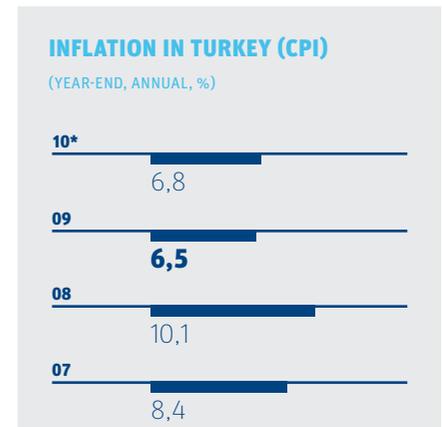
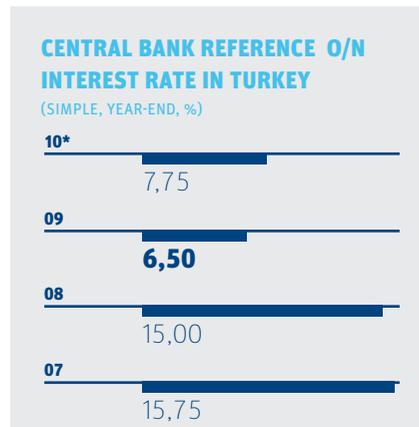
Growth performances were dismal globally with a few minor exceptions. The US and the Eurozone came out of the recession in the third quarter with quarter-on-quarter growth rates of 0,6% and 0,4%, respectively. The US increased its pace of growth in the fourth quarter and achieved 1,2% growth. The US was in recession for four quarters while the Eurozone suffered on additional quarter of negative growth. Although a widespread consensus exists that the trough phase of the cycle is over, there is still considerable uncertainty regarding the pace of global recovery. Better than expected consumption figures and corresponding bounce in consumer confidence in the US coupled with favourable inventory cycle dynamics has led to serious upward growth rate revisions by the IMF. The update to the October World Economic Outlook report conducted at the end of January 2010 entails discernibly higher growth estimates.

The pace of recovery in the US is expected to be higher than the Eurozone. The global recovery will have to be led by the US and the Eurozone given their huge share of GDP and consumption. According to the latest growth estimates by the IMF, developed markets, the US and the Eurozone will grow by 2,1%, 2,7% and 1,0%, respectively. Magnitude of the improvement is more

visible considering the corresponding growth rates of 0,8%, 1,2% and 0,7%, respectively in the October World Economic Outlook report. China, India, and emerging Asia will outperform fellow emerging markets which themselves will undoubtedly perform much better than developed markets hence creating a significant gap between developed market and developing market growth rates.

What exactly has been the impact on the Turkish economy and how does all this reflect on Turkey's prospects going forward? Turkey's GDP plunged by 14,5% in 1Q09, mostly due to the reduction in investment and consumption expenditures and stock depletion, but a slow and certain recovery began in 2Q09. Consumption expenditures picked up while year-on-year growth still remained in negative territory in 2Q09 and 3Q09, investment expenditures continued to contribute negatively to GDP, but destocking activity that prevailed in 2Q09 came to a halt in the next quarter and the inventory cycle reversed. Public expenditure was up throughout 2009, but that is hardly a trigger factor in Turkey any more with a total weight in GDP that lingers around 13-14%. Net exports contributed positively to growth, an anomaly specific to contraction periods when rate of reduction in imports exceeded that of exports.

Budgetary balances were naturally adversely affected by the economic contraction which led to a sharp fall in tax revenue and the rise in non-interest expenditures as a countercyclical measure



further deteriorated fiscal balances. Year-end budget deficit/GDP figure is expected to be 5,5%, followed by gradual reductions to 4,8% in 2010 and to 3,9% in 2011.\* Despite worsening in fiscal balances, Turkey's public sector debt to GDP ratio is less than 50%, presumably around 47% at year-end. This is one of the lowest in Europe. At a time of rapid and drastic fiscal collapse globally, relatively low budget deficit coupled with solid banking sector explains why rating upgrades on Turkey are coming and are expected to continue. One also needs to bear in mind that Turkey, together with Brazil and China, is one of the three G-20 countries that did not resort to fiscal recapitalisation of their financial sectors.

External balances naturally improved as the contraction rate of imports exceeded that of exports in the first ten months of the year. Rate of change of exports (year-on-year) was registered as positive for the first time in October and will remain positive in the upcoming period, but a similar reversal also started to be observed in imports following the recovery in exports.

With recovery in place, current account dynamics will worsen once again but excessive deficit levels facilitated by massive portfolio inflows will prove to be a thing of the past. The real depreciation in the Turkish Lira in the initial phases of the crisis, though lessened significantly through normalisation of global financial markets, will also help keep the external deficit within a manageable range.

The Central Bank took advantage of the downward pressure on prices stemming from the contraction in economic activity caused by the global recession and reduced policy rates by 1.025 basis points between November 2008 and 2009 year-end. Consequently, the Central Bank's O/N policy rate plunged to 6,5% by end-2009. Although the inflation rate in 2010 is likely to be volatile due to administered price hikes and base effects, no hikes by the Central Bank are expected before the second half of 2010 when economic recovery will be a bit more pronounced.\* 2010 is expected to end with an inflation rate hovering around 7% and with hikes from the Central Bank totaling 125 bps.\*

Turkey is expected to display the highest growth rate within the Central and Eastern Europe (CEE) region during 2010 at 4,5%, a testimony to its increased resilience in the aftermath of the 2001 crisis.\* Sustainable and high growth levels will be attainable only if prudent fiscal and monetary policies refraining from populist implementations are imposed and the reform processes involving economic, political and legal spheres are given a significant push which in turn strengthens the EU convergence play feature of the Turkish economy. These initiatives, if forcefully implemented, should lead to an over-performance by Turkey in the emerging markets universe as well. The upcoming period will mostly shape according to above mentioned expectations provided global conditions do not deteriorate once again forcing a W-shape recovery dynamics.

\*Yapi Kredi Economic Research forecast

## DEVELOPMENTS IN THE TURKISH BANKING SECTOR

Strong liquidity, sound asset and funding structure, solid capital adequacy and risk management as well as the importance given to internal control and corporate governance were the main factors behind the resilience of the Turkish banking sector to the global financial crisis.

Having addressed its structural weaknesses thoroughly following the 2001 crisis, the Turkish banking sector has since demonstrated robust growth and managed the current global financial crisis quite successfully.

Turkish banks did not have any exposure to the toxic assets that were at the heart of the financial turmoil and therefore were immune to the direct effects of the crisis. On the other hand, economic contraction affected lending growth significantly. Due to the lack of demand and macroeconomic uncertainty, loan growth remained muted especially in the first part of the year. Total loans in the sector (excluding participation banks) registered a growth of 6% in 2009 driven especially by improvement in lending appetite toward the end of the year in specific products including mortgages (14% growth) and general purpose loans (14% growth). As a result, loans/GDP ratio increased to an estimated 39% in 2009 from 37% at the end of 2008. The banking sector did not encounter funding difficulties in 2009, with total deposits growing 14% compared to the end of 2008.

The most evident effect of the economic contraction manifested itself in the asset quality deterioration of the sector. The ratio of non-performing loans (NPL) to total loans, which was 3,5% at the beginning of the year, increased to 5,2% by year end, though remaining stable compared to September 2009. Significant increase in the NPL ratio of credit cards (from 6,6% to 10,4%), consumer loans (from 2,3% to 4,2%) and commercial installment loans (from 4,6% to 8,6%) were the main drivers of the asset quality deterioration during 2009.

Turkish banks were immune to the factors that created the foundation of the global financial crisis as they are focused on customer related business and not exposed to complex derivative products. Strong liquidity, sound asset and funding structure, solid capital adequacy and risk management as well as the importance given to internal control and corporate governance were the main factors behind the resilience of the Turkish banking sector to the global financial crisis.

On top of these, continuous rate cuts by the Central Bank throughout the year had a positive effect on the profitability of the sector. As a result of the rapid fall in deposit rates together with slower adjustment in asset yields, interest margins expanded significantly, bringing a 36% year-on-year increase in net interest income at sector level. Banks managed to increase their net fees and commission income by 13% in this period, despite weak lending. Consequently, the total revenues of the sector registered an increase of 32% year-on-year. With solid cost control, the sector successfully kept the growth in its operating expenses at a mere 5% in this period. Finally, despite a sharp increase of 85% in loan loss provisions due to rising NPLs, the Turkish banking sector recorded a year-on-year increase of 53% in net income and a return on equity of 23%.

## YAPI KREDİ IN 2009

### STRATEGY OVERVIEW BUSINESS OVERVIEW

Combining experience with its vision, Yapı Kredi continued its innovative and customer-oriented business approach in 2009. With continuous efforts to improve service quality, Yapı Kredi focused on activities aimed at increasing customer satisfaction.

#### **Managing the challenging operating environment with a sound and flexible banking approach**

Starting from the end of September 2008, the global crisis, which led to a sharp contraction of economic activity in many countries around the world, also impacted Turkey. Despite the negative effects of the crisis resulting in weak business activity and asset quality deterioration, the Turkish banking sector successfully coped with this period thanks to its solid capitalisation and high liquidity. Turkish banks adapted to the changing sector dynamics in 2009 by shifting their strategies from ambitious growth plans towards profitability, liquidity, capital and funding positions.

Yapı Kredi utilised this period characterised by subdued loan demand and sluggish business activity to reinforce its position by adopting a flexible approach to proactively align its strategy and priorities to the rapidly changing environment. Throughout this period, Yapı Kredi maintained its focus on core banking operations while investing in projects aimed at increasing commercial effectiveness and developing innovative new products and services. Yapı Kredi also increased its emphasis on efficiency and productivity so as to be best positioned for rapid growth when macroeconomic conditions normalise.

#### **Strong performance sustained with unyielding support for customers**

In 2009, Yapı Kredi maintained its profitability thanks to solid revenue growth and cost containment efforts, coupled with proactive credit risk management and focus on innovation. The Bank continued to provide support for its customers and also leveraged on its alternative delivery channels to provide better customer service.

In view of asset quality deterioration, due to unfavourable macroeconomic conditions, Yapı Kredi improved its risk management approach and undertook a series of initiatives aimed at maintaining asset quality. The Bank launched a number of important projects to improve its credit infrastructure and undertook proactive restructuring programmes to increase collections and to support customers in temporary difficulty.

#### **Strong emphasis on innovation with development of new products and services**

Yapı Kredi further enhanced its strong position in innovation with the launch of new products and services tailored to meet the diverse needs of its extensive customer base. The innovative products and services Yapı Kredi introduced in 2009 include:

- Product and service packages that offer tailored advantages for SMEs
- High speed loan application for all retail

customers directly through mobile phone messages (SMS) and the internet

- An exclusive iPhone financial application, a first in Turkey, enabling customers instantaneous access to financial markets and making the Yapı Kredi Call Center easily reachable
- A new credit card, *adios*, dedicated to customers who travel frequently, providing privileged travel advantages and campaigns
- Innovative tools for corporate customers in applying SWIFT's FileAct and SWIFT Score services which are compulsory worldwide in cash management for companies
- Specifically designed ATMs offering banking services to physically impaired customers, a first in Turkey
- A customer relationship management (CRM) sales tool designed to facilitate the offering of tailored products and services to hearing impaired customers through online chat sessions
- Three new capital guaranteed funds with varying fund strategies aimed at satisfying the diverse investment choices of private banking customers
- One of the first hedge funds in Turkey especially designed for private banking customers seeking high return potential

For further details on Yapı Kredi's innovative products and services, please refer to the Research and Development Activities section on page 61.

### **Sound liquidity, funding and capital position**

Yapı Kredi entered the challenging environment in 2009 with a strong capital, liquidity and funding position. Leveraging on its deep-rooted banking relationships and solid financial performance, Yapı Kredi successfully secured ~USD 410 million syndication with an all-in cost of Libor+2,50% per annum in April and ~USD 985 million syndication with an all-in cost of Libor+2,25% per annum in September. The Bank maintained its comfortable liquidity and funding position in 2009 with a loan to deposit ratio of 90,5%. Yapı Kredi's capital adequacy ratio increased to 16,5% at consolidated level and 17,8% at bank level as of the end of 2009.

### **Improvement of branch network to enhance service quality and efficiency**

One of Yapı Kredi's key focus areas in securing long-term sustainable growth is further expansion of its large and widespread branch network.

The Bank had launched a branch expansion plan in July 2007 with the aim of achieving accelerated growth. As part of its branch expansion plan, Yapı Kredi opened 250 new branches in 18 months and recorded the highest number of openings in the sector in 2008 with 185 net new branch openings. At the beginning of 2009, the branch expansion plan was put on a temporary stand-by in view of the global crisis.

In order to utilise this period effectively, Yapı Kredi shifted its focus towards the optimisation of branch network via relocation, renovation and enlargement of 75 branches aimed at improving service quality and customer satisfaction. As macroeconomic conditions started to stabilise towards the end of the year, the branch expansion plan was resumed in December 2009, with seven new retail branch openings.

As of the end of 2009, Yapı Kredi has the fourth largest branch network in Turkey with 838 branches and 9,3% market share.

### **Focus on customer and employee satisfaction for continuous value creation**

Yapı Kredi further reinforced its efforts to improve customer satisfaction and customer trust with the belief that positive customer experience can significantly deepen relationships with customers, especially in difficult market conditions. Through a customer-centric approach, Yapı Kredi continued to deliver a wide variety of tailored products and services to its customers with the aim of meeting and exceeding their expectations.

Considering employee engagement as a key enabler of customer satisfaction, Yapı Kredi continued its efforts to improve the satisfaction of employees in 2009. The Bank invested in improving employees' qualifications so as to provide the highest

quality customer service and launched the Yapı Kredi Banking Academy in October 2009, a first in the banking sector in terms of size, scope and function.

With the objective of better understanding the needs, challenges and priorities of its branches on the running of day-to-day business, Yapı Kredi had launched an initiative, "A day in a branch" in 2008 where senior management and selected head office managers spent a day in a branch to interact with employees. In 2009, the "A day in a branch" initiative continued with 100 selected managers getting together with employees in various branches from 15 different cities. Around 2.000 suggestions were received and utilised in order to improve customer satisfaction.

Yapı Kredi developed state of the art customer satisfaction monitoring systems and 12.000 internal and 70.000 external customers were surveyed in 2009 with an aim to understand, measure and monitor the satisfaction and expectations of both internal and external customers. Yapı Kredi also implemented a People Survey in 2009 so as to understand and measure the satisfaction level and expectations of its employees.

### KEY FOCUS AREAS IN 2009

- Focus on customer and employee satisfaction for continuous value creation
- Strong emphasis on innovation with development of new products and services
- Sound liquidity, funding and capital positions
- Further investment in strategic focus areas for future growth, efficiency and commercial effectiveness

### KEY STRATEGIC PROJECTS IN 2009

- Improvements in the customer relationship management (CRM) system
- Setting up a fully customer-centric management information system (MIS)
- Migration of credit card operations and retail credit risk management applications to a new platform
- Introduction of the new internal organisational structure

### KEY PRIORITIES IN 2010

- Superior and lasting customer satisfaction
- Healthy and sustainable growth
- Improvement in commercial productivity
- Strong emphasis on cost control and efficiency

#### Further investment in strategic focus areas for future growth, efficiency and commercial effectiveness

Despite adverse market conditions, Yapı Kredi continued its investment in strategic focus areas to be best positioned for growth through improvements in infrastructure, efficiency and commercial effectiveness. Below are the major strategic projects and initiatives undertaken in 2009:

- Improvements in the customer relationship management (CRM) system through the launch of sophisticated sales support tools providing an integrated view of customer information and complaints to the sales force. CRM improvements were aimed at better utilising sales opportunities both at branches and through the call center, thereby increasing service quality for customers.
- Investments in the management information systems (MIS) infrastructure aimed at setting up a fully customer-centric system by setting individual volume and revenue targets for relationship managers to better track performance, thereby reinforcing the critical link between customer service and business unit goals.
- Ongoing projects for the migration of credit card operations and retail credit risk management applications to an open platform so as to further accelerate response time and therefore improve customer satisfaction.
- Reinforce bancassurance business with the aim of increasing customer satisfaction and business performance,

through an integrated approach. This entails effective product bundling and diversification of customers' product portfolios with core banking products and an efficient optimisation of roles and responsibilities between branches, Bank's distribution channels and product factories in insurance sector, including increased usage of alternative delivery channels.

- New organisational structure aimed at improving service quality as well as increasing efficiency through enhancement of synergies between business units, product factories and international banking operations. Please refer to page 33 for more detailed information on the new organisational structure.

#### 2010 objectives and priorities

Yapı Kredi acknowledges that 2010 will be a year with higher volume growth as a result of the macroeconomic recovery. Having successfully completed key investments aimed at increasing commercial productivity, Yapı Kredi is ready for growth with a sound, flexible and customer-oriented approach.

Key priorities in 2010 are as follows:

- Dedication to achieving superior and lasting customer satisfaction through
  - Providing outstanding service to customers
  - Simplifying processes and procedures leading to faster response time

- Focus on healthy and sustainable growth through
  - Relaunch of branch expansion with 60 new branch openings
  - Concentration on selected products and segments (SME, mortgages, commercial lending, project finance, asset gathering)
- Improvement in commercial productivity as a result of
  - Focus on diversifying customers' product portfolios, product bundling, customer activation and penetration, leveraging on enhanced CRM and MIS
  - Development of new and innovative products and services in line with customer needs
  - Further integration of product factories with the Bank so as to enhance synergies and service quality
- Strong emphasis on cost control and efficiency through
  - Disciplined approach towards cost containment
  - Investments in alternative delivery channels
  - Cost base optimisation through further back-office centralisation and headcount rationalisation
- Continued focus on asset quality with
  - Additional investment in credit infrastructure (credit cards, SME and individual banking)
  - Further improvement of monitoring processes and tools
  - Maintained focus on collection and restructuring

## Awards

Yapı Kredi's efforts for excellence in banking are recognised by many awards globally and locally...

### 2007 AWARDS

- Bank of the Year in Turkey (The Banker)
- The Best Private Banking Services in Turkey and in Central and Eastern Europe (Euromoney)
- Best Call Center (IMI Conferences Istanbul Call Center Awards)
- Best Call Center Performance Development (IMI Conferences Istanbul Call Center Awards)
- Best Export Factor of the World (Factors Chain International)
- Support for Foreign Trade (Active Academy)
- Turkey's Best Retail Internet Branch (PC Magazine)
- Innovative Leadership in Payment Systems (VeriFone)

### 2008 AWARDS

- Best Internet Branch (PC Magazine Award)
- Best Call Center (IMI Conferences Istanbul Call Center Awards)
- Best Call Center Performance Development (IMI Conferences Istanbul Call Center Awards)
- Best Call Center Employee Experience (IMI Conferences Istanbul Call Center Awards)
- Special Jury Award for Online Chat Service for the Hearing Impaired (IMI Conferences Istanbul Call Center Awards)
- Best Trade Finance Bank (World Finance)
- Best New Corporate University (CUBIC Awards)
- Outstanding Achievement Award in Website Design (Interactive Media Awards)

### 2009 AWARDS

- Bank of the Year in Turkey (The Banker)
- The Best Private Banking Services in Turkey (Euromoney)
- Best Creative Call Center (IMI Conferences Istanbul Call Center Awards)
- Best Consumer Website Design in Europe (Global Finance)
- Best Corporate Website Design in Europe (Global Finance)
- Best Corporate Internet Bank in Turkey (Global Finance)
- Building of the Year in Training Category - Yapı Kredi Banking Academy (ArchDaily)
- Awards and Rankings of Yapı Kredi's Credit Card Programme World:
  - The Best of the Best (Visa Europe Member Awards 2009)
  - The Best New Customer Proposition (Visa Europe Member Awards 2009)
  - The 10th Most Valuable Credit Card Brand in the World (The Banker)
  - Turkey's Largest and Europe's 6th Largest Credit Card Programme (The Nilson Report)

# YAPI KREDİ IN 2009

## STRATEGY OVERVIEW BUSINESS OVERVIEW

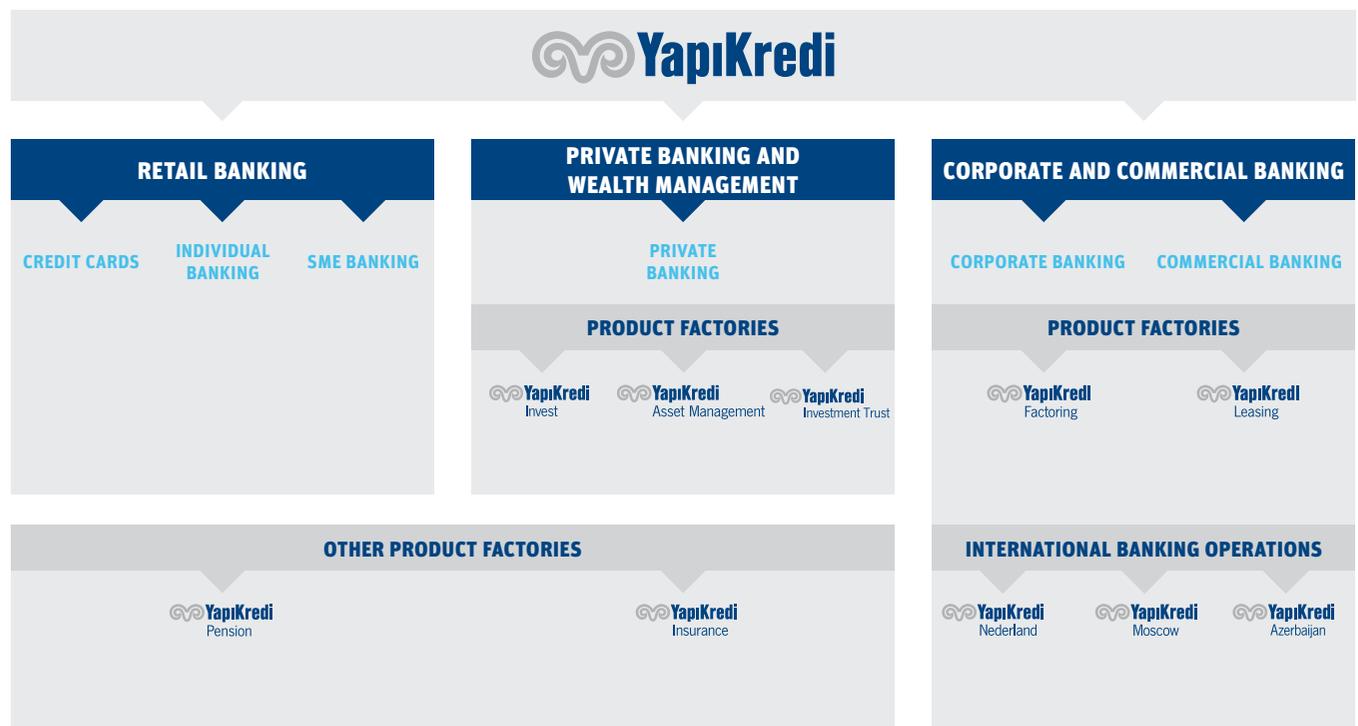
Yapı Kredi's commercial banking activities are carried out through three main segments: retail banking, corporate and commercial banking, private banking and wealth management.

### Yapı Kredi's Organisational Structure

Yapı Kredi introduced a new organisational structure in February 2009 with the aim of further supporting the performances of both business segments and product factories, enhancing the customer-focused and segment-based service model, as well as allowing for the further effective use of synergies. Following the introduction of the Bank's new organisational structure:

- Credit cards, which were previously not included within retail banking, were brought under the governance of retail banking together with individual and SME banking.
- Corporate and commercial banking, which were previously separate, were brought together under a single governance. In order to foster closer cooperation with product factories and international banking operations, leasing and factoring product factories (Yapı Kredi Leasing and Yapı Kredi Factoring) and international banking operations (Yapı Kredi Bank Nederland, Yapı Kredi Bank Moscow and Yapı Kredi Bank Azerbaijan) were also brought together under the governance of corporate and commercial banking.
- Yapı Kredi's asset management and brokerage product factories (Yapı Kredi Asset Management and Yapı Kredi Invest) were brought together under the governance of private banking and wealth management.
- Information technologies and operations, which were previously separate, were brought together under the governance of information technologies and operations to further improve the service level and efficiency of core banking activities.

Following the introduction of the Bank's new organisational structure, Yapı Kredi's commercial banking activities are carried out through three main segments: retail banking, corporate and commercial banking and private banking and wealth management.



**RETAIL BANKING****CREDIT CARDS****INDIVIDUAL BANKING****SME BANKING**

Yapı Kredi is the market leader in credit cards. In The Banker Top Banking Brands Valuation 2009, Yapı Kredi's credit card programme World was listed as the 10th most valuable credit card brand in the world.

Retail banking is one of Yapı Kredi's key focus areas where the Bank operates with the aim of offering tailored solutions for customers through continuous investment in delivery channels.

At Yapı Kredi, retail banking consists of credit cards, individual banking and SME (Small and Medium Size Enterprises) banking.

**CREDIT CARDS**

Credit cards, an area where Yapı Kredi is the leading player in the sector, remains one of the Bank's strongest focus areas. In 2009, Yapı Kredi maintained its leading position in the sector. The Bank is:

- leader with TL 7,3 billion outstanding volume and 20,4% market share
- second with TL 43,4 billion cumulative issuing volume and 21,4% market share
- second with 7,6 million credit cards and 17,2% market share

Despite the challenges posed by macroeconomic deterioration, Yapı Kredi maintained its emphasis on customer satisfaction in 2009 and continued to deliver innovative new products and services to its customers while concurrently increasing its focus on risk management to control the effect of asset quality deterioration.

Following the introduction of the Bank's new organisational structure in February 2009, credit cards, which were previously not included within retail banking, were brought under the governance of retail banking together with individual and SME banking with the aim of enhancing the customer-focused and segment-based service model as well as allowing for the further effective use of synergies.

In 2009, Yapı Kredi focused on enriching its product base in credit cards to meet the needs of its customers and provide them the highest level of service. The innovative card features, programmes and products launched increased the Bank's recognition in the sector, as confirmed by the many awards gained in 2009.

In April 2009, Yapı Kredi launched the *adios* card, specifically targeting customers who travel frequently. *adios* cardholders benefitted from privileged travel advantages and campaigns throughout the year. In 2009, the Bank also set up the Yapı Kredi Travel Line exclusive to *adios* cardholders, whereby customers are able to make hotel and travel enquiries, reservations and redeem their Worldpoints more advantageously for their travel plans. Yapı Kredi also provides *adios* cardholders the advantage of receiving advance points so that they can travel using their Worldpoints even if they don't have enough at the time. *adios* has been very popular among customers and, as of the end of 2009, reached 155 thousand cardholders.

Aimed at understanding and responding to the needs of young customers and creating unique benefits for their specific lifestyles, Yapı Kredi relaunched Play Card in July 2009 after its initial introduction in 2008. In addition to the wide range of existing credit card and debit card features, Play Card holders between the ages of 12-26 were given extra benefits such as exemption from account maintenance fees and free money transfers to their Play Card from any Yapı Kredi account. The number of Play credit and debit cards reached more than 548 thousand as of the end of 2009. The innovative Play Card was not only appreciated by customers, but it also won The Best New Customer Proposition and The Best of The Best awards in the Visa Europe Member Awards 2009 held among all VISA Europe member banks.

In addition to *adios* and Play Card, Yapı Kredi also offered the following innovative products and applications to its customers in 2009:

- A new prepaid card, World Gift Card, that customers are able to give as a gift and is accepted at all World merchants for purchases up to the deposited amount was launched in February 2009.
- A new product, Cash Advance with installments, with lower interest rates compared to other cash advance products and which also incorporates a disbursement plan, was launched by Yapı Kredi in April 2009 through its branches and in May 2009 through its ATMs. As a result of this product and its additional features, the Bank's cash advance volume was positively affected during 2009.

### CREDIT CARDS IN 2009 KEY INDICATORS

NUMBER OF CREDIT CARDS\* **7,6 MILLION**

TOTAL NUMBER OF MERCHANTS\*\* **290.255**

NUMBER OF POS TERMINALS **356.976**

\* Including virtual cards (2009: 1,5 million virtual cards)

\*\* All World and other merchants included

### CREDIT CARDS IN 2009 CUSTOMER ORIENTED ACTIONS

- Launching innovative products
- Meeting the needs of diverse customer groups
- Continuing focus on co-branding partnerships

### CREDIT CARDS IN 2010 CUSTOMER ORIENTED PRIORITIES

- Strengthening customer relationships and loyalty
- Increasing customer acquisition through leveraging on service channels
- Reinforcing synergies with other segments of retail banking

- Contactless features were introduced to Yapı Kredi's credit cards in July 2009 to increase customer loyalty, satisfaction and market penetration for transactions below TL 35. Different than the application at most peer banks, Yapı Kredi positioned the contactless application as a new feature that can be installed in all of its existing credit cards rather than as a different product or brand. Since the launch of this new feature, the number of cards with contactless features has already reached almost 99 thousand with a monthly turnover of TL 80 thousand as of the end of 2009.
- The Bank started implementing a new initiative in October 2009 to send debit cards to customers via courier throughout the country, rather than making them come to branches to collect their debit cards. This new initiative aims at increasing operational efficiency, security and customer satisfaction.
- In November 2009, Yapı Kredi created a new outlet for customers to use their loyalty points in the payment of credit card annual membership fees. Customers can apply for this new service, which is aimed at enhancing customer satisfaction and loyalty, through all of the Bank's channels including branches, internet banking and the call center.

Yapı Kredi's strength in credit cards continued to be recognised on an international platform with various awards and accolades. In The Banker Top Banking Brands Valuation 2009, Yapı Kredi's credit card programme World was listed as the tenth most valuable credit card brand in the world, with a US\$ 400 million brand value. World was also listed as the seventh largest credit card programme in Europe with US\$ 27,3 billion issuing volume in the May 2009 Nilson Report and moving one step further, as the sixth credit card programme in Europe with US\$ 4,9 billion outstanding volume in the September 2009 Nilson Report. Moreover, during the first quarter of 2009, World was listed as the leading credit card programme in customer satisfaction research held by the Turkish Quality Association (KalDer).

### Merchant Network

Yapı Kredi is the leading player in the sector in terms of acquiring volume with the most dynamic merchant network in Turkey. Yapı Kredi completed 2009 as leader with close to 357.000 POS terminals (16,8% POS terminal market share) and 22,1% acquiring volume market share.

In 2009, Yapı Kredi's World merchant network increased by over 13 thousand and reached almost 196.000 as of the end of the year. The Bank's appealing activation campaigns as well as its extensive branch network and customer base together with the strong sales performance of member merchants positively contributed to the increase in Yapı Kredi's merchant network. Some of the brands that joined the World network in 2009 include AIG Insurance, Burger King, Gratis, Prada and Zegna.

Productivity in merchant activity is a key priority for Yapı Kredi. In line with this, POS terminal sharing was one of the main areas of focus during 2009 for the Bank and as a result, the number of terminals used jointly with other banks reached 108 thousand as of the end of the year.

Despite the unfavourable macroeconomic environment in 2009, Yapı Kredi continued to provide exclusive offers to its cardholders through collaborations with partner World merchants. The campaigns offered to World cardholders included rewards, additional installments, gift cheques, discounts and other privileges which contributed to an increase in customer satisfaction and loyalty. During 2009, more than 470 campaigns with over 125 World member brands in 15 sectors were organised. On average, 40 campaigns were conducted each month at World merchants.

In line with the introduction of contactless features to its credit cards, Yapı Kredi also introduced contactless readers to its merchant network. These readers allow customers to easily pay by swiping their cards close to the readers. More than 2.725 contactless readers were deployed to merchants. Also in 2009, Yapı Kredi continued to offer diverse and innovative solutions to its merchants by allowing them to accept and sell Visa branded gift cards through POS terminals.

### **Co-branding Partnerships**

Partnerships in credit card co-branding initially launched with Millenium Bank in 2006 and continued with Fortis Turkey, Vakıfbank and Anadolubank in 2008 were further developed in 2009. Yapı Kredi signed new credit card co-branding partnership agreements with Cyprus Economy Bank and Cyprus Turkish Cooperative Central Bank. Together with these partnerships, Yapı Kredi's credit card brand World became Turkey's largest credit card network and marketing platform with more than 11 million credit cards.

In 2009, Yapı Kredi took these partnerships one step further by incorporating Fortis Turkey's member merchants into its own World merchant platform.

These collaborations, with various banks both inside and outside Turkey, which showed positive results in terms of both transaction volume and merchant loyalty, once again affirmed Yapı Kredi's undisputed leadership in the credit card sector. As a result of these initiatives, the transaction volume of World merchants surpassed expectations, proving the volume-enhancing power and impact of the World platform for merchants.

Yapı Kredi maintained its leadership in credit cards in 2009 and this segment continued to be a solid contributor to Yapı Kredi and played an important role in increasing overall customer satisfaction. In light of the challenging environment, together with revenue generating initiatives and new products and services designed and targeted for different customer groups, Yapı Kredi also launched cost containment measures in 2009 and concentrated on better usage of resources including optimisation of loyalty points, review of installments and reduction of advertising costs resulting in enhanced contribution of credit card business to the Bank's performance.

Yapı Kredi will continue to be the pioneer of the sector, leading the way for competition, customer satisfaction and innovation in Turkey.

**RETAIL BANKING****CREDIT CARDS****INDIVIDUAL BANKING****SME BANKING**

Mortgages among loan products and mutual funds among asset management products were the preferred choices of Yapı Kredi's individual banking customers during 2009.

Yapı Kredi's individual banking activities are organised under mass and affluent sub-segments to provide the highest quality service and the most suitable products to different customer groups. As of the end of 2009, the Bank provided individual banking services to 5,1 million active mass and 278 thousand active affluent customers.

**Mass Segment**

Yapı Kredi offers its mass customers with total personal financial assets of up to TL 50 thousand a wide variety of products and services through diverse delivery channels including branches, internet banking and the call center. The Bank's primary aim is to increase customer satisfaction by providing customers with the necessary tools to efficiently fulfill their banking needs through innovative and easy to use products.

During 2009, Yapı Kredi intensified its efforts to deepen relationships with existing customers as well as to acquire new customers. The Bank's customer relationship management (CRM) capabilities and analytical data mining models played a key role in increasing customer loyalty and encouraging customers to benefit from Yapı Kredi's diverse product portfolio. Yapı Kredi produced 130 million targeted offers for its customers in 2009 through its campaign management system, of which 100 million

were specifically targeted to increase product sales. Tellers were also provided with tools including customer relationship management (CRM) screens able to execute effective customer targeting leading to the offering of the right products to meet customer needs.

Yapı Kredi offers its customers a wide range of consumer loan products including mortgage, general purpose, home improvement, education, auto, art and yacht loans. During 2009, general purpose and mortgage loans were the most preferred loan products by customers.

Yapı Kredi provides value-added banking services with increased advantages for its customers through its loyalty programme Benim Param (My Money). Benim Param was further enhanced in 2009 to provide even more benefits to customers and maintained its status as Turkey's largest loyalty programme.

Yapı Kredi also included a new service named regular rent payments to its wide range of services in 2009. Through this new application, customers are able to easily track and make their rent payments.

Despite high competition, Yapı Kredi increased the number of payroll customers, a significant area of focus for the Bank, by 28% year-on-year to more than 690.000 as of the end of 2009. The companies benefitting from this service include several public institutions.

In 2009, despite macroeconomic deterioration which led to subdued demand by customers, Yapı Kredi increased its general purpose loans by 3% to TL 2,5 billion on the back of innovative new products and continued support for its customers:

- General purpose loans were further enhanced with the addition of different structure alternatives with flexible fee and interest rate compositions to meet the varying needs of customers.
- To provide customers with fast and more efficient service, a new loan product called Kredi Şimdi (Instant Credit) was launched in 2009. This new product allows customers to apply for loans directly through mobile phone messages (SMS) and the internet by providing their citizen identity number and net annual income. Customers receive the result of their application in a matter of minutes.

Yapı Kredi's mortgage loan strategy is based on providing high quality service to customers by training Mortgage Experts, developing dedicated branch and non-branch delivery channels and offering innovative mortgage products. Yapı Kredi has successfully differentiated itself through the following initiatives:

- Yapı Kredi not only provides customers with financial products for mortgages but also offers consultancy for all aspects of mortgages including financial, legal, technical and tax-related issues at branches through its Mortgage Experts. Yapı Kredi continued to train certified Mortgage Experts and as of the end of 2009, the number of Mortgage Experts neared 800.
- Yapı Kredi also developed its non-branch delivery channels with the launch of a dedicated mortgage website ([www.yapikredimortgage.com](http://www.yapikredimortgage.com)) and Mortgage Information Line (444 0 445). Through these channels, customers are able to make appointments with Mortgage Experts, choose the most suitable mortgage loans and gather all legal, financial and tax-related information they need during the home purchase process.
- To further enhance relationships with real estate developers through a focused approach, Yapı Kredi established a dedicated team within the mortgage

department. This new organisation helped the Bank to increase the share of mortgages directed by its portfolio of 350 real estate developers from 3% in 2008 to 8% as of the end of 2009.

- Synergies with real estate agencies were also further reinforced in 2009 through a more dedicated and focused approach. Support for the real estate sector was provided through the real estate support programme, introduced in late 2009. As part of this programme 1.500 real estate agents were personally visited by relationship managers and nearly 6.000 real estate agents were contacted via email, telephone and SMS during the year. As a result of this personalised approach carried out at Yapı Kredi branches all over Turkey, the share of mortgages directed by real estate agents increased to 20% in 2009.
- In order to meet customers' needs in terms of home renewal, the home renovation loan was launched in 2009. This loan is specifically tailored to provide customers financial support for kitchen-bathroom renewal, natural gas-heating system set up, isolation and other home repair expenditures.
- As of 2009, Yapı Kredi brought all of its various loans related with housing together under the credit package heading. The products include mortgage loans, home equity loans, home improvement and home renovation loans.

As a result of this application, customers were able to benefit from the different advantages of the various housing loans in a fast and efficient manner.

As a result of all of these initiatives, despite macroeconomic deterioration which led to subdued demand by customers, Yapı Kredi's mortgage loan portfolio grew above sector by 20% in 2009 to reach TL 3,8 billion. The Bank's market share increased 50 bps to 9,0%. The share of mortgage loans within the consumer loans portfolio (excluding credit cards) reached 55% at the end of 2009 (+ 4 pp vs. 2008), driven by high service quality, wide variety of product alternatives tailored to customer needs and effective non-branch sales channels.

In 2009, despite macroeconomic deterioration which also affected the automotive sector, Yapı Kredi continued to support its customers and provided 40.000 auto loans through its exclusive partnership with Ford Otosan. The cooperation agreement with Ford Otosan was signed in December 2007 and provides the Bank exclusivity in providing auto loans for Ford brand automobiles till 2011. New customers acquired via this project reached 11.000 as of the end of 2009. With this competitive new system where customers are able to apply for an auto loan directly from the dealership through an online system, Yapı Kredi has strongly positioned itself among its competitors in Turkey.

### INDIVIDUAL BANKING IN 2009 KEY INDICATORS (MILLION TL)

|                         |               |
|-------------------------|---------------|
| LOANS                   | <b>5.676</b>  |
| DEPOSITS                | <b>13.784</b> |
| ASSETS UNDER MANAGEMENT | <b>2.662</b>  |
| TOTAL REVENUES          | <b>666</b>    |

### INDIVIDUAL BANKING IN 2009 CUSTOMER ORIENTED ACTIONS

- Launching innovative products and services
- Increasing product differentiation and service quality in the affluent segment
- Developing existing branch network and launching new alternative delivery channels

### INDIVIDUAL BANKING IN 2010 CUSTOMER ORIENTED PRIORITIES

- Developing innovative products and service packages to address diverse needs
- Expanding branch network and increasing its operational efficiency
- Reinforcing synergies between Yapı Kredi Invest investment centers and Bank's branches

In 2010, Yapı Kredi's aim in the mass segment is to further increase its service quality, product range and focus on delivery channel improvements, thereby increasing customer satisfaction and loyalty, customer acquisition and the Bank's market presence in the sector. In this scope, improvements in underwriting, appraisal and collateral processes will continue at full pace.

#### Affluent segment

Yapı Kredi serves its affluent customers with personal financial assets between TL 50 thousand and TL 250 thousand through 992 relationship managers and a wide distribution network. In 2008, Yapı Kredi had initiated a project with an aim to review its strategic approach in affluent banking. As part of this project, segmentation criteria were revised to enhance the affluent service model and product offerings were reviewed. This project, enabling higher quality service to affluent customers through increasing product diversity and sustainable competitive advantage, was completed in January 2009. Following this project, a new affluent service model was launched and as a result, the following initiatives were realised:

- New sub-segmentation criteria were formed,
- Brand image for affluent banking was renewed,
- Sales support screens and financial advisory modules were developed,
- Brand new product catalogue was designed
- Special training programmes for affluent relationship managers were organised

Affluent customers are provided dedicated service by 1.030 relationship managers with expertise in deposits, investment products and special loan products like mortgages through 678 branches in Turkey. Affluent customers are also able to benefit from asset management services through Yapı Kredi's product factories operating in asset management and brokerage.

During 2009, decreasing return from traditional investment products due to lower interest rate environment led to a shift by customers to more specialised asset management products. Falling deposit rates driven by continued rate cuts by the Central Bank started to change affluent customer preferences in asset allocation and spending.

Mortgages among loan products and mutual funds among asset management products were the preferred choices of customers during 2009.

The Bank's aim is to continue to expand its market presence in the affluent segment as well as to increase customer satisfaction thereby deepening relationships with customers. Consequently, Yapı Kredi will focus on increasing its existing customer base penetration, becoming the preferred bank of customers and new customer acquisition also via better integration between credit cards and retail banking.

## RETAIL BANKING

### CREDIT CARDS

### INDIVIDUAL BANKING

### SME BANKING

SMEs, considered as very important customers by Yapı Kredi, are provided privileged products and services tailored to meet their specific needs, ranging from teller transactions to financing services as well as non-financial support.

#### **SME (SMALL AND MEDIUM SIZE ENTERPRISES) BANKING**

SMEs are considered as very important customers by Yapı Kredi. Privileged products and services especially tailored to meet their specific needs are presented by 1.377 relationship managers who are experts in their field. Services provided to SMEs range from teller transactions to financing products. In 2009, Yapı Kredi provided SME banking services to more than 480.000 customers with the addition of over 35.000 new customers during the year, despite the challenging environment.

Driven by the challenges posed by macroeconomic deterioration leading to sluggish business activity in 2009, while continuing to focus on supporting its customers, Yapı Kredi increased its focus on effective risk management through the launch of a new SME scoring system in all branches. The Bank also reinforced SME monitoring and collections systems in this segment to further mitigate risk.

SME customers are provided banking services at Yapı Kredi through a wide variety of channels including branches,

internet banking, mobile banking and call center. On top of these regular channels, Yapı Kredi also provides dedicated service to its SME customers through differentiated channels such as the leading e-business platform for SMEs, [www.kobiline.com](http://www.kobiline.com) (Kobiline). Kobiline, a joint venture between Yapı Kredi and Koç.net, is a dedicated platform which not only informs Kobiline members and Yapı Kredi customers about domestic and international loan grants, technology, internet and patent services but also provides consultancy services with an aim to introduce grant support for SMEs.

One of Yapı Kredi's main goals in SME banking has always been to make solid contributions to SMEs. In order to achieve this goal, Yapı Kredi has been organising informational seminars for SMEs since 2007. In 2009, Yapı Kredi organised seminars in İzmir, Istanbul and Ankara with the participation of 2.500 SMEs. Yapı Kredi will continue to inform and educate SMEs through these seminars in 2010 in order to allow them to operate with the best possible level of information.

In addition to informational seminars, the Bank arranged one-on-one consultancy meetings for more than 4.500 firms utilising grants provided by both domestic and international agencies. Yapı Kredi also arranged more than 20 informational seminars about grants and assisted 777 projects applying to grant programmes, primarily within the SME Research and Development (R&D) Initiation Support Programme. Additionally in 2009, the Bank facilitated firms in finding foreign partners and undertaking R&D at an international level through its International R&D Support Programme - EUREKA. As of the end of 2009, this programme had intermediated in providing EUR 26 million in grants to SMEs. Taking its support for the development of SMEs one step further, Yapı Kredi also provided SMEs with loans specifically designed to meet their R&D needs.

Since 2008, in addition to state banks, private banks are also authorised to provide KOSGEB (Small and Medium Size Industry Development Organisation) interest subsidised loans to SMEs, craftsmen and artisans operating in the manufacturing and non-manufacturing sector. In 2009, Yapı Kredi continued to participate in all interest subsidies loan support projects and as a result, TL 539 million in financing was provided to 12.000 SMEs.

### SME BANKING IN 2009 KEY INDICATORS (MILLION TL)

|                         |              |
|-------------------------|--------------|
| LOANS                   | <b>4.102</b> |
| DEPOSITS                | <b>3.715</b> |
| ASSETS UNDER MANAGEMENT | <b>638</b>   |
| TOTAL REVENUES          | <b>844</b>   |

### SME BANKING IN 2009 CUSTOMER ORIENTED ACTIONS

- Increasing intensity and frequency of customer relationships
- Launching innovative bundled products and services to address diverse needs of SMEs
- Providing financial consultancy services to encourage the development of SMEs

### SME BANKING IN 2010 CUSTOMER ORIENTED PRIORITIES

- Reinforcing relationships between relationship managers and customers
- Increasing simplicity through leveraging on customer experience
- Strengthening collaboration within the sales network with an aim to increase operational efficiency

Yapı Kredi's collaboration with the Credit Guarantee Fund, which provides loan guarantees to support SMEs, continued in 2009. The Bank participated as a partner bank in the Credit Guarantee Fund's loan programme which was also supported by the Government Treasury.

Yapı Kredi continuously seeks to enhance its products and services to better meet the growing needs of its SME customers. In 2009, Yapı Kredi maintained this approach and developed new and innovative products tailored to make its SME customers' lives easier:

- Yapı Kredi introduced Benim KOBİ'm (My SME Package) to provide customers with advantageous product and service packages best suited to their needs. This innovative application, a first in the sector, is designed to provide SME customers with a complete package of products and services for a certain pre-determined fee, thus saving them both time and money. SMEs are able to choose from three different packages: Benim KOBİ'm, Benim KOBİ'm Gold and Benim KOBİ'm Platinum, according to their specific needs. Benim KOBİ'm packages not only meet the major financial and banking needs of SMEs, such as free EFT, remittance, cheque collection, World

merchant fees, discounted commercial installment loans and cheque book commissions, but also help to meet the personal needs of the business owner by providing services including car and house insurance with special discounts from Yapı Kredi Sigorta. Benim KOBİ'm Platinum customers are also insured against personal accidents free-of-charge. Launched in September 2009, Benim KOBİ'm reached more than 45.000 SME customers within just three months.

- Yapı Kredi added new products and packages to its existing portfolio with various repayment and maturity alternatives to address sector specific SME needs:
  - A pharmacy support package was introduced in addition to existing sector support packages for manufacturing, agriculture, R&D, tourism and retail.
  - The tourism support package was further improved with the launch of easy payment tourism loan, an installment loan with flexible repayment options that fit the seasonal cash flow of the sector.
  - Tailored payment solutions were created for the agriculture sector by also taking advantage of the flexible structure of TRIO card, which incorporates a variety of services including cheques, bills, letters of

guarantee and cash payments in one card. As a result of this new product, Yapı Kredi reached more than 8.000 SMEs in the agriculture sector in 2009. On top of this, targeted sales and activation campaigns were carried out throughout the year which led to an increase in the amount of payments received from the Turkish Grain Board (TMO) through TMO cards.

- Yapı Kredi's Commercial Flexible Account was improved and relaunched with the target of positioning it as one of the key products in retail banking.

Yapı Kredi's long-term objective in SME banking is to increase customer satisfaction continuously through development of high-quality tailored new products and services as well as through non-financial support. The Bank will continue to create synergies with its financial and non-financial business partners in order to enhance services to SMEs. In addition to providing direct funding, the Bank will offer cash management services as well as other diversified products to its SME customers by leveraging synergies with its insurance, leasing, factoring and investment banking product factories.

## PRIVATE BANKING AND WEALTH MANAGEMENT

Yapı Kredi's goal in private banking is to maintain its leading position through customer loyalty and satisfaction while increasing market share on the back of customer acquisition.

Yapı Kredi has a leadership position in private banking in Turkey both in terms of total asset size and distribution network. In 2009, the Bank further enhanced this position with the addition of new products and unique services tailored to meet all customer needs. Yapı Kredi's goal in private banking is to maintain its leading position through customer loyalty and satisfaction while increasing market share on the back of customer acquisition.

Following the introduction of the Bank's new organisational structure in February 2009, asset management and brokerage product factories were brought together under the governance of private banking and wealth management.

Despite the challenges posed by macroeconomic deterioration in 2009 leading to subdued demand by customers, Yapı Kredi managed to further increase customer loyalty and satisfaction by firmly standing beside its customers. Throughout the year, the Bank ensured that private banking customers received the best possible service through effective communication about market outlook and close monitoring of customers' portfolio performance.

In 2009, Yapı Kredi served its 23.000 private banking customers through 31 private banking centers (three newly opened in 2009), 18 private banking corners in Yapı Kredi branches and 211 expert private banking portfolio managers. Furthermore,

Yapı Kredi provided remote services to its private banking customers across Turkey through its private banking centers.

At the beginning of 2009, Yapı Kredi revised its customer segmentation criteria in private banking to provide more focused products and services to its customers with a new value proposition. In line with this new structure, Yapı Kredi transferred its high net worth clients to private banking centers and merged 58 corners in retail branches into these centers.

In order to fuel Yapı Kredi's leading position in mutual funds and increase customer satisfaction, the Bank transferred the product ownership of mutual funds to private banking. This led to the launch of many innovative products for diverse customer segments in 2009:

- In July 2009, Yapı Kredi started offering eligible investors the Istanbul Serbest Yatırım Fonu, one of the first hedge funds in Turkey. Compared to traditional mutual funds, the Istanbul Serbest Yatırım Fonu distinguishes itself through high return potential and appealing structure. This innovative product caught the attention of many private banking customers in 2009 and reached a volume of TL 32,6 million in just six months.
- Yapı Kredi launched three new capital guaranteed funds in order to increase product diversity, provide new investment

alternatives to customers and enable them to benefit from opportunities in financial markets.

Private banking average mutual funds volume increased 34% year-on-year in 2009 driven by the falling interest rate environment. As of the end of 2009, contribution of mutual funds and discretionary funds to total private banking revenues reached 32%, while equity transactions reached 4% (5% including Turkish Derivatives Exchange - TurkDEX transactions).

2009 presented an environment with high volatility in investment products and as a result, customers shifted their preference to the options market. Furthermore, equity and TurkDEX market products were also popular among customers.

In addition to a wide range of financial products, Yapı Kredi offers its private banking customers various advisory services including tax advisory, art advisory and pension planning, also leveraging the support of its product factories and business partners.

In 2009, Yapı Kredi distinguished itself from the competition once again with the launch of two new advisory services, inheritance planning and real estate advisory. The launch of these two services allowed Yapı Kredi to record another set of firsts in private banking:

### PRIVATE BANKING IN 2009 KEY INDICATORS (MILLION TL)

|                         |       |
|-------------------------|-------|
| LOANS                   | 209   |
| DEPOSITS                | 9.526 |
| ASSETS UNDER MANAGEMENT | 2.274 |
| TOTAL REVENUES          | 153   |

### PRIVATE BANKING IN 2009 CUSTOMER ORIENTED ACTIONS

- Increasing intensity and frequency of customer relationships
- Leveraging on product factories to increase product diversity
- Enhancing advisory services for customers

### PRIVATE BANKING IN 2010 CUSTOMER ORIENTED PRIORITIES

- Reinforcing relationships between relationship managers and customers
- Further exploiting synergies with product factories
- Strengthening leadership position by leveraging synergies between Yapı Kredi Invest investment centers and Bank's branches

- Within the framework of inheritance planning, Yapı Kredi private banking customers are given the opportunity to meet with experienced business partners (law offices, academicians and other professionals) to discuss law and tax implications. In addition to discretionary advisory services, several briefing seminars are organised within the context of inheritance planning.
- As part of the real estate advisory service, Yapı Kredi provides customers with a wide range of advisory services such as real estate expertise, solutions for legal and taxation problems during purchase as well as valuable real estate portfolio offers. Benefitting from the experience of Yapı Kredi Invest and the Bank's international real estate business partners, Yapı Kredi provides both domestic and foreign investment opportunities to customers within the context of real estate advisory service.

In 2010, Yapı Kredi will continue to provide its private banking customers with high quality service and diversified products. Together with the expected increase in attractiveness of the mutual fund market in 2010 due to low interest rates, Yapı Kredi aims to reinforce its leading position in this area through the launch of new products and services to fully meet the growing needs of its customers.

### PRODUCT FACTORIES

Following the introduction of the Bank's new organisational structure in February 2009 with the aim of further supporting the performances of both business segments and product factories, enhance the customer focused and segment-based service model, as well as allow for the further effective use of synergies, asset management and brokerage product factories were brought together under the governance of private banking and wealth management. Yapı Kredi's private banking activities are supported by Yapı Kredi Invest in the field of brokerage and by Yapı Kredi Asset Management and Yapı Kredi Investment Trust in the area of wealth management.

#### Yapı Kredi Invest

Yapı Kredi Invest was established through the merger of two leading players in Turkey's capital market, Yapı Kredi Invest and Koç Invest, on January 12, 2007, immediately following the Yapı Kredi-Koçbank merger. With 155 employees, five branches and an internet branch, Seans Odam, Yapı Kredi Invest provides capital market products, brokerage, corporate finance, derivatives and investment advisory services to more than 21 thousand customers. In addition to Yapı Kredi Invest branches, the company also provides capital market products to customers through Yapı Kredi private banking centers as well as Yapı Kredi's retail branches throughout Turkey.

As of the end of 2009, Yapı Kredi Invest was the leader among brokerage houses on the Istanbul Stock Exchange's total transaction volume, with 23% market share. The company ranks second among brokerage houses, with TL 62 billion trading volume, and 6,4% market share of the equity market. The company is also one of the leading brokerage houses, in the derivatives market with a TL 35 billion trading volume and 6,0% market share. Yapı Kredi Invest's strong performance in both equity trading and structured products in 2009 led to increased profitability and market share gains.

At the beginning the year, Yapı Kredi Invest centralised its operations and closed six investment centers in Istanbul and started providing these services through centers at Yapı Kredi branches from 2010 onwards. In 2009, Yapı Kredi Invest continued to serve customers through its investment centers in Ankara, İzmir, Adana, Bursa and Antalya. Yapı Kredi Invest customers are able to carry out a full range of capital market transactions and receive the support of investment specialists in their investment decisions at both Yapı Kredi Invest investment centers and Bank branches.

In order to inform its customers about economic developments and support them in utilising the diverse range of available products in the sector, Yapı Kredi Invest organised two seminars in Istanbul during the year.

#### **Yapı Kredi Asset Management**

Established in 2002, Yapı Kredi Asset Management is active in providing customers with mutual funds, private pension funds and discretionary portfolio management products together with portfolio advisory and private fund establishment services. Yapı Kredi Asset Management provides services throughout the country via its Head Office in Istanbul as well as Yapı Kredi's branch network. The company had 51 employees as of the end of 2009.

Despite volatile conditions in domestic capital markets, Yapı Kredi Asset Management maintained its support for customers and increased its assets under management (AUM) volume substantially in 2009.

With a broad range of investment products addressing different risk choices, Yapı Kredi Asset Management is one of the leading companies in its sector. The company operates with the aim of being an indispensable business partner for customers with tailor-made asset management solutions:

- In 2009, Yapı Kredi Asset Management maintained its leading position in mutual funds (ranking second with 18% market share) with above sector growth of 16% year-on-year reaching TL 5,3 billion, also through innovative product launches. Macroeconomic deterioration affected mutual funds strongly in 2008 but starting from 2009, the continuation of the increasing trend resumed driven by declining interest rates following rate cuts by the Central Bank together with historically low inflation leading to significant increase in customer demand for funds.
- Yapı Kredi Asset Management also provides management services to 22 private pension funds, 11 of which belong to Yapı Kredi Pension and 11 to Allianz. The company had a 20% market share in private pension funds with AUM totalling TL 1,8 billion as of the end of 2009.
- Discretionary portfolio management services were provided to a total of 235 customers in 2009, of which, 16 were institutional and 219 high income individual investors. Yapı Kredi Asset Management's AUM in this business line reached TL 710 million as of the end of 2009.

In order to provide the highest level of service to its customers, Yapı Kredi Asset Management also gives priority to supporting sales activities with online informational platforms, meetings and events.

Rated by Fitch Ratings, Yapı Kredi Asset Management holds a M2+(tur) rating, the highest among Turkish asset management companies. The rating is based on Yapı Kredi Asset Management's recognised brand, asset management experience and leadership position in both the Turkish mutual funds market as well as the pension funds market.

#### **Yapı Kredi Investment Trust**

Established in 1995, Yapı Kredi Investment Trust is Turkey's second largest investment trust with 10,1% market share as of the end of 2009. As a publicly traded company, 89% of Yapı Kredi Investment Trust's shares are quoted on the Istanbul Stock Exchange.

Yapı Kredi Investment Trust performs asset management activities in capital markets financed by its own capital. The company's objective is to perform portfolio management via trading capital market instruments listed on domestic and international markets. Yapı Kredi Investment Trust aims to reduce risk and enhance revenue by diversifying its investments based on the principle of long-term and stable performance.

## CORPORATE AND COMMERCIAL BANKING

Project finance loans, particularly concentrated in the energy sector, were the main driving force in corporate and commercial banking. In 2009, Yapı Kredi participated in a total of 72 projects reaching an underwriting total of US\$ 4,0 billion.

Yapı Kredi provides its corporate and commercial clients with a diverse range of tailored products and services delivered by highly qualified, experienced staff utilising advanced technology. Yapı Kredi considers its clients as business partners and operates with a customer-centric approach concentrating on long-lasting relationships. During 2009, the Bank continued to provide a wide array of cash management, trade finance, project finance and structured products tailored to meet the needs of its clients. As of the end of 2009, Yapı Kredi had close to 1.400 corporate and 28 thousand commercial clients.

Following the introduction of the Bank's new organisational structure in February 2009, corporate and commercial banking, which were previously separate, were brought together under a single governance. In order to foster closer cooperation with product factories and international banking operations, leasing and factoring product factories and international banking operations were also brought together under the governance of corporate and commercial banking.

In 2009, despite macroeconomic deterioration that led to sluggish business activity, Yapı Kredi maintained its customer-centric strategy in corporate and commercial banking with a strong focus on supporting existing customer base, client activation and selective new client acquisition with a sound risk approach.

Corporate and commercial banking maintained strong and better than sector asset quality in 2009 on the back of strong

relationships with customers, strong focus on risk management as well as solid underwriting, scoring and monitoring infrastructure.

Project finance loans, particularly concentrated in the energy sector, were the main driving force in corporate and commercial banking.

In 2010, Yapı Kredi's main focus in corporate and commercial banking will be customer-centric growth with further improvement in processes, organisation and training programmes. The Bank will continue to provide innovative trade finance, cash management, project finance and structured products in order to increase customer satisfaction. Yapı Kredi aims to continue to be the first choice of its customers and to differentiate itself from the competitors and ensure continued customer loyalty with its tailor-made, innovative product and service portfolio.

### PROJECT FINANCE

Yapı Kredi has a strong track record with regard to project finance and a reputation as one of the leading banks in Turkey.

Yapı Kredi focuses primarily on energy, real estate and transportation projects together with acquisition finance transactions. Project finance loans are not limited to only large corporate customers, but are also provided to SMEs as long as the investment meets specific project finance criteria.

Yapı Kredi attaches high importance to maintaining core relationships

with customers through long-term partnerships. Amid the global financial crisis in 2009, the availability of long-term financing, especially from foreign financial institutions, remained limited. However, Yapı Kredi continued to support its customer base with the continued availability of long-term project finance.

In 2009, the Bank participated in a total of 72 projects reaching an underwriting total of US\$ 4,0 billion. The Bank continued to concentrate especially on the energy sector, particularly financing energy production, electricity transmission and distribution projects as well as thermal and renewable energy power plants and large dam and hydroelectric power plant projects. For the following major project finance deals in 2009, Yapı Kredi acted as:

- Mandated lead arranger providing € 110 million for the 90 MW installed capacity İzmir Aliağa wind farm project. The farm will have 36 wind turbines and will be fully operational by May 2010.
- Joint mandated lead arranger providing € 33,3 million of the € 166,5 million loan for the € 222 million investment in a 135 MW installed capacity representing a portfolio of 11 hydro-electric power plants located in Eastern Anatolia.
- Joint mandated lead arranger providing € 50,5 million of the € 101 million for the operation and construction of the Optimum Shopping Center in Adana. The project, with a total investment of € 141 million, is planned to be finalised in March 2011.

In 2010, Yapı Kredi will continue its strong focus on project finance and has already received mandates in the following landmark projects which are expected to close in 2010 to act as:

- Mandated lead arranger for a 142,5 MW installed capacity wind farm deal with € 230 million investment amount sponsored by a leading Italian group. The project is expected to be closed in 2010.
- Mandated joint lead arranger for the Boyabat Hydroelectric Power Plant, the largest hydroelectric power plant project owned privately in Turkey.
- Mandated joint lead arranger for the Terracity Shopping Center, a leading shopping center in Antalya.

The electricity supply deficit is expected to support further deals in the sector in 2010. Yapı Kredi aims to further increase its presence in the sector in terms of project finance in 2010. Privatisation of electricity generation companies, for which tender preparations already kicked-off and privatisation of electricity distribution companies in 21 regions, of which four tenders have been held, are expected to continue in 2010. Build-operate-transfer (B-O-T) projects are also expected to pick-up in 2010, including privatisation of roads and bridges.

### **CASH MANAGEMENT AND E-BANKING**

For many years, Yapı Kredi has been one of the leading banks with regard to cash management and e-banking thanks to the strength of its automation and reconciliation products and services for cash flow and corporate transactions.

Yapı Kredi has a significant competitive advantage and maintains customer loyalty in this segment through an extensive array of integrated cash management products and services.

In order to provide customers with increased accessibility, Yapı Kredi reorganised its cash management sales activities. Cash management specialists were re-located to commercial regions and corporate branches so as to create value for customers through prompt specialised services.

In terms of new products, Yapı Kredi once again highlighted its leading position in the market with the launch of the automated supplier finance system as well as the labelled remittance (including 24 hour access through internet banking and ATM's). In 2009, the Bank also introduced a new version of the Banko™ Client programme for BANKO™- OHES, the preferred automated bulk payments system. Certain contemporary worldwide developments in cash management such as SWIFT FileAct and SWIFT Score have

also been introduced to corporate and multinational customers, particularly underlining the e-banking competitive edge of Yapı Kredi in cash management.

In 2010, Yapı Kredi aims to strengthen its leadership in cash management through a customer-centric and market driven approach, also with launch of innovative products and sales strategies.

### **TRADE FINANCE**

Yapı Kredi serves its customers in trade finance with its experienced staff, advanced technology and customer-centric approach.

As of the end of 2009, the Bank was among the sector's leading institutions with US\$ 37 billion foreign trade volume and approximately 13.000 customers.

In addition to traditional import and export products, Yapı Kredi continued to offer its customers innovative and alternative foreign trade products, structured products and tailored solutions. In order to increase pace of delivery and ease of use for customers, Yapı Kredi renewed its foreign trade transactions' menu in the Yapı Kredi internet banking and started the trade finance call center service in 2009. Yapı Kredi also became a member of Trade Services Utility/SWIFT (TSU), a centralised SWIFT service matching the trade related transaction data which has 89 subscribing banks around the world.

### CORPORATE AND COMMERCIAL BANKING IN 2009 KEY INDICATORS (MILLION TL)

|                         |        |
|-------------------------|--------|
| LOANS                   | 18.614 |
| DEPOSITS                | 11.708 |
| ASSETS UNDER MANAGEMENT | 475    |
| TOTAL REVENUES          | 1.092  |

As a result of a customer-centric approach, wide range of products and high-service quality in trade finance, Yapı Kredi recorded significant increase in customer loyalty and satisfaction in 2009.

### PRODUCT FACTORIES AND INTERNATIONAL BANKING OPERATIONS

Following the introduction of the Bank's new organisational structure in February 2009, with the aim of further supporting the performances of both business segments and product factories, enhancing the customer focused and segment-based service model, as well as allowing for the further effective use of synergies, leasing and factoring product factories (Yapı Kredi Leasing and Yapı Kredi Factoring) and international banking operations (Yapı Kredi Bank Nederland, Yapı Kredi Bank Moscow and Yapı Kredi Bank Azerbaijan) were also brought together under the governance of corporate and commercial banking.

#### Yapı Kredi Leasing

Founded in 1987 to support investments in Turkey through leasing, Yapı Kredi Leasing is among the sector's most solid companies. Yapı Kredi Leasing is publicly traded and 98,85% of its shares are owned by Yapı Kredi. The company is sector leader with a 16,1% market share in total leasing receivables as of the end of 2009.

The key role of Yapı Kredi Leasing is to develop and provide customers leasing products through Yapı Kredi's wide branch network as well as 12 Yapı Kredi Leasing branches and representative offices.

### CORPORATE AND COMMERCIAL BANKING IN 2009 CUSTOMER ORIENTED ACTIONS

- Increasing intensity and frequency of customer relationships
- Providing better service to customers on the back of new integration
- Increasing support for customers in the area of project finance

In 2009, the leasing sector experienced a contraction as a result of reduced investment stemming from the global crisis. However, Yapı Kredi Leasing was able to maintain its profitability by controlling costs and adjusting its strategy by focusing on the commercial segment.

Yapı Kredi Leasing is the only Turkish member of the Multilease Association, an international organisation of major leasing companies.

#### Yapı Kredi Factoring

Established in 1999, Yapı Kredi Factoring is among Turkey's strongest and most trusted factoring companies thanks to its long experience and proven service quality. The company, 99,95% owned by Yapı Kredi, operates with the aim of providing factoring products to a growing customer base while also contributing to the expansion of the factoring market. With its solid capital structure and extensive funding capability, Yapı Kredi Factoring's goal is to maintain sector leadership in Turkey.

Yapı Kredi Factoring provides factoring services throughout Turkey via its Head Office in Istanbul, representative offices in İzmir, Ankara, Bursa, Antalya and Gaziantep as well as Yapı Kredi's branch network all over the country. The company operates with 68 employees as of end of 2009.

Yapı Kredi Factoring offers its customers monitoring and collection of short-term domestic or international receivables from product or service sales, 100% guarantees for receivables against payment defaults and flexible financing through

### CORPORATE AND COMMERCIAL BANKING IN 2010 CUSTOMER ORIENTED PRIORITIES

- Developing innovative products to address the needs of diverse customer segments
- Reinforcing relationships between relationship managers and customers
- Increasing product diversity, also with the support of product factories

early payments before the due date of the receivables.

The company has been the leader in the factoring sector since 2001 and maintained this position in 2009 with 26,9% market share in total transaction volume and 41,5% market share in total export factoring volume. In 2009, Yapı Kredi Factoring successfully achieved a total transaction volume of USD 7,1 billion, 84% derived from domestic transactions and 16% from international transactions supported by customer acquisition and a customer-centric approach.

In 2009, Yapı Kredi Factoring was awarded second place in the Best Export Factoring Company in the world rankings by Factors Chain International (FCI) for the second consecutive year. Yapı Kredi Factoring also gained an "excellent" evaluation in terms of service quality by FCI.

#### Yapı Kredi Bank Nederland

Yapı Kredi Bank Nederland was founded in 2007 as a result of the merger between Koçbank Nederland NV (founded in 1996) and Yapı Kredi Bank Nederland NV (founded in 2001). The bank operates through its Head Office in Amsterdam with 44 employees.

Yapı Kredi Nederland, fully owned by Yapı Kredi and its subsidiaries, offers a wide range of retail, corporate and private banking services as well as foreign trade financing. The bank's main objective is to provide banking solutions not only to domestic customers but also to Yapı Kredi customers based abroad or conducting business abroad.

As part of its corporate banking activities, one of the bank's areas of expertise since its foundation, Yapı Kredi Bank Nederland provides structured commodity finance and trade finance solutions and maintains growth in this area by diversifying trade and commodity finance portfolios with the support of Yapı Kredi and other related UniCredit Group banks. In addition, trade finance in Commonwealth of Independent States (CIS) and cooperation with international commodities traders mainly in Europe have become increasingly important parts of the bank's core business.

In terms of retail banking, the bank provides saving and deposit products in the Dutch retail market to more than 17.000 customers.

Despite the challenging environment during 2009, Yapı Kredi Bank Nederland increased its net profit by 6% year-on-year to € 15,4 million. Trade finance and Treasury Marketing Unit (TMU) activities contributed to the successful financial results in 2009 and their contribution is expected to increase further in 2010. In 2010, Yapı Kredi Bank Nederland aims to concentrate on profitable operations and provide effective use of capital by controlling funding costs. The bank will continue to prioritise risk management and customer satisfaction while pursuing this goal.

#### **Yapı Kredi Bank Moscow**

Established in 1988 primarily as a representative office, Yapı Kredi Bank Moscow became the first Turkish bank to commence banking operations in Russia with a banking license in 1993. The Bank's

aim is to support Turkish corporate and commercial customers in Russia and provide them with a full range of banking products and services in line with their needs and contribute to the development of commercial ties between Turkey and Russia. The bank, 99,84% owned by Yapı Kredi, serves around 1.500 active customers through its Head Office located near the Kremlin with an experienced staff of 70 employees.

The bank's primary operations include lending, deposit gathering, account services and trade finance services to a select group of Yapı Kredi corporate and commercial clients primarily in construction, trade and tourism sectors. The bank is also active in trade finance and started Ruble operations in 2009.

As of the end of 2009, the Bank's assets were at US\$ 200 million. Despite contraction in major sectors where Turkish companies operate, the bank maintained its positioning due to its long term presence in the market with strong customer relationships and continued to support the Turkish commercial market.

Yapı Kredi Bank Moscow differentiates itself in the market with high quality and timely service together with a wide range of banking products and services tailored to suit customer needs.

#### **Yapı Kredi Bank Azerbaijan**

Having commenced its operations under the name of Koçbank Azerbaijan as a joint venture between Koçbank (80%) and the International Finance Corporation (IFC) (20%) in 2000, the Bank's sole owner

became Koç Financial Services (KFS) in 2006 following the merger of Yapı Kredi and Koçbank. In 2007, the bank was renamed Yapı Kredi Bank Azerbaijan.

Yapı Kredi Bank Azerbaijan operates through seven branches and 130 employees as of the end of 2009. The bank has 1.561 corporate, 990 SME and 21.174 retail customers, 17 ATMs and 68 POS terminals.

Yapı Kredi Bank Azerbaijan provides a wide range of banking services to its customers including loans, deposits, project finance, domestic and international money transfers, trade finance, equity market and securities transactions, credit card transactions, safe deposit box and travel cheques. The bank's main objective is to provide support to Yapı Kredi's domestic and international customers operating in Azerbaijan.

As one of the few privately-owned banks in Azerbaijan, Yapı Kredi Bank Azerbaijan aims to exploit growth opportunities in this market, also through continuation of organic growth.

Yapı Kredi Bank Azerbaijan aims to expand its operations so as to play a more active and pioneering role in the Azerbaijani banking sector in the future by providing corporate and retail customers with their banking needs, creating funding for project finance from international markets, expanding its branch network to reach more customers and becoming more active in credit markets while adhering to international risk management principles.

## TREASURY

As part of Yapı Kredi's overall customer-centric strategy, the Bank continued to focus on customer related business in 2009 with no significant investment in securities.

During 2009, despite highly volatile financial markets, Yapı Kredi's treasury unit continued to be a solid source of support for the Bank. The treasury unit also provides the Bank's commercial and individual customers with financial advisory services directly through the extensive branch network.

As part of its overall customer-centric strategy, Yapı Kredi continued to focus on customer related business in 2009 with no significant investment in securities. As a result, the share of securities in total assets was at 23% as of the end of 2009. In order to create consistent returns and limit capital-at-risk, Yapı Kredi continued to invest the majority of its securities portfolio (85% at bank level) in held to maturity securities as of the end of 2009.

In 2009, Yapı Kredi maintained its active position in the capital markets and provided timely and reliable support and pricing for customers. During 2009, which was a successful year in terms of liquidity and profitability, the treasury unit also contributed significantly to the widening of the Bank's customer base through increased and effective communication with the branch network.

In key products, Yapı Kredi maintained and strengthened its position in the market in 2009:

- Yapı Kredi executed US\$ 250 billion worth of foreign exchange transactions, US\$ 142 billion of which from domestic customers in 2009. As a result, Yapı Kredi increased its market share in customer foreign exchange transactions to 22% in 2009, up from 16% in 2008.
- The Bank's market share in customer derivative product transactions was 30% as of the end of 2009.
- Thanks to the Bank's significant expertise in the derivatives market, the total size of spot and forward foreign exchange transactions reached US\$ 160 billion as of the end of 2009.
- Yapı Kredi ranked second on the Istanbul Stock Exchange Bonds and Bills Market in terms of transaction volume with TL 48 billion. Yapı Kredi continued to be the primary choice of customers in executing bond and bill transactions, thanks to the Bank's experience and expertise. The Bank's market share in TL and FX bonds under custody stood at 12,1% as of the end of 2009.

In 2010, Yapı Kredi aims to continue to support the Bank in ensuring sustainable profitability, also by close monitoring of global financial developments in terms of treasury operations. The treasury unit will also continue to maintain its leading position in supporting the Bank's customers in a wide range of treasury operations.

## CORRESPONDENT BANKING

In a very challenging year, Yapı Kredi was able to increase its total syndicated loans amount thanks to its long-standing relations with its correspondent banks.

Yapı Kredi is one of the leading banks in terms of correspondent banking in the sector. In 2009, the Bank further strengthened its position despite the very challenging environment in global financial markets. Yapı Kredi maintained its strong relationships with its correspondent banking network on the basis of trust and reciprocal business, its relationships with supra-national institutions and continued to provide its customers trade finance services.

Yapı Kredi also demonstrates its difference not only in foreign trade transactions, but also in account relationships with correspondent banks based on its innovative approach. As a preferred institution for foreign banks opening accounts in Turkey, the Bank also fulfils its duty by negotiating improved conditions for customers in foreign payments executed via the correspondent network.

On the wholesale funding side, Yapı Kredi secured a new syndicated loan transaction amounting to US\$ 410 million with one year maturity and cost of Libor+2,50%

to support its export customers. The dual currency transaction was signed in April 2009 with the participation of 20 banks. In September 2009, the Bank successfully refinanced its maturing syndicated loan transaction and gathered a total amount of US\$ 985 million pre-export financing term loan facility for one year from 44 banks located in 21 countries at an all-in cost of Libor+2,25%. Overall, in a very challenging year, the Bank was able to increase its total syndicated loans thanks to its long-standing relations with its correspondent banks.

In light of the Bank's support for SMEs in Turkey, Yapı Kredi was granted a EUR 200 million loan by European Investment Bank (EIB). This is the second loan that Yapı Kredi has received from EIB. The first loan was a EUR 100 million placement with ten-year maturity which was received in July 2008. In 2009, Yapı Kredi succeeded in doubling the amount and increasing the maturity to twelve years. The Bank has fully passed on the benefits of this low-cost loan to its SME customers.

## ALTERNATIVE DELIVERY CHANNELS

At Yapı Kredi, the share of alternative delivery channels in total banking transactions increased to 74% in 2009 from 69% in 2008.

In addition to its extensive branch network throughout Turkey, Yapı Kredi also provides products and services to customers via its alternative delivery channels (ADCs). Yapı Kredi's ADCs, referred to as Limitless Banking, comprises Turkey's fifth largest ATM network, award winning internet banking, mobile banking and telephone banking channels.

In this area, Yapı Kredi's main aim is to increase the user-friendliness, simplicity, availability, variety and efficiency of the Bank's access channels thereby increasing utilisation and improving customer satisfaction.

Yapı Kredi groups its transactions and customers in order to be able to provide the right channel at the right time for a diverse group of customers. For this purpose, the Bank focused on helping customers to get acquainted with alternative delivery channels in 2009, thereby further increasing service quality. As a result of this initiative, usage of ADCs in total banking transactions increased to 74% in 2009 from 69% in 2008.

In 2010, Yapı Kredi plans to load CRM systems onto its ATMs to be able to perform sales and marketing activities straight through ATMs. At the same time, the bank plans to further invest in mobile banking and develop a sophisticated and unique platform for online banking services. For the call center, the Bank is continuing investments in a new internet protocol (IP) infrastructure to increase efficiency as well as training dedicated agents for corporate, commercial and private banking customers. Also, with an aim to build

social responsibility consciousness and decrease operational costs, preparations for the establishment of a second call center in Samsun under the framework of the Anatolia Call Center project has been started. Samsun Call Center is targeted to be launched on May 19, 2010.

### ATM NETWORK

As of the end of 2009, Yapı Kredi has the fifth largest ATM network made up of 2.353 ATMs; 74% of these are advanced ATMs with cash deposit features (Tele24 Plus).

In 2009, Yapı Kredi maintained its strong focus on directing traffic created by cash withdrawal, cash depositing, credit card, consumer loan and utility payment transactions at branches to ATMs. As a result, 56% of all financial transactions like credit card payments, cash deposit and utility payments were performed via the ATM network in 2009 (54% in 2008).

Yapı Kredi also focused on innovative new applications to increase the ease of use and security of ATMs in 2009:

- New cash transaction features were added to advanced ATMs in order to eliminate dependence on cards in performing payment transactions through ATMs and to be able to provide service to everyone irrespective of them being a Yapı Kredi customer.
- As per the new BRSA regulation in 2009, security cameras started to be installed into ATMs. In order to further increase security, Yapı Kredi also started installing alarms, card protection kit (CPK) and jitter devices (against card skimming) onto its ATMs.

- In order to be able to provide banking services to physically impaired customers, Yapı Kredi started a pilot programme to install specially designed ATMs for physically impaired customers at its branches. This programme will continue throughout 2010.
- Yapı Kredi launched other new products and services including cash advance with installment, transfer from credit card with installment and cardless premium payment. While the first two projects contributed to the Bank's revenues, the third project contributed to both transaction volume and revenues through providing an infrastructure for cardless cash withdrawal transactions via ATMs. Throughout 2009, the campaigns and efforts to redirect customers from branches to ATMs continued and are planned to continue also in 2010.

In October 2009, through an initiative by Interbank Card Center (ICC), an ATM sharing platform was launched throughout Turkey with the participation of all banks with ATM networks, leading to the creation of a single platform. At Yapı Kredi, this new implementation led to significant increase in ATM transactions driven by ATM usage by customers from other banks for cash withdrawal and balance inquiry.

Throughout 2009, Yapı Kredi also focused on creating a unique brand identity for its in-branch self service areas. As part of this project, ATM cabins and Limitless Banking corners including internet and telephone banking units were redesigned and implemented at shopping centers, airports, universities, heavy traffic locations as well as branches in order to improve the dynamic image of the Bank. As of the end of 2009, out of Yapı Kredi's 838 branches, 446 branches provide internet banking services and 513 branches provide telephone banking services. The focus on self service areas is ongoing and will continue into 2010.

### INTERNET AND MOBILE BANKING

In order to be able to provide its customers diverse delivery channels which are accessible at any time, Yapı Kredi places importance on the development of its internet and mobile banking services.

The share of transactions executed through internet banking of total transactions increased from 32% in 2008 to 35% in 2009. Total number of transactions executed through internet banking increased 26% compared to 2008. Likewise, transaction volume reached TL 106 billion with 17% increase in the same period.

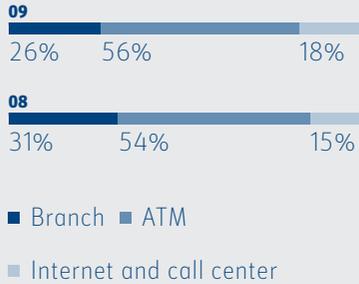
Internet banking also evolved as a sales channel in addition to its important role in decreasing the traffic at branches and

decreasing cost to serve. During the year, more than 290 thousand products such as Esnek Hesap, Çalışan Hesap, Benim Param and Pusula were sold via tailored offers through internet banking.

In 2009, the number of retail internet banking users reached 1,6 million with an increase of 16% compared to 2008. In the same period, corporate internet bank users reached more than 210.000, recording an increase of 24%. Yapı Kredi attained this growth on the back of the user-friendly interface of its internet bank, the diverse range of services offered online and innovative applications:

- *Launch of Turkey's first financial application for iPhone:* This application enables customers to follow financial markets instantaneously, access a wide range of financial data as well as information on the nearest Yapı Kredi branch and provides easy access to the Yapı Kredi Call Center.
- *Launch of the new Fraud Detection System:* Incorporated into this system were effective measures including staff training and customer consciousness to decrease fraud online. As a direct result of these efforts, fraud decreased 80% compared to 2008.
- *Launch of Akıllı Asistan (Smart Assistant):* To provide customers with an effective and fully encompassing monitoring tool for their online activities, Yapı Kredi relaunched its alarm and reminder services with new developed features under the Akıllı Asistan name. Akıllı Asistan sends reminders to customers about their banking transactions via e-mail or SMS. Akıllı Asistan has the widest range of functions compared to other similar services in the sector.
- *Introduction of product sales through Online Help:* This new initiative was implemented for products such as credit card, e-statement and Benim Param in September 2009, combining fast and timely service with the comfort of human interaction.
- *Enhancement of Yapı Kredi's website with new features:* New features included banking training modules for customers, the new Yapı Kredi Publications sales module and the new layout of internet banking password transactions. The corporate internet branch, launched in April 2008, also continues to record increasing usage by customers, contributing positively to customer satisfaction.
- *Introduction of internet banking application through ATMs:* One of the main objectives of Yapı Kredi's internet banking is to provide easy access to customers. In line with this, internet banking applications through ATMs was introduced and password authorisation flow in branches was automated by abolishing pre-printed passwords.

### ALTERNATIVE DELIVERY CHANNELS (ADC) USAGE



### KEY ADC INDICATORS IN 2009

|                                      |                     |
|--------------------------------------|---------------------|
| NUMBER OF ATMS                       | <b>2.353</b>        |
| RETAIL INTERNET BANKING CUSTOMERS    | <b>1,6 MILLION</b>  |
| CORPORATE INTERNET BANKING CUSTOMERS | <b>213 THOUSAND</b> |
| CALL CENTER EMPLOYEES                | <b>721</b>          |
| CALL CENTER SALES                    | <b>966 THOUSAND</b> |

### ADC AWARDS IN 2009

- Best Consumer Website Design in Europe
- Best Corporate Website Design in Europe
- Best Corporate Internet Bank in Turkey
- Best Creative Call Center

As a result of these innovations, Yapı Kredi's internet banking was once again the recipient of prestigious awards. In 2009, Yapı Kredi received three awards at the World's Best Internet Bank Awards organised by Global Finance. The awards received by the Bank were Best Consumer Website Design in Europe, Best Corporate Website Design in Europe and Best Corporate Internet Bank in Turkey.

### CALL CENTER

Yapı Kredi's award-winning call center sets the standard in this area in Turkey and the Bank continued its pioneering role in the sector during 2009. The Bank received the Best Creative Call Center Award at the Istanbul Call Center Awards, thanks to its new and innovative service, Yapı Kredi Solution Line.

In parallel to the Bank's service model and customer needs, Yapı Kredi Call Center serves all customer segments with tailored multilingual services.

Yapı Kredi Call Center executes all banking and credit cards transactions and provides its customers information and support services through 721 experienced employees. In 2009, the Bank continued to enhance existing services and introduced innovative ones:

- *Enhanced services for affluent and private segments:* Expertise services in investment, mortgage and Ford Finance areas.
- *Launch of corporate telephone banking:* Through this new initiative, Yapı Kredi is

able to provide dedicated and tailored service to its corporate, commercial and SME customers.

- *Enhancements to chat and e-mail channels:* In 2008, Yapı Kredi had introduced and won awards for developing Turkey's first service for hearing impaired customers via chat sessions. In 2009, as another first in Turkey, Yapı Kredi started utilising customer relationship management (CRM) in understanding their needs and making tailored offers through chat sessions to customers.
- *Launch of a certificate programme for employees:* Yapı Kredi launched this initiative in cooperation with the Bank's Training Department to improve call center employee competency as it is one of the key factors in increasing customer satisfaction. This programme is the first competency programme in Turkey in which call center agents receive technical and development training in parallel with needs and increasing responsibilities.

Yapı Kredi Call Center made significant headway in becoming a customer communication center which is also able to contribute to sales and customer penetration through increasing product usage, customer win back, retention, acquisition, activation and collection activities:

- 50.000 inbound calls were answered and 15.000 outbound calls were made daily
- 1.500 chat sessions were conducted and 250 e-mails were sent daily
- 1.000 product sales were originated monthly via chat sessions

- 50% of all calls were answered via interactive voice response (IVR) due to effective utilisation of self service channels
- Total sales through the call center increased by 25% and 966.000 products and services were sold; 64% of these sales were generated from inbound calls and 36% from outbound calls.

In parallel to the Bank's strategy, Yapı Kredi Call Center launched a Customer Satisfaction Programme in 2009. This programme aims at improving customer communication, processes and service quality to increase satisfaction level in call center customer relationships. The programme contributed significantly to increase in customer satisfaction and as a result, mystery caller surveys showed 15% increase in call center satisfaction. As part of this programme, Yapı Kredi started offering customers new functionalities under the Yapı Kredi Solution Line name. This service exceeds customer expectations and creates loyal customers by reaching and helping them whenever they have a problem or need guidance about Yapı Kredi services. The first initiative is to call internet banking customers who blocked their passwords and help them. As a result of the introduction of this service, 2.000 customers were activated every month.

## INFORMATION TECHNOLOGIES AND OPERATIONS

Yapı Kredi's primary goal with regard to information technologies and operations is to improve internal processes and systems in order to become a customer service point which, as a result, will further increase customer satisfaction and improve efficiency.

In information technologies (IT) and operations, Yapı Kredi aims to build a strong technological infrastructure and provide high-quality, easy to access and readily available services in order to improve the efficiency and effectiveness of banking processes, as a key enabler of customer satisfaction.

In 2009, Yapı Kredi undertook the following IT projects to improve the Bank's technological infrastructure:

- **Introduction of new management information system (MIS) infrastructure:** To support the Bank's customer-centric service model, provide more effective financial and performance monitoring, the management information system (MIS) infrastructure was fully revised.
- **Launch of business availability center tool (BAC):** This tool was launched to monitor service quality and availability. The information gathered set the foundation for service level agreements with business units, fast detection of problems, diagnostic and troubleshooting.
- **Launch of Akıl Defteri (Mind Book):** This new tool provides an integrated view of customer information, contacts and complaints to relationship managers to support their daily activities leading

to increased sales effectiveness. In this context, Yapı Kredi became the first bank to have a research and development project recognised by TÜBİTAK and as a result, the Bank will have the opportunity to benefit from other TÜBİTAK incentives.

- **Transformation of POS concentrators infrastructure from analogue to digital:** As a result of implementation of this initiative, the response ratio was increased and telecommunication costs were decreased.
- **Establishment of ADSL infrastructure at all branches:** To increase capacity, replace costly back-up lines, speed-up customer transactions and enhance cost efficiency, Yapı Kredi established a new infrastructure at branches leading to increased efficiency, better time management and lower operational costs.

Yapı Kredi also launched various innovative initiatives in 2009 in order to improve operational efficiency and enhance existing products and services:

- **Focus on increasing teller sales activity:** As an important part of Yapı Kredi's service point strategy, focus was given to improving product sales at tellers.
- **Creation of a unified operations team:** Yapı Kredi created a qualified staff force capable of working both in Head Office

operations teams and at branches, as well as hiring additional part-time staff for busy days. Also as part of this project, the teller and back-office distinction was eliminated at branches by combining job descriptions.

- **Launch of new queuing system:** By connecting a digital Q-matic machine to teller transaction screens, the Bank launched a new queuing system at branches. The project reduced waiting times in teller transactions and led to a significant increase in customer satisfaction as well as efficiency.
- **Establishment of expertise transactions teams:** Export letter of credit, import letter of credit and letter of guarantee teams as well as specialised project finance transactions team were formed in order to improve service quality and customer satisfaction. All employees in these teams possess certified documentary credit specialist qualifications, an international standard qualification awarded by the International Financial Services Association (IFS) and endorsed by the International Chamber of Commerce (ICC).

### INFORMATION TECHNOLOGIES (IT) PROJECTS IN 2009

- New Management Information Systems (MIS) Infrastructure Project
- Business Availability Center (BAC) Tool
- Akil Defteri (Mind Book) Project
- Transformation of POS Concentrators
- Establishment of ADSL infrastructure at all branches

### INFORMATION TECHNOLOGIES (IT) AND OPERATIONS IN 2009 CUSTOMER ORIENTED ACTIONS

- Improving internal processes
- Continuing focus on error-free performance in processing of international payments
- Centralising complaint management system

### INFORMATION TECHNOLOGIES (IT) AND OPERATIONS IN 2010 CUSTOMER ORIENTED PRIORITIES

- Turning operations into a customer service point
- More effective management of branch lobbies
- Continuous development of internal processes and systems

- **Centralisation of subsidiaries operations:** The Bank focused on creating increased synergies and efficiencies with its product factories with this initiative. In 2009, factoring operations were merged within Bank operations.
- **Launch of local custody services:** Yapı Kredi started to provide local custody service to its customers in 2009.
- **Launch of Murex:** The Bank developed Murex, a secure and fully integrated IT solution for derivative products in 2009.
- **Completion of preparations for transition to IBAN:** Yapı Kredi played a leading role in the sector in completing all preparations and becoming fully ready for the transition of all customer accounts to IBAN in January 2010.

In 2009, as a result of the implementation of all of these customer-centric projects, Yapı Kredi achieved further improvements

in efficiency and strengthened its position as a customer service point. Solid results of these initiatives are listed below:

- 90% realisation of transaction completion time targets.
- 9% decline of overtime per employee.
- 151 thousand credit cards and 581 thousand other product sales realised through teller operations.
- Transition to a digital queuing system was started at 334 branches and will continue in 2010.
- Improvement in customer satisfaction based on mystery shopper visits as well as individual branch-based surveys.
- Increased efficiency and focus on core activities resulting from outsourcing of ATM replenishment and maintenance for branches with more than three ATMs.

As a result of continued efforts to excel in payment processing, in 2009 Yapı Kredi maintained its position as the leading bank in straight-through processing (STP) of

international payments. This achievement is certified by main correspondents including Citibank N.A., NY and Deutsche Bank AG, Frankfurt. In addition, Yapı Kredi acts as correspondent to more than 50 banks in foreign trade transactions. In the central units, employees were equipped with multi-skills, thereby enhancing efficiency and service level stability, even in peak days and hours.

Yapı Kredi's primary goal with regard to IT and operations is to improve internal processes and systems in order to become a customer service point which, as a result, will further increase customer satisfaction and improve efficiency. In 2009, the implementation of projects focused on managing branch lobbies in a more efficient way, carrying out on-the-spot product sales, completing and updating customer information and documents, taking ownership of customer complaints and pursuing a problem solving approach aided the Bank in creating customer-centric solutions.

## HUMAN RESOURCES

In light of Yapı Kredi's customer-focused approach, the Bank encourages employees' engagement to provide the best customer service in order to achieve customer satisfaction and therefore sustainable business results.

Yapı Kredi's human resources approach, in line with its goals and strategy, is to make sure that both employees and the Bank provide the expected performance, to match the correct employee with the correct job, to protect the Bank's effective workforce and to cooperate with business segments so as to provide, protect and control the necessary environment for success. In light of Yapı Kredi's customer-focused approach, the Bank encourages employees' engagement to provide the best customer service in order to achieve customer satisfaction and therefore sustainable business results. Accordingly, Yapı Kredi focused on training and development programmes and increasing efficiency aimed at developing human capital to ensure continuous improvement in service quality.

Yapı Kredi (Bank and subsidiaries) consists of 16.749 employees as of the end of 2009 (2008: 17.385).

Regarding the human resources composition, 63% of Yapı Kredi employees are female, 79% hold an undergraduate or post-graduate degree and 30% are competent in at least one foreign language.

Yapı Kredi has been contributing to an employee group pension plan since 2006 as a way of providing employees with additional support during their retirement years. As of the end of 2009, 65% of the Bank's employees benefit from this plan. Yapı Kredi employees, as well as their spouses and children, also benefit from group health insurance.

At Yapı Kredi, 67% of employees are union members. A collective labour agreement is signed between the Bank and BASİSEN (Bank and Insurance Employees Union) every two years. The latest 13th Period Collective Labour Agreement covers the period between April 1, 2009 and March 31, 2011. Main subjects in the current collective labour agreement are general decrees, service agreement, scope of the service agreement, monetary rights, social benefits, work security-disciplinary board and disciplinary penalties, union rights and other topics in effect.

Yapı Kredi has been organising one-on-one meetings with employees since 2008 in order to ensure that the Bank's development actions are aligned with employee expectations. At these meetings

initiated in March 2009, 1.031 employees were interviewed at the Head Office and 366 branches were visited, during which a total of 3.404 branch employees were interviewed.

In 2008, a new human resources portal was developed to allow employees more effective access to information on human resource practices, human resource policies and training. During the year, Yapı Kredi conducted performance evaluations for 14.924 employees through this portal.

In order to reward employee accomplishments, enhance motivation and incentivise the delivery of more efficient and higher quality service, Yapı Kredi developed a performance based bonus system.

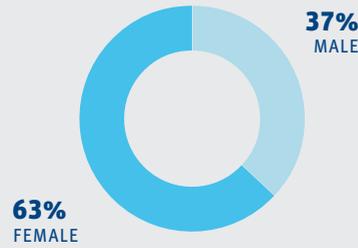
### **Development Opportunities**

In an attempt to create new development opportunities for the Bank's human resources, Yapı Kredi encouraged employees to transfer to new positions suited to their abilities and skills. As of the end of 2009, 10.595 employees, 68% in the branch network, were appointed and promoted to new positions.

### HUMAN RESOURCES IN 2009 KEY INDICATORS

- Number of Employees (Bank) 14.249
- Number of Employees (Group) 16.749
- Sales and Branch Employees/  
Total Employees 64%
- Training hours per employee 51 hours

### EMPLOYEE COMPOSITION IN 2009



### TRAINING AND DEVELOPMENT ACTIVITIES IN 2009

- Launch of Yapı Kredi Banking Academy (2008 Best Corporate University, 2009 Building of the Year in Training Category)
- Cooperation with various universities (Bilgi and Bahçeşehir universities, INSEAD, IMD)
- International career opportunities within UniCredit Group

As part of the Bank's continuous efforts to contribute to the development and promotion of its existing employees, Yapı Kredi appointed the branch managers of 13 new retail branches in 2009 through an internal branch manager candidate identification process. Similarly, 182 employees were transferred to front-office from back-office and operations.

Yapı Kredi provides employees with opportunities to participate in projects designed to improve their skills and abilities, facilitate international career opportunities within the UniCredit Group and increase their experience.

Yapı Kredi also attaches high importance to the academic development of employees in accordance with the Bank's policy. Thus, the Bank closely tracks academic developments and beneficial opportunities and projects. Partnership agreements were signed in 2009 with Bahçeşehir University and Bilgi University in this respect.

#### Training & Development Programmes

Yapı Kredi, with the mission of contributing socially and culturally to the country and training experienced and expert employees with leadership skills, launched the Yapı Kredi Banking Academy in October 2009, a

first in the banking sector in terms of size, scope and function. Yapı Kredi Banking Academy is one of the most comprehensive corporate universities in the country. The academy building received the "Building of the Year" award in the training category by ArchDaily, one of the most effective and prestigious architectural magazines in the world. Daily total training capacity is approximately 1.200 participants. As a result of the launch of the new training center, the average training time totalled 51 hours per employee in 2009 at Bank level.

Training and development activities at Yapı Kredi's Banking Academy are focused on four main areas: Banking, Personal Development, Leadership and Social Responsibility. These training and development activities are created according to career plans and put together using alternative training models and methods.

In addition to ongoing development activities, the Banking Academy cooperates with Europe's leading business schools, IMD and INSEAD, while undertaking joint certificate programmes with universities and important institutions in Turkey.

## OTHER PRODUCT FACTORIES

Yapı Kredi's other product factories consist of Yapı Kredi Insurance and Yapı Kredi Pension.

### YAPI KREDİ INSURANCE

Established in 1943, Yapı Kredi Insurance is one of the key players in the Turkish insurance sector.

The company provided insurance products and services throughout Turkey with its 761 agencies, 873 employees and the Bank's 838 branches as of the end of 2009. 94% directly and indirectly owned by Yapı Kredi, Yapı Kredi Insurance shares are traded on the Istanbul Stock Exchange.

During 2009, business activities in almost every branch were negatively impacted by the global financial crisis. In such an unfavourable environment, the non-life insurance sector was also affected due to declining industrial production and decrease in number of coverable risk.

Despite this environment and driven by a selective approach to maintain profitability, Yapı Kredi Insurance succeeded in generating premium production of TL 608 million in the non-life branch during 2009. The company maintained its leading position in the health branch with premiums of TL 285 million, corresponding to 20% market share as of the end of 2009.

Starting from the second quarter of 2009, Yapı Kredi Insurance maintained its customer-centric approach as it shifted focus to more profitable growth with new campaigns for distribution channels, under the heading of Winds of Change. Yapı Kredi Insurance aims to maintain its unyielding focus on becoming the most preferred brand through superior customer satisfaction and service quality in its sector.

To take full advantage of the strong growth potential of the insurance market, the company increased its focus on bancassurance. Yapı Kredi Insurance works closely with the Bank and Yapı Kredi Pension and focuses on product development, sales process efficiency, marketing and training activities to better serve its customers.

### YAPI KREDİ PENSION

Founded in 1991, Yapı Kredi Pension is one of the sector leaders in the private pension and life insurance segments.

Operating in conjunction with its majority shareholder, Yapı Kredi Insurance (99,93%), Yapı Kredi Pension provides private pension and life products through a wide network of 8 regional offices, 9 branches, 47 agencies in 31 cities as well as Yapı Kredi's wide branch network.

Despite macroeconomic deterioration, the private pension system in Turkey was minimally affected in 2009. Yapı Kredi Pension maintained its position in the market with strong growth in both life and private pension segments. The company ranked third in terms of fund size with a market share of 15,1% and fourth in terms of number of contracts with a market share of 13,7% as of the end of 2009.

Yapı Kredi Pension also maintained its leadership position in the sector based on the number of contracts by employer-sponsored group pension plans with a market share of 31,6%. In life insurance, the company ranked fifth with total premium generation of TL 92.3 million and market share of 5,1% as of the end of 2009.

In order to develop product recognition, delivery channels and customer satisfaction, Yapı Kredi Pension launched innovative products and initiated a variety of initiatives in 2009:

- Launch of two new risk-based life insurance products in addition to existing Akıllı Adım (Smart Step) private pension plans. The new income protection insurance secures regular payments for customers in the event of unemployment, disability or death. The company utilised synergies with the Bank to offer this product in conjunction with Yapı Kredi's loan products. The company also launched a plan to ensure that participants who are entitled to a contract under the private pension system receive their savings as regular income.
- Initiation of VIP customer advisor service to ensure close communication with high net worth customers.
- Adaptation of call center screens in line with segmentation requirements.
- Renewal and diversification of e-bulletin content and addition of online applications to the website in line with segmentation requirements.
- Reconfiguration of agency reward system to improve efficiency.

## OTHER SUBSIDIARIES

Yapı Kredi's other subsidiaries consist of Yapı Kredi Cultural Activities, Arts and Publishing (YKKSŞ), Yapı Kredi Koray, Banque de Commerce et de Placements (BCP) and UniCredit Menkul Değerler (UCM).

### YAPI KREDİ CULTURAL ACTIVITIES, ARTS AND PUBLISHING (YKKSŞ)

Established in 1984, Yapı Kredi Cultural Activities, Arts and Publishing (YKKSŞ) is one of the most prestigious culture and arts companies in Turkey, providing services through Yapı Kredi Cultural Center and Yapı Kredi Publications.

As part of a joint initiative with Yapı Kredi that was started in 2008, Yapı Kredi Cultural Activities, Arts and Publishing continued to provide consultancy services to Yapı Kredi's private banking customers in the areas of building and maintenance of art collections. YKKSŞ also continued to inform and update clients through Privart, a specially designed e-magazine with information about art works, art history as well as news from the art world.

#### Yapı Kredi Cultural Center

The Yapı Kredi Cultural Center complex consists of Vedat Nedim Tör Museum, Kâzım Taşkent Art Gallery and Sermet Çifter Hall. These centers host exhibitions and seminars on contemporary art, modern and classical painting, sculpture, photography, archeology, as well as archival exhibits pertaining to literature, history, architecture or social sciences. Yapı Kredi Cultural Center hosted a total of 11 exhibitions during the year.

Vedat Nedim Tör Museum, which hosted two exhibitions during the year, focuses primarily on ethnography and exhibitions about Anatolian civilisations. The museum hosted comprehensive exhibits about rare coins and clocks in 2009. The "What the Coins Tell Us - Symbols and Multicultural Aspects in Medieval Anatolian Coins" exhibition featured rare coins from Yapı Kredi's coin collection, the third largest in the world. The "Visible Faces of the Time" exhibit was comprised of historic clocks from public and private collections.

Kâzım Taşkent Art Gallery, which hosted six exhibitions during the year, features important exhibits of painting, sculpture and contemporary art. The "Adventure İstiklâl" exhibition series, launched in 2007, continued in 2009 with contemporary artists Cengiz Çekil, Nasan Tur and Olga Chernysheva.

Sermet Çifter Hall hosted three exhibitions during 2009. One of the special exhibitions was by international artist and film director Enki Bilal in 2009 with whose work comic books reached their zenith. Another prominent exhibition was by a legendary name in international photography, Bruno Barney. The Hall is also a get-together venue for art enthusiasts offering a wide range of monthly activities including cinema, theatre, plastic arts, graphic arts, music and literature.

### Yapı Kredi Publications (YKY)

Yapı Kredi Publishing (YKY) is the leading publisher in the country.

From literature to philosophy, from general knowledge to history, poetry to the arts, Yapı Kredi Publications continues to publish books that enhance Turkey's culture and arts heritage while transferring it to upcoming generations. As a major force in documenting the history of literature, KYK also pursues its goal of translating international books from their original language and supporting new authors and artists.

In November 2009, KYK published its 3.000th book, thereby reaching an unprecedented record among private publishers in Turkey. It reinforced its position as the leader in its sector with an average of 200 new books per year. KYK also publishes the periodic Sanat Dünyamız, Cogito and Kitap-lık magazines and has revived Doğan Kardeş with a version that addresses contemporary youth of Turkey.

In 2009, Yapı Kredi Publications published a total of 559 titles, 205 of which were new works and 354 reprints. Over one million books were sold during the year, of which 400.000 were new titles and 735.000 reprints.

**YAPI KREDİ KORAY**

Established in 1996 as a joint venture between Yapı Kredi and Koray Group, Yapı Kredi Koray Real Estate Investment Company (YKK) has gained a strong reputation in residential and commercial real-estate development. YKK is 30% owned by Yapı Kredi and 25% by the Koray Group, with the remaining shares traded on the Istanbul Stock Exchange.

YKK's current investment portfolio includes residential units at Elit Residence and Ankara projects as well as Riva and Narmanlı development projects. On top of this, YKK is also in the process of completing the Ankara-Çankaya residential and commercial project.

During 2009, YKK initiated projects despite the macroeconomic deterioration and also maintained its liquidity. In view of the expected improvement in the housing market, YKK aims to be more active in new projects in 2010.

**BANQUE DE COMMERCE ET DE PLACEMENTS (BCP)**

Established in 1963 in Switzerland, Banque de Commerce et de Placements (BCP) is headquartered in Geneva with two branches in Luxembourg and Dubai. 31% owned by Yapı Kredi, BCP provides customers with high quality services in the areas of trade finance, private banking, treasury services and correspondent banking.

BCP has an Issuer Default Rating (IDR) of BB+, a short-term rating of B and an individual rating of C from Fitch Ratings in recognition of its sound fundamentals.

Despite the global financial and economic crisis, BCP maintained its good performance in all lines of business in 2009, recording a net profit of CHF 13,5 million, up 17% over 2008.

**UNICREDIT MENKUL DEĞERLER (UCM)**

Established in 2008, UniCredit Menkul Değerler (UCM) is 89% owned by Koç Financial Services and 11% by Yapı Kredi. The company operates in equity markets, corporate finance, merger and acquisition advisory, corporate sales and equity-based research with 36 employees.

UCM offers companies and corporate investors access to both domestic and international products as well as intermediation services to the equity activities of UniCredit Group's foreign corporate customers. In offering intermediation services, the company fully utilises the advantage of the domestic and international network of Yapı Kredi as well as UniCredit Group.

In 2009, the company focused its advisory efforts on infrastructure and energy sectors, which will continue to play an important role going forward. The company also aims to leverage Yapı Kredi and UniCredit Group's experience in project finance to create alternative borrowing opportunities.

In 2010, one of the company's primary goals is to act as intermediary to domestic corporate customers for their investments in international markets.

## RESEARCH AND DEVELOPMENT ACTIVITIES

With regard to Yapı Kredi's mission of becoming the first choice of its customers, the Bank has been carrying out many innovative research activities to improve service quality.

### Research Activities

Customer satisfaction is one of the key areas that Yapı Kredi has been investing in for many years. With regard to its mission of becoming the first choice of its customers, Yapı Kredi has been carrying out many innovative research activities to improve service quality.

Yapı Kredi measures customer satisfaction at both branch and segment level. Throughout the year, around 70.000 customers were surveyed. In order to measure service quality, mystery shopping research was conducted so as to fully understand the customer experience from the beginning to the end of a process, including after sales service. Following the results of the surveys and the mystery shopping research, areas for improvement were identified and the necessary actions were taken.

Below are the major research activities conducted in 2009:

- Customer satisfaction surveys in retail, corporate, commercial and private banking as well as internet banking
- Mystery shopping research in the areas of credit card application, demand deposit account opening and alternative delivery channels (ADC) applications
- Call Center Interactive Voice Response (IVR) research to measure customers'

level of satisfaction directly after a call to the call center for a variety of transactions

- Quality Moments of Truth Research to evaluate the customers' satisfaction through the process of obtaining a loan. This research is carried out for the following loan processes to measure the satisfaction of different customer groups:
  - Mortgage loan extension process
  - SME loan extension process
  - Corporate and commercial loan extension process

### Development Activities

With an aim to design innovative products and services in order to create value for customers, Yapı Kredi focuses on product development activities through utilising latest technologies. The products listed below are among the major innovations developed throughout 2009:

- More products, more mortgage discount packages offering customers increasing discount rates on mortgage opening fee with every additional product ownership
- Credit package providing mortgage customers home renovation, home equity or home improvement loan with favorable interest rates
- Benim KOBİ'm (My SME Package) designed to improve customer satisfaction through advantageous product and service packages best suited to SME customer needs

- Easy Payment Tourism Loan offering customers flexible repayment options tailored according to seasonality in tourism companies' monthly income
- Kredi Şimdi (Instant Credit), an easily accessible and fast channel of loan application for all customers, allowing them to apply for loans directly through mobile phone messages (SMS) and the internet by providing their citizen identity number and net annual income. Customers are able to receive the application result within a couple of minutes
- Regular rent payments enabling the acceptance of rent payment orders from branches, telephone and internet banking
- Gold term deposit account designed to increase the return of customers through earning interest in the form of gold
- Akıl Defteri (Mind Book) providing relationship managers throughout Yapı Kredi's network an integrated view of customer information, contacts, complaints and various other tools to serve the right product to the right customer at the right time. With the development of this new tool, Yapı Kredi became the first bank to have an R&D project recognised by TÜBİTAK.

## CORPORATE SOCIAL RESPONSIBILITY

In 2009, Yapı Kredi identified education as one of its key focus areas within the scope of its existing corporate social responsibility strategy.

Yapı Kredi's corporate social responsibility strategy is based on becoming an exemplary corporate citizen. Yapı Kredi undertakes social responsibility activities with the principle of sharing the affluence with the community of which it is a part.

In 2009, Yapı Kredi identified education as one of its key focus areas within the scope of its existing corporate social responsibility strategy.

### Social Education Projects

Yapı Kredi increased its support for the social education projects in 2009 as part of its strategy:

- *The I Read I Play project*: This project was conducted nationwide at 11 education parks and 55 Educational Volunteers Foundation of Turkey (TEGV) learning centers. This project exceeded its three-year goal and reached 58.277 children/activity. The I Read I Play project was nominated for the ALMA award, widely regarded as the Nobel in the field of children's literature. As a result of the success achieved in cooperation with TEGV, this campaign was extended until 2012.
- *The Vocational Education, A Crucial Matter for the Nation Project*: In 2009, Yapı Kredi increased its support for this project pioneered by Koç Holding to promote

vocational education. The number of Yapı Kredi employees assuming coaching roles at 42 different vocational high schools nationwide reached 78.

- *Yapı Kredi Girls Technical and Vocational High School*: This high school was finished and officially opened in February 2009; 333 students have already been enrolled.
- *Book Donations*: 160.000 books, worth approximately TL 1,5 million were donated to 434 libraries throughout Anatolia. Additionally, thousands of books published by Yapı Kredi Publishing were given to 66 universities, 95 high schools and 273 province and county libraries and adult education centers around the country.

### Environment Education and Awareness Projects

Yapı Kredi is committed to meet environmental standards and comply with national and international standards. In all of its activities, Yapı Kredi aims to protect the country's natural resources and use them in the most efficient way, reduce waste as much as possible and recycle waste materials. In this respect, Yapı Kredi provided support for a variety of environment education and awareness projects throughout the year:

- *Paper Reduction Act*: Initiated in 2008, this project is aimed at creating paper conservation awareness among employees and processing customer documentation electronically, instead of retaining paper copies. Furthermore, Yapı Kredi stopped production of greeting cards and promotional materials like calendars and organisers. As a result of these efforts, Yapı Kredi saved 3.570 tons of paper and prevented 61.230 trees from being cut down in 2009.
- *Infinite Blue Project*: The Infinite Blue project, launched in 2006, aims to create environmental awareness among elementary school students in collaboration with the Turkish Marine Environment Protection Association (TURMEPA). As part of this project, the number of students trained reached 3,5 million in 2009. Also in 2009, Infinite Blue Volunteers, consisting of Yapı Kredi employees, started their activities.
- *The If Only Account Statements Were Trees Campaign*: Together with The Turkish Foundation for Combating Erosion, Reforestation and the Protection of Natural Habitats (TEMA), Yapı Kredi launched a campaign to increase the customer requests for receiving account statements via email. As part of the campaign, the name of the regions and teams who collected the highest number of requests by customers was given to the sections of the World Forest which will be created in 2010.

### CORPORATE SOCIAL RESPONSIBILITY ACTIONS IN 2009

- Continuation of social education projects
- Support for projects to increase environmental awareness
- Maintaining long-standing support for culture and arts projects

### EMPLOYEE VOLUNTEER PROJECTS IN 2009

- Infinite Blue Volunteers Group
- Yapı Kredi Volunteers Platform
- Vocational Education, A Crucial Matter for the Nation Coaching Project

### CORPORATE SOCIAL RESPONSIBILITY PROJECTS BY YAPI KREDİ SUBSIDIARIES IN 2009

- Yapı Kredi Insurance: Afife Theater Awards
- Yapı Kredi Pension: Aging Research Center, Social Project Development Training
- Yapı Kredi Asset Management: Read, Think, Share Project

#### Art and Culture Projects

Yapı Kredi continued to sponsor many remarkable art and culture projects in Turkey:

- **Çatalhöyük Excavation:** In the 17th year of excavations carried out by more than 120 archaeologists and professionals from 22 nations, a two-storey dwelling at Çatalhöyük, located in Southern Anatolia and first discovered in 1961, was unearthed for the first time on the southern side of the tumulus.
- **11th International Istanbul Biennale:** Yapı Kredi was the sponsor of the 11th International Istanbul Biennale, a biannual event transforming Istanbul into a platform for art.
- **Art Day:** Pioneered by UniCredit Group, Art Day, was held for the third time this year. Within the scope of this event, Yapı Kredi staff members in Istanbul, Ankara and İzmir enjoyed free visits to museums and art galleries with their family members.

#### Other Projects

- **World Share Programme:** World Share Programme is the first social responsibility platform of Turkey enabling credit card holders to make donations through their cards. The programme enables Worldcard holders to make contributions to selected projects either in

cash or by using their Worldpoints. In this context, Yapı Kredi matches the amount of donations made by the cardholder.

- **Internal Sponsorship Project:** Through this project, Yapı Kredi supports and encourages employees in their sports achievements. This year, Celal Altunbaş, who broke the Turkish 400 meter freestyle swimming record won 14 Gold, 8 Silver and 5 Bronze medals in 2009.
- **Yapı Kredi Volunteers Platform:** This platform was established in 2009 with the motto A Social Responsibility Project for Each Management Unit. In this respect, pilot projects were launched by four selected management units and subsidiaries and is planned to be expanded in 2010.

#### Corporate Social Responsibility at Yapı Kredi Subsidiaries

As part of Yapı Kredi's continuous dedication to support corporate social responsibility projects, Yapı Kredi's subsidiaries were also active in the following projects:

- **Afife Theater Awards:** Yapı Kredi Insurance established the Afife Theater Awards in 1996 to increase public interest in theater and encourage performers. This year, the 13th Yapı Kredi Insurance Afife Theater Awards ceremony was held; 14 categories and four special awards were given.

- **Aging Research Center:** Yapı Kredi Pension founded the Aging Research Center in February 2006, aimed at bringing the social implications of aging-retirement into the public agenda of Turkey and introducing an informational platform about senior citizens and the aging population.
- **Social Project Development Training:** Yapı Kredi Pension launched a social project development training for selected employees in 2007 aimed at enabling them to make social contributions through cooperation with non-governmental organisations. Since its launch, ten projects have been designed and implemented by 56 employees in 2009.
- **Read, Think, Share Project:** Yapı Kredi Asset Management launched this project with Young Guru Academy in 2008 and has continued with the support of the Yapı Kredi Banking Academy. The project is aimed at creating a development platform for high potential, elementary school children, including creative reading sessions.





**PART II**  
**MANAGEMENT AND CORPORATE**  
**GOVERNANCE PRACTICES**

## BOARD OF DIRECTORS

### **Tayfun BAYAZIT**

#### **Chairman of the Board of Directors**

Tayfun Bayazit began his banking career at Citibank after earning a BS in Mechanical Engineering and an MBA from Columbia University (Finance and International Business). He subsequently worked in senior executive positions within the Çukurova Group for 13 consecutive years, including Yapı Kredi (Senior Executive Vice President and Executive Committee Member), Interbank (CEO) and Banque de Commerce et de Placements S.A. Switzerland (President and CEO). In 1999, he was appointed as the Vice Chairman of Doğan Holding and an Executive Director of Dışbank. He resigned from his duty at Doğan Holding in April 2001 to assume the CEO position at Dışbank within the same Group. Bayazit, who was also appointed Chairman of the Board of Directors at the 2003 General Assembly, remained CEO of Fortis Turkey after the acquisition of the majority shares of Dışbank in July 2005 and was also appointed as a Management Committee Member. At the May 2006 General Assembly, he was elected as Chairman of the Board of Directors of Fortis Bank A.Ş., from which he resigned following the General Assembly in April 2007. In April 2007, Bayazit was then appointed as CEO of Yapı Kredi. In April 2009, Bayazit resigned from his position as CEO at Yapı Kredi and was elected as the Chairman of the Board of Directors of Yapı Kredi. He continues to serve as CEO of Koç Financial Services and Chairman of the Board of Directors of Yapı Kredi and its subsidiaries. Bayazit is also currently the President of the Banking and Insurance Group at Koç Holding.

### **Federico GHIZZONI**

#### **Vice-Chairman of the Board of Directors**

Following his graduation from the Faculty of Law at Parma University, Federico Ghizzoni began his career in 1980 as a Customer Relations Manager at the Piacenza Branch of the UniCredit Group. He served as the Head of Credit Risk until 1988 and later became Branch Manager of the Trieste Branch from 1988 to 1990. He was Branch Manager of the Seriate Branch between 1990 and 1992, after which he became the Executive Vice President at the Group's London office. In 1995, Ghizzoni became General Manager of the Group's Singapore office and from 2000 until 2002, served as an Executive Director at the Corporate and International Banking Division of Bank Pekao S.A., a subsidiary of UniCredit Group. Assuming the role as a member of the Board of Directors of Koç Financial Services, a 50%-50% joint venture between Koç Holding A.Ş. and UniCredit Group, he was appointed as Executive Board Member of Koçbank A.Ş. in 2003. Joining Yapı Kredi on September 28, 2005 as Executive Board Member, he was the Chief Operating Officer (COO) of the Bank. He was appointed as the President of Poland's Markets Division within UniCredit Group and a member of the Managing Board responsible for BA-CA's Central and Eastern Europe operations on July 1, 2007. Ghizzoni has been a member of Yapı Kredi's Board of Directors since September 28, 2005 and Vice-Chairman of the Board of Directors since April 26, 2007.

### **Faik AÇIKALIN\***

#### **Chief Executive Officer (CEO)**

After earning a BS degree in Business Administration from Middle East Technical University, Faik Açıkalin began his banking career in 1987 as a Management Trainee at Interbank. He subsequently worked in various positions including internal auditor, relationship manager, branch manager and marketing manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank between 1992 and 1998. In May 1998, he joined Dışbank as Executive Vice President. Later that year, he was appointed Chief Operating Officer (COO) responsible for the coordination and communication between the Board of Directors and business units. He also assumed the position as a member of the Credit Committee. In June 1999, Açıkalin was appointed Deputy President and Member of the Board of Directors. In December 2000, he became President of Dışbank. Following the acquisition of the majority shares of Dışbank by Fortis, he continued to serve as President and Deputy CEO of the Bank and Member of the Fortis Global Management Committee in Brussels. In October 2007, he resigned from his duties at Fortis and became CEO at Doğan Gazetecilik. In April 2009, Açıkalin was appointed as Executive Director and Chairman of the Executive Committee of Yapı Kredi. Since May 2009, he has been serving as CEO of Yapı Kredi.

\* Based on the decision of the Board of Directors dated April 27, 2009, Faik Açıkalin was appointed as Executive Director to replace Ali Tarık Uzun whose Board membership has ended.

**Alessandro Maria DECIO****Executive Director and Deputy CEO**

A graduate of the Department of Economics, Commerciale L. Bocconi University, Alessandro Maria Decio received an MA from INSEAD (the European Institute for Business Administration) and later worked as a research assistant for six months at Commerciale L. Bocconi University. Starting his finance career at IMI International, Decio held the post of Vice President until 1991 when he was subsequently employed by Morgan Stanley International as a specialist and until 1994 by McKinsey in the same position. Decio joined the European Bank for Reconstruction and Development (EBRD) at the end of 1994. In June 2000, he joined UniCredit Group as Head of Foreign Banks Strategy, Mergers, Acquisitions, Planning and Control Group and in October 2002, he was appointed Chief Operating Officer (COO) for Zagrebacka Banka (within UniCredit Group). Decio served as Executive Director at Bulbank, another UniCredit Group company between 2003 and 2005 and later at UniCredit Group's Integration Project as Manager. Decio was appointed Manager of UniCredit Group's Germany Integration Project at the beginning of 2006, before going on to serve as UniCredit Group Deputy Head of Integration Office from July 2006 to July 2007. Appointed Executive Director of Yapı Kredi on April 26, 2007, Decio also became the COO of the Bank on July 1, 2007. As of January 30, 2009, he has been serving as Deputy CEO and Vice-Chairman of the Executive Committee of Yapı Kredi. He also holds the Executive Director position in Koç Financial Services and Yapı Kredi.

**Fatma Füsün AKKAL BOZOK****Member of the Board of Directors**

Fatma Füsün Akkal Bozok completed her academic studies earning an MBA from Boğaziçi University, Faculty of Administrative Sciences and a PhD from Istanbul University, Faculty of Administration. She started her career at Arthur Andersen Audit Company in 1980 and joined the Koç Group in 1983. At Koç Holding, she served in various positions within the Audit and Financial Group including Audit Specialist and Vice Group Coordinator. In 1992, Akkal was appointed Audit and Financial Group Coordinator and served in this capacity for 11 years. From 2003 until 2006, she served as the Finance Group Director. Currently, Akkal works as an assistant professor at Koç and Sabancı Universities and has been a member of the Board of Directors at Yapı Kredi since September 28, 2005.

**Ahmet Fadıl ASHABOĞLU****Member of the Board of Directors**

After graduating from the Alman Lisesi (German High School) in Istanbul, Ahmet Fadıl Ashaboğlu went on to earn an undergraduate degree from Tufts University, Department of Mechanical Engineering and an MS from Massachusetts Institute of Technology (MIT), Department of Mechanical Engineering. He began his career as a research assistant at MIT in Cambridge in 1994. He worked as Associate Director of US Treasury Bond Trading at UBS Warburg, New York; in 1998 and 1999, he was Head Trader for FX Options at UBS Warburg, Philadelphia before moving on to work as a consultant at McKinsey&Company between 1999 and 2003 in New York. Joining Koç Holding as the Finance Group Coordinator after his return to Turkey in 2003, Ashaboğlu has been a member of the Board of Directors of Yapı Kredi since September 28, 2005 and the CFO (Chief Financial Officer) of Koç Holding since January 2006.

**Stephan WINKELMEIER****Member of the Board of Directors**

Following graduation from the University of Passau in Germany, Department of Administrative Sciences in 1994, Stephan Winkelmeier began his professional career as a Credit Analyst at Bayerische Hypo Vereinsbank in Germany after completing a special training programme. In the same bank, he worked as a Senior Credit Analyst between 1996 and 1997 and later as Head of the Credit Department from 1998 to 2000. Winkelmeier was the personal consultant to the CEO of the Bayerische Hypo Vereinsbank Group from 2000 to 2001. He was appointed as Senior Risk Manager of Retail and Consumer Goods in 2002 and held the position of Managing Director responsible of Restructuring, Workout and Special Credit Portfolio till October 2008. In November 2008, Winkelmeier was appointed as Member of the Management Board of UniCredit Bank Austria AG and Chief Risk Officer. He has also been a member of the Board of Directors of Yapı Kredi since December 2, 2008.

**O. Turgay DURAK****Member of the Board of Directors**

After graduating from Robert College in Istanbul, O. Turgay Durak went on to earn an undergraduate degree from the Department of Mechanical Engineering at Northwestern University, followed by an MS from the same university. He started his career in 1976 at Ford Otomotiv, a company within Koç Holding, as a Design Engineer in Product Development and subsequently held various positions within Ford Otomotiv. In 1986 he became Executive Vice President responsible for Marketing and later served as Executive Vice President responsible for Purchasing between 1987 and 1999. He was appointed CEO of Ford Otomotiv in 2002 and left this position in 2007 to assume the post of the President of Automotive Group at Koç Holding. In April 2009, he was appointed as Deputy CEO at Koç Holding and also as member of the Board of Directors at Yapı Kredi.

## STATUTORY AUDITORS

### **Vittorio G. M. OGLIENGO\***

#### **Member of the Board of Directors**

After receiving a degree in Business Administration from the University of Turin, Vittorio G. M. Ogliengo joined Price Waterhouse in 1983, where he gained auditing experience. In 1985, he moved to Citibank N.A. and worked in the areas of Corporate Banking, Corporate Finance and Investment Banking in Turin, Milan and London. In 1988, he joined Fiat SpA where he had senior management responsibility in the areas of Treasury and Capital Markets, reporting directly to the International Finance Director. In 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 the Barilla Group as Head of the Finance Department. In 1998, he became the Chief Financial Officer of Barilla America and then in November 1999 Chief Financial Officer of Barilla G&R Fratelli. On February 1, 2003 he was appointed Chief Executive Officer and Chief Financial Officer of Barilla Holding. He joined UniCredit in 2005 as the Head of Financing & Advisory. In addition to his position in UniCredit, since May 2009 he has served as a member of the Board of Directors of Yapı Kredi.

### **Carlo VIVALDI\***

#### **Member of the Board of Directors**

After graduating from the University of Ca' Foscari, Venice, Department of Business Administration, Carlo Vivaldi started his career in 1991 in Cassamarca, which merged with UniCredit in 1998. After the merger, he served as an analyst in the Group's Planning and Control section. He subsequently contributed to the development of the Group's Internet strategy and in 2000 moved to the newly established New Europe Division responsible for Planning and Control and helping to expand UniCredit in the region. At the end of 2002, he moved to Turkey and became Chief Financial Officer (CFO) at Koç Financial Services and later CFO at Yapı Kredi as well as member of the Board of Directors of some Yapı Kredi subsidiaries. As of October 2007, he has been serving as CFO and member of the Management Board at UniCredit Bank Austria AG. Since May 2009, Carlo Vivaldi has also been a member of the Board of Directors at Yapı Kredi.

### **Adil G. ÖZTOPRAK**

After graduating from Ankara University's 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 CFO and CEO at various companies from 1976 to 1993. He was active as a Partner at Başaran Nas Yeminli Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) between 1993 and 2000. Since 2000, Öztoprak has been continuing his career as an Independent Chartered Accountant.

### **Abdullah GEÇER**

Abdullah Geçer graduated from Middle East Technical University, Department of Economics in 1996 and received his MBA from the University of Nottingham in 2006. After working as an Assistant Certified Auditor of Banks at the Undersecretariat of Treasury from 1996 until 2000, Geçer served as a Certified Auditor of Banks at the Banking Regulation and Supervision Agency from 2000 to 2007. Promoted to Head Certified Auditor of Banks in 2007, he joined Koç Holding A.Ş. as the Audit Group Coordinator that same year.

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

\* Based on the decision of the Board of Directors dated May 15, 2009, Vittorio G. M. Ogliengo and Carlo Vivaldi were appointed as Directors to replace Ranieri de Marchis and Herbert Hangel whose Board memberships have ended.

## CEO AND EXECUTIVE VICE PRESIDENTS

### **Faik AÇIKALIN**

#### **Chief Executive Officer (CEO)**

(Please see page 66)

### **Alessandro Maria DECIO**

#### **Executive Director and Deputy CEO**

(Please see page 67)

### **Mehmet Güray ALPKAYA**

#### **Executive Vice President - Corporate and Commercial Sales Management**

Mehmet Güray Alpkaya earned an MBA at Koç University and an MS in Finance from Istanbul University. He started his banking career at the Import and Export Bank of Turkey in 1989 where he served as Assistant Manager in the Istanbul Main Branch Corporate Credit and Marketing Department before moving to the Istanbul branch of Chase Manhattan Bank N.A. in 1991. He served in various positions including Vice President and Head of Corporate Client Management Group at Chase Manhattan Bank N.A. before moving to Koçbank in 1999 to establish and develop the Project and Structured Finance function. At Koçbank, he served as Head of Project and Structured Finance Group until 2003 and then as Head of Credit Underwriting Division until he was appointed Executive Vice President responsible for Credit Management at Yapı Kredi in February 28, 2006. On August 1, 2008, Alpkaya was appointed Chief Risk Officer and on January 30, 2009, he assumed the position of Executive Vice President in charge of Corporate and Commercial Sales Management.

### **Marco CRAVARIO**

#### **Executive Vice President - Chief Financial Officer (CFO) - Financial Planning and Administration Management**

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 moved to Ernst & Young Corporate Finance in Milan (Italy), serving as a Director. In 2001, Marco Cravario joined UniCredit Group to head the New Europe Division Mergers and Acquisitions unit. Subsequently, he held a number of managerial positions in the Group, including planning and control, organisation, business development, also gaining some commercial experience in the retail network. In 2006, Cravario assumed the position of CFO and Executive Board Member at UniCredit Tirioc Bank in Romania. He has been an Executive Vice President and CFO at Yapı Kredi since January 7, 2008. Marco Cravario was also appointed as member of the Executive Committee in February 2009.

### **Yakup DOĞAN**

#### **Executive Vice President - Alternative Delivery Channels Management**

Yakup Doğan started his career at İş Bankası as an Assistant Specialist in 1992 after graduating from the Faculty of Business Administration at Çukurova University. He then served as a Senior Executive responsible for the development of Retail Banking, Credit Cards and Alternative Delivery Channels at Ottoman Bank from 1996 to 2001. In 2001, Doğan joined Koçbank as Section Head in the Alternative Delivery Channels Department and was later appointed Head of the Alternative Delivery Channels Department in February 2006. As of January 30, 2009, he has assumed the position of Executive Vice President in charge of Alternative Delivery Channels at Yapı Kredi.

### **Mehmet Murat ERMERT**

#### **Executive Vice President - Corporate Communications Management**

In 1987, following his graduation from Marmara University Department of Business Administration, Murat Ermert began his career at Leo Burnett Advertising Agency. Between 1989 and 1993, he served as the Head of the Advertising Group at Yapı Kredi. Between 1993 and 1996, Ermert worked as a Media Marketing Manager at Doğan Media Group and later joined Demirbank as Advertising and Public Relations Coordinator until 2000. Between 2000 and 2008, Ermert served as Executive Vice President responsible for Corporate Communications at Dışbank (later Fortis) and also worked at the Global Marketing and Communications Management (Brussels) of Fortis. Ermert also served as faculty member at both Anadolu University and Bahçeşehir University. As of June 2008, he has assumed the position of Executive Vice President in charge of Corporate Communications at Yapı Kredi.

### **Massimiliano FOSSATI**

#### **Executive Vice President - Risk Management**

Massimiliano Fossati, a graduate of L. Bocconi University, also earned a post-graduate degree in Bank Management. Beginning 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 serving 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 UniCredito Italiano Group) from 2000 to 2001; he then worked as a Functional Analyst at the Organisation Department of the company until 2002. He joined UniCredito Italiano S.p.A. 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 a.s. Prague, a UniCredito Italiano 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 (UniCredito Italiano 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 January 30, 2009. Fossati also became a member of the Executive Committee in February 2009.

### **Mert GÜVENEN**

#### **Executive Vice President - Corporate and Commercial Banking Management**

After earning an MBA in 1990 from the University of West Georgia, Mert Güvenen began his career at Yapı Kredi. Appointed Branch Manager of the Bank's Esentepe Corporate Branch in 1999, Güvenen went on to serve as Körfezbank's Central Branch Manager. He then worked as Corporate Marketing Director at Koçbank and General Manager at Koç Factoring. Since May 2006, he served as the Executive Vice President responsible for Commercial Banking Management at Yapı Kredi. Güvenen was then appointed Executive Vice President responsible for Corporate and Commercial Banking as well as commercial coordination of the Bank's international subsidiaries on January 30, 2009. In February 2009, Güvenen also became a member of the Executive Committee.

### **Süleyman Cihangir KAVUNCU**

#### **Executive Vice President - Human Resources Management**

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 then went on to serve 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 Executive Vice President at Koçbank, he has been serving as Executive Vice President responsible for Human Resources at Yapı Kredi since February 28, 2006. Kavuncu also became a member of the Executive Committee in February 2009.

### **Fahri ÖBEK\***

#### **Executive Vice President - Information Technologies Management**

After graduating from the Computer Engineering Department at Ege University and earning an MBA from Koç University, Fahri Öbek began his career at Bilpa. Having advanced his career in Egebank, Öbek joined Koçbank in 1991 as a Senior Systems Analyst and was promoted to the position of Group Manager in 1996. Öbek has been serving as Executive Vice President responsible for Information Technologies at Yapı Kredi since March 6, 2008.

### **Erhan ÖZÇELİK**

#### **Executive Vice President - Private Banking and Wealth Management**

After graduating from the University of Evansville in Indiana with a major in marketing, in 1988 Erhan Özçelik began his career at Yapı Kredi. Starting from 1991, he served for ten years as foreign representative in Russia in various positions including Executive Vice President at Yapı Toko Bank for four years and Executive Director at Yapı Kredi Moscow between 1997 and 2000. Assuming the position of Executive Vice President responsible for Corporate Banking at Yapı Kredi in 2001, Özçelik then served as the Executive Vice President responsible for International Relations and Foreign Subsidiaries at Yapı Kredi between 2006 and 2007. Until January 30, 2009, he was Executive Vice President responsible for Private Banking and International Activities, after which he became responsible for Private Banking and Wealth Management which also includes Yapı Kredi Asset Management and Yapı Kredi Invest. Özçelik also became a member of the Executive Committee in February 2009.

### **Mehmet Erkan ÖZDEMİR**

#### **Executive Vice President - 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 Auditor Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Group in August 2001 where he worked as Audit Coordinator in the Audit Group responsible for the financial companies of the Group. Since April 2008, Özdemir has been serving as Compliance Officer and Executive Vice President at Yapı Kredi.

\* Fahri Öbek resigned from his post as Executive Vice President responsible for Information Technologies Management as of January 31, 2010.

**Muzaffer ÖZTÜRK****Executive Vice President - Retail Sales Management**

Muzaffer Öztürk began his career at Yapı Kredi as an Intern Inspector in 1984 after graduating from Uludağ University Faculty of Business Administration. In 1991, he was appointed Vice President of the Inspection Committee; two years later, he served as Manager of the Bank's Beyazıt and Plaza branches for two years each. In 1997, he assumed the position of Corporate Banking Coordinator for both the Bank and the Esentepe Branch. Öztürk became Executive Vice President of Group 2 of Yapı Kredi's Retail Commercial Banking in October 2000 and after August 2003 served as Executive Vice President responsible for Personal Banking and Business Banking Sales Management. Öztürk has been serving as Executive Vice President responsible for Retail Sales since February 28, 2006.

**Stefano PERAZZINI****Executive Vice President - 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 and later an Internal Auditor at the London and Paris branches of the Bank. Assuming the position of Internal Auditor at UniCredit Holding in September 1999, Perazzini was then appointed Deputy Manager of the Internal Audit Department at Bank Pekao, a UniCredit Group company. In March 2003, he took on the responsibilities of Executive Vice President for Internal Audit at Koç Financial Services and since March 16, 2006 he has been serving as Executive Vice President responsible for Internal Audit at Yapı Kredi.

**Yüksel RİZELİ****Executive Vice President - Information Technologies and Operations Management**

With 35 years of experience in banking operations including ten years in the capacity of Head of Operations at Garanti Bank, Yüksel Rizeli served as Head of Project Implementation Management at Garanti Bank as well as part of the Business Process Reengineering (BPR) project with IBM consultancy. 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 Executive Management Team at Ottoman Bank. She served as Head of Operations, Head of BPR, Head of System Analysis, Head of Organisation at Ottoman Bank until 2002. During the last two quarters of 2001, she managed first 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 February 2006, Rizeli was appointed as Head of Operations at Yapı Kredi. As of January 30, 2009, she assumed the role of Executive Vice President responsible for Information Technologies and Operations. Rizeli also became a member of the Executive Committee in November 2009.

**Luca RUBAGA****Executive Vice President - Organisation and Logistics Management**

Following his graduation from Cattolica University in Business Administration, Luca Rubaga started his career at Andersen Consulting working as a Senior Consultant within the Finance Division between 1995 and 1999. He then joined the Allstate Italy insurance company as Project Manager and later worked at Banca Popolare di Verona Banking Group in 2000 as Manager. Rubaga served as Online Business Unit Director at Banca Primavera and in September 2003, became Operation Director at UniCredit Private Banking. He joined Koçbank in March 2005, serving as Director responsible for Integration Activities. In April 2006, Rubaga became Executive Vice President responsible for Organisation at Yapı Kredi and in June 2008, he was appointed Executive Vice President of Organisation and Logistics management responsible for organisation, logistics, purchasing and cost management.

**Cemal Aybars SANAL****Executive Vice President - Legal Affairs Management**

After graduation from Istanbul University, Faculty of Law, Cemal Aybars Sanal began his career in 1986 with the law firm of Sanal&Sanal as a partner. Subsequently, he served at the Shell Company of Turkey Limited as an attorney from 1992 to 1995, at White&Case Law Firm as an attorney from 1995 to 1998, at the Shell Company of Turkey Limited once again as Chief Legal Counsel and a member of the Board of Directors from 1998 to 1999 and at Boyner Holding A.Ş. as Chief Legal Counsel and Vice President between 1999 and 2006. After working as a freelance attorney between 2006 and 2007, Sanal worked with the ELIG Law Firm as a Consultant from 2007 to 2008. He has been working with Yapı Kredi since July 2008 as the Executive Vice President responsible for Legal Affairs Management.

**Zeynep Nazan SOMER****Executive Vice President - Retail Banking Management**

A graduate of Boğaziçi University, Faculty of Business Administration, Zeynep Nazan Somer joined Arthur Andersen in 1988 and served as a Partner in charge of the finance sector from 1999 until 2000. Joining Yapı Kredi in September 2000 as Executive Vice President responsible for Individual Banking, Somer has served as Executive Vice President responsible for Credit Cards and Consumer Lending from February 2006 until January 2009. She then became Executive Vice President responsible for Retail Banking. Somer also became a member of the Executive Committee in February 2009.

**Feza TAN****Executive Vice President - Corporate and Commercial Credits Management**

Feza Tan earned her graduate degree from the Department of Economics, Boğaziçi University in 1993. She began her professional career at Yapı Kredi as a management trainee in Corporate and Commercial Credits the same year and has served in various positions in the same unit from 1993 until 2006. In 2006, she was promoted to the Head of Corporate and Commercial Credits Underwriting Unit. Since February 2009, she has been Executive Vice President responsible for Corporate and Commercial Credits.

**Selim Hakkı TEZEL****Executive Vice President - Retail Credits Management**

A graduate of Boğaziçi University, Department of Business Administration, Selim Hakkı Tezel began his professional career at Arthur Andersen where he served as Senior Auditor from 1995 to 1999. He worked at Yapı Kredi from 1999 to 2008 as Department Manager responsible for Credit Cards, Financial Planning and Accounting; Manager of Credit Cards, Financial Planning and Risk; and Head Of Credit Cards and Consumer Lending Risk Unit. Tezel has served as Executive Vice President responsible for Retail Credits since December 2008.

**Mert YAZICIOĞLU****Executive Vice President - Treasury 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, serving as International Relations Officer. He joined Koçbank in 1989 where he served as Customer Relations Officer, Dealer, Senior Dealer and Assistant Manager. Yazıcıoğlu was promoted to Group Manager of the TL - FX Group under the Treasury Department in 1996 and then to Executive Vice President in 1999. He has served as Executive Vice President responsible for Treasury Management at Yapı Kredi since February 28, 2006.

## COMMITTEES

### EXECUTIVE COMMITTEE

The Executive Committee is the decision-making body of the Bank and its subsidiaries established to decide collectively upon top priority subjects and share information among executives. It identifies opportunities for young professionals and supports the strong team spirit. The Committee is responsible for defining Group strategies, the Bank's structural risk management guidelines, policies and pricing guidelines. It also reviews and approves new products by segments and sub-segments, analyzes credit, market and operational risk, ensures

the compatibility of the Bank's commercial policies and guidelines with economic and budget objectives. It compares commercial performance with budget and the results of commercial actions, evaluates and improves customer satisfaction, coordinates marketing activities in all segments and approves the annual project plan of the Bank. This committee also monitors progress verifying that the strategies and priorities of the project plan are aligned with the Bank's strategy. It evaluates major organisational changes and approves the Bank's internal and external communication plan. According to the decision of the Board of Directors about the structure of

the Executive Committee, the Committee is composed of CEO as the Chairman, Deputy CEO as the Vice Chairman and the Executive Vice Presidents of Risk Management, Financial Planning and Administration (CFO), Corporate and Commercial Banking, Retail Banking, Private Banking and Wealth Management, Human Resources and Information Technologies and Operations as members. Other responsible Executive Vice Presidents attend meetings by invitation and are not permanent.

#### Members of the Executive Committee:

|               |                               |   |
|---------------|-------------------------------|---|
| Chairman      | Faik Açıklalın <sup>(1)</sup> | Chief Executive Officer   |
| Vice Chairman | Alessandro M. Decio           | Executive Director and Deputy CEO   |
| Member        | Massimiliano Fossati          | Executive Vice President - Risk Management  |
| Member        | Marco Cravario                | Executive Vice President - CFO - Financial Planning and Administration Management |
| Member        | Mert Güvenen                  | Executive Vice President - Corporate and Commercial Banking Management            |
| Member        | Nazan Somer                   | Executive Vice President - Retail Banking Management                              |
| Member        | Erhan Özçelik                 | Executive Vice President - Private Banking and Wealth Management                  |
| Member        | Cihangir Kavuncu              | Executive Vice President - Human Resources Management                             |
| Member        | Yüksel Rizeli <sup>(2)</sup>  | Executive Vice President - Information Technologies and Operations Management     |

(1) Based on the decision of the Board of Directors dated April 27, 2009, Faik Açıklalın was appointed as Chairman of the Executive Committee.

(2) Based on the decision of the Board of Directors dated November 3, 2009, Yüksel Rizeli was appointed as a Member of the Executive Committee.

### CREDIT COMMITTEE

In accordance with the credit policy, economic targets and the general risk profile of the Bank's credit portfolio, the Credit Committee is responsible for setting guidelines for the Bank's lending activities, disbursing loans within its authorised limits or reporting its opinion

to the Board of Directors for loans over its delegated limits. It is also responsible for determining the restructuring conditions for non-performing loans within its authorised limits, reporting to the Board of Directors regarding the restructuring of loans over delegated limits, setting the parameters of credit rating and monitoring systems and executing the duties assigned by the Board

of Directors regarding loans. In accordance with applicable laws and legislation, the Committee is composed of five principal members, of which four of them are also members of the Board of Directors and one of them is the CEO or deputy CEO and two alternate members who are members of the Board of Directors. The Group Credit Risk Manager attends the meetings upon invitation.

**Principal Members of the Credit Committee:**

|          |                                    |   |
|----------|------------------------------------|---|
| Chairman | Faik Açıklalın <sup>(1)</sup>      | Chief Executive Officer                 |
| Member   | Alessandro M. Decio <sup>(1)</sup> | Executive Director and Deputy CEO       |
| Member   | Federico Ghizzoni                  | Vice Chairman of the Board of Directors |
| Member   | Fatma Füsün Akkal Bozok            | Member of the Board of Directors        |
| Member   | Stephan Winkelmeier                | Member of the Board of Directors        |

**Alternate Members of the Credit Committee:**

|                  |  |                                  |
|------------------|--|----------------------------------|
| Alternate Member | Vittorio G. M. Ogliengo <sup>(2)</sup> | Member of the Board of Directors |
| Alternate Member | Carlo Vivaldi <sup>(2)</sup>           | Member of the Board of Directors |

(1) Based on the decision of the Board of Directors dated March 6, 2009, as a reflection of the organisational changes that took place on January 30, 2009 and the new responsibilities assigned to the CEO and Deputy CEO, the CEO of the Bank was appointed as Chairman of the Credit Committee and Deputy CEO was appointed as a Member of the Credit Committee. Based on the decision of the Board of Directors dated April 27, 2009, Faik Açıklalın was appointed as Chairman of the Credit Committee.

(2) Based on the decision of the Board of Directors dated April 6, 2009, Ali Tarık Uzun was elected as Alternate Member of the Credit Committee to replace Aykut Ümit Taftalı whose Board membership has ended. Based on the decision of the Board of Directors dated May 15, 2009, Vittorio G. M. Ogliengo and Carlo Vivaldi were appointed as Alternate Members of the Credit Committee to replace Ali Tarık Uzun and Ranieri de Marchis whose Board memberships have ended.

**AUDIT COMMITTEE**

The Audit Committee executes the duties set out for Audit Committees in the Banking and Capital Markets regulations. The Committee supports the Board of Directors in its function to manage the Bank in accordance with local laws and legislations as it monitors the performance of Internal Audit, Internal Control and Risk

Management, evaluates the condition of the ethical environment of the Bank and examines the effectiveness of the process in terms of ethical compliance. The Audit Committee consists of three non-executive members of the Board of Directors who satisfy the conditions specified in the legislation in force, at least one of whom is a specialist in accounting and/or audit.

**Members of the Audit Committee:**

|          |  |   |
|----------|--|---|
| Chairman | Federico Ghizzoni <sup>(1)</sup>       | Vice Chairman of the Board of Directors |
| Member   | Vittorio G. M. Ogliengo <sup>(1)</sup> | Member of the Board of Directors        |
| Member   | Fatma Füsün Akkal Bozok <sup>(2)</sup> | Member of the Board of Directors        |

(1) Based on the decision of the Board of Directors dated May 15, 2009, Vittorio G. M. Ogliengo was elected as Chairman of the Audit Committee to replace Ranieri de Marchis whose Board membership has ended and Stephan Winkelmeier was elected as Member of the Audit Committee to replace Herbert Hangel whose Board membership has ended. At the Board of Directors meeting dated July 1, 2009, it was resolved that Vittorio G. M. Ogliengo, Chairman of the Audit Committee, was to continue to serve in the Committee as Member and Stephan Winkelmeier, Member of the Audit Committee, was replaced by Federico Ghizzoni and Federico Ghizzoni was elected as Chairman of the Audit Committee.

(2) At the Board of Directors meeting dated January 28, 2009, Fatma Füsün Akkal Bozok was appointed as member of the Audit Committee to replace Ahmet Ashaboğlu.

## BOARD AND COMMITTEE MEMBERS' PARTICIPATION IN RELEVANT MEETINGS

**The Board of Directors** convenes upon request of the Chairman when necessitated by the Bank's business affairs, as per the relevant article in the Articles of Association. In 2009, the Board of Directors convened once a month, in line with the Bank's requirements. The Board reviews and decides on the corporate agenda as authorised by the Articles of Association of the Bank, its laws and regulations. If necessary, the Chairman may invite the Board for an ad hoc session. Members committed to regular attendance of these meetings and satisfied the required majority and quorum in 2009.

**The Executive Committee** meets on a biweekly basis, or more frequently when necessary. The Committee fulfilled its function with regular attendance of Committee members to these meetings during 2009, thus satisfying the required majority and the quorum.

**The Credit Committee**, established in accordance with the formation, working and decision making principles determined by the Banking Regulation and Supervision Agency (BRSA), convened at least once a week during 2009; the members committed to regular attendance of these meetings and satisfied the required majority and the quorum.

**The Audit Committee** convened every three months to discuss and finalise its agenda as authorised in 2009. The members committed to regular attendance of these meetings and satisfied the required majority and the quorum.

## BOARD OF DIRECTORS REPORT TO BE SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING ON MARCH 25, 2010

Dear Shareholders,

We would like to take this opportunity to thank you for your participation at this meeting during which you will be presented with Yapı Kredi's activities and accounts for the year 2009.

Driven by the impacts of the global crisis, unfavorable developments in the world economy continued throughout 2009. Despite radical actions taken globally which prevented the collapse of the financial system, the crisis had significant effects first on the global financial sector, followed by the real sector.

2009 was a challenging year for Turkey in which the impacts of the crisis on the real sector were felt significantly and deferred consumption led to significant recession. Considerable economic contraction in the first half of the year was followed by a period of stabilisation driven by tax incentives and employment packages as well as rate cuts by the Central Bank on the back of controlled level of inflation due to low economic activity. In this respect, the negative sentiment caused by the crisis started improving in the last quarter of the year driven by improvement in global economic activity.

Despite the negative effects of the crisis, the Turkish banking sector successfully coped with this period marked by low volume growth compared to previous years due to subdued demand and maintained its liquidity while further strengthening its capital base. The sector recorded a positive performance in terms of profitability thanks to rate cuts by the Central Bank while sector non performing loans increased driven primarily by deterioration in credit cards and the SME segment.

Yapı Kredi, one of the leading players in the Turkish banking sector, kept close track of both domestic and international developments throughout the year. The Bank continued its operations with a prudent and flexible banking approach while maintaining focus on customer satisfaction as well as healthy and sustainable profitability. 2009 was a positive year for Yapı Kredi in terms of profitability, liquidity, funding and capital position despite the unfavorable macroeconomic environment.

Based on Yapı Kredi's 2009 year-end consolidated financials:

- Net income increased 23% year-on-year to TL 1.553 million.
- Revenues grew 26% year-on-year to TL 6.071 million. Net interest income increased 37% year-on-year and net fees and commissions increased by 13% during the same period.
- Operating expenses declined 2% year-on-year thanks to strict cost management and efficiency improvements.
- Cost/income ratio improved to 41% compared to 53% at the end of 2008 thanks to positive performance in both revenue generation and cost control.
- Total assets reached TL 71,7 billion and Yapı Kredi maintained its position as the fourth largest private bank.
- Total cash loans remained stable compared to year-end 2008 at TL 39,3 billion.
- Deposit volume was recorded as TL 43,4 billion, in line with the trend in loans.
- Loans/deposits ratio was recorded as 90,5%.
- The capital adequacy ratio increased to 16,5% at consolidated level and 17,8% at bank level.
- Number of branches was 838 and total headcount was 14.333 at bank level and 16.749 at group level.

- Leadership position in credit cards was maintained with 20,4% market share in outstanding volume and second position in asset management was kept with 18% market share. In 2009, leadership was also maintained in leasing and factoring with 16,1% and 26,9% market shares, respectively.

The size of the damage caused by the global crisis indicates that recovery in both the world economy and our domestic economy will take time. Expectations of a slow and controlled recovery imply that there will be significant competition in the banking sector in the upcoming period and that this will have the potential to cause higher pressure on profitability compared to previous years. Having successfully undertaken investments to enhance commercial effectiveness, in the upcoming period, our Bank will continue to realise its full potential in both growth and profitability through a strong, flexible and customer-centric approach leveraging on its sophisticated risk management systems.

As we present our annual report and financial statements for 2009 for your review, 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, all our colleagues for contributing to these positive results with 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,



**Tayfun Bayazit**  
Chairman

## HUMAN RESOURCES IMPLEMENTATIONS

Following the determination of human resource requirements, candidate searches are conducted through existing candidate pool searches, intra-bank announcements, as well as through 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 pre-determined criteria such as education, foreign language skills and work experience as indicated in the scope of the position for which recruitment will be made.

All applicants possessing the appropriate 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, the objective is to determine whether the candidate possesses the necessary abilities required for the position. These abilities include: learning, adaptability, problem solving, identifying details in words and figures, performing rapid numerical calculations, visual, numeric and verbal memory.

The interview stage is carried out through role playing and observing the candidates throughout the process. This 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 asked ability-based and behavior-focused questions during the interview stage to assess whether the qualities required by the job match the expectations of the candidates.

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 the offer letter by e-mail.

During the job offer meeting, candidates are informed of employee rights at Yapı Kredi, articles of the contract they will sign and other relevant subjects and their questions are addressed.

Contracts are signed with candidates who accept the job.

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 together with the relevant department.

The human resources career and workforce planning team, operates to choose suitable candidates compatible with the Bank's vision, mission and strategic objectives. During the interview process, the Bank initiated the online interview process practice especially for experienced candidates from out-of-town, which allows the Bank to act faster during candidate evaluation processes.

Yapı Kredi participated in the 3İK Interaction and Development camp activity between October 14-15, 2009. The camp activity was aimed at bringing university club members and human resources departments of the leading companies of Turkey together. Yapı Kredi took the opportunity to introduce the Bank and also learn about the expectations of university clubs.

Yapı Kredi also participated in the 4th National Software Engineering symposium between October 9-10, 2009.

## TRANSACTIONS CARRIED OUT WITH YAPI KREDİ'S RISK GROUP

### With respect to the Group's 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:

The relations with entities that are included in the Group'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 realised with market prices.

Type of transaction and the amount:

| <b>Total Risk Group</b>                | <b>31 December 2008</b> | <b>31 December 2009</b> |
|--|-------------------------|-------------------------|
| Loans                                  | 494.980                 | 595.618                 |
| Banks                                  | 210.261                 | 1.423                   |
| Marketable Securities                  | 76.298                  | 22.359                  |
| Leasing receivables/ (payables), net   | 13.437                  | 15.449                  |
| Factoring receivables /(payables), net | 87.062                  | 462.773                 |
| Interest Income Received               | 90.108                  | 71.159                  |
| Non- Cash Loans                        | 633.294                 | 606.281                 |
| Commission Income Received             | 2.616                   | 4.189                   |
| Deposit                                | 4.364.967               | 4.265.538               |
| Borrowings and Money Markets           | 1.353.230               | 1.167.800               |
| Interest Expense Paid                  | 437.930                 | 352.290                 |
| Trading Transactions                   | 711.872                 | 1.088.205               |
| Trading Transactions Profit, net       | (7.127)                 | 16.738                  |

## SUPPORT SERVICES

Yapı Kredi procures support services for printing account statements, transportation of cash and valuable articles, and security-related activities.

- Koçsistem Bilgi ve İletişim Hizmetleri A.Ş. provides printing services for credit card account statements while the electronic distribution of account statements is undertaken by the Bank.
- Group-4 Securicor Güvenlik Hizmetleri A.Ş. provides cash transportation services integrated into the Yapı Kredi organisation in 24 provinces through 25 G4S offices with 350 employees and 150 armoured vehicles.
- All physical armed and unarmed security services are provided by Group-4 Securicor Güvenlik Hizmetleri A.Ş.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## 1. Declaration of Compliance with Corporate Governance Principles

Based on the decision of the Board of Directors dated December 9, 2004, it was resolved that the Corporate Governance Principles issued by the Capital Markets Board (CMB) would be adopted in principle.

Yapı Kredi was included among the leading companies that form the Istanbul Stock Exchange Corporate Governance Index in 2008 following the corporate governance rating report by SAHA Corporate Governance and Credit Rating Services Inc., a corporate governance rating agency licensed by the CMB to operate in Turkey. Yapı Kredi's compliance with the CMB's Corporate Governance Principles was rated with this report and the Bank obtained an overall corporate governance rating of 8,02 out of 10. Yapı Kredi's corporate governance rating was upgraded to 8,44 at the end of 2009 as a result of the evaluation process by the same corporate governance rating agency, SAHA.

Yapı Kredi's corporate governance rating was identified under the framework of the CMB's Corporate Governance Principles under differently weighted four main sections of shareholders, public disclosure and transparency, stakeholders and board of directors. Updated ratings in each main section are presented in the table.

Adherence to Corporate Governance Principles is among the Bank's primary goals in corporate governance. With the corporate governance rating obtained in 2008, Yapı Kredi proved that it complies to a significant degree with CMB's Corporate Governance Principles and that it has implemented most required policies and measures. Upgrade of the corporate

| Main Sections                      | Weight      | 2008 Rating | 2009 Rating |
|------------------------------------|-------------|-------------|-------------|
| Shareholders                       | 0,25        | 8,29        | 8,56        |
| Public Disclosure and Transparency | 0,35        | 8,11        | 8,83        |
| Stakeholders                       | 0,15        | 9,50        | 9,50        |
| Board of Directors                 | 0,25        | 6,74        | 7,13        |
| <b>Total</b>                       | <b>1,00</b> | <b>8,02</b> | <b>8,44</b> |

governance rating in 2009 is a clear indicator of the Bank's strong commitment in this area. Yapı Kredi continues its efforts in line with the responsibility to abide by these principles.

Corporate governance rating reports prepared by SAHA Corporate Governance and Credit Rating Services Inc. are also available on Yapı Kredi's website.

## 2. Shareholder Relations

Founded in 1944, Yapı Kredi was the first privately-owned bank to open to the public. The Bank carries out its relationship with shareholders via two special units: the Subsidiaries and Shareholders unit, whose structure and organisation was established in line with CMB's Corporate Governance Principles and the Investor Relations and Strategic Planning unit. This unit is in charge of the strategic management of financial communication and relationships with institutional investors and shareholders, analysts, credit rating agencies and the media. The Investor Relations and Strategic Planning unit is responsible for transparent, timely, objective, accurate and consistent information flow to the market contributing to the accurate valuation of the Bank by financial experts and to ensuring sustainable value creation.

Primary duties and responsibilities of the Subsidiaries and Shareholders unit include:

- Acting to facilitate the exercise of shareholders' rights and maintaining communication between the Yapı Kredi Board of Directors and the shareholders,
- Ensuring that the records related to the shareholders are kept in a proper and secure manner and are continuously updated,
- Responding to written information requests from shareholders except for publicly-undisclosed information or the Bank's commercial secrets,
- 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,
- Issuing entrance cards to shareholders who will participate in the Annual Shareholders' Meeting,
- Preparing the list of attendees for Annual Shareholders' Meeting,
- Preparing voting ballots for shareholders who completed blockage operations,
- Preparing, registering and publishing the minutes of the Annual Shareholders' Meeting and sending the documents to the relevant authorities,
- Conforming to and monitoring all issues related to public disclosure, including legislation and Yapı Kredi's disclosure policy.

**Subsidiaries and Shareholders**

| Name, Surname  | E-mail address                  | Phone Number        |
|----------------|---------------------------------|---------------------|
| Erdoğan TETİK  | erdinc.tetik@yapikredi.com.tr   | +90 (212) 339 64 31 |
| Hasan SADİ     | hasan.sadi@yapikredi.com.tr     | +90 (212) 339 73 80 |
| Canan KARAKAYA | canan.karakaya@yapikredi.com.tr | +90 (212) 339 63 40 |
| Ercan YILMAZ   | ercan.yilmaz@yapikredi.com.tr   | +90 (212) 339 73 17 |

**Investor Relations and Strategic Planning**

| Name, Surname   | E-mail address                   | Phone Number        |
|-----------------|----------------------------------|---------------------|
| Hale TUNABOYLU  | hale.tunaboylu@yapikredi.com.tr  | +90 (212) 339 76 47 |
| Gülsevin TUNCAJ | gulsevin.tuncay@yapikredi.com.tr | +90 (212) 339 73 23 |
| Pınar CERİTOĞLU | pinar.ceritoglu@yapikredi.com.tr | +90 (212) 339 76 66 |

Primary duties and responsibilities of the Investor Relations and Strategic Planning unit include:

- Establishing and managing regular relations with existing and potential foreign institutional investors, shareholders and the Bank's credit rating agencies,
- Ensuring the transfer of proactive, objective, accurate, up-to-date, informative and periodic information to foreign institutional investors, shareholders and financial analysts about Yapı Kredi, the banking sector and economic developments,
- Informing investors and analysts about quarterly consolidated and unconsolidated financial statements and significant developments about Yapı Kredi, through conference calls, press bulletins, announcements and presentations, as well as responding to their questions,
- Preparing presentations to promote the Bank, organising and regularly attending local and international investor meetings, road shows and other informational meetings,
- Organising periodic informational meetings and conference calls with financial analysts and foreign institutional investors in groups or one-on-one,

- Preparing the Bank's annual reports in Turkish and in English,
- Administering and regularly updating the Bank's investor relations websites, in both Turkish and English, in order to provide continuous information flow about the Bank,
- Preparing columns and articles that represent the Bank for domestic and international magazines and similar publications in banking, finance and investment fields.

**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 with one-on-one and/or group meetings through its Subsidiaries and Shareholders and Investor Relations and Strategic Planning units.

In accordance with Corporate Governance Principles, Yapı Kredi has two regularly updated websites, one in Turkish and the other in English.

The Turkish website is accessible via [www.yapikredi.com.tr](http://www.yapikredi.com.tr); the English website is accessible via [www.yapikredi.com.tr/en-us](http://www.yapikredi.com.tr/en-us).

These websites contain general information about Yapı Kredi as well as detailed information on banking services provided by the Bank.

Prepared both in Turkish and English, the websites contain detailed information about Yapı Kredi in the investor relations section.

Accessible at [www.yapikredi.com.tr/tr-TR/yatirimci\\_iliskileri](http://www.yapikredi.com.tr/tr-TR/yatirimci_iliskileri), the investor relations website in Turkish presents the following information to all shareholders: The Bank's history, vision and values, shareholder structure, stock information, the Bank's periodic financial statements and annual reports, credit ratings assigned by credit rating agencies to the Bank, reports on corporate governance, member list of Board of Directors and Statutory Auditors, management team, Articles of Association, trade registry information, disclosure policy, code of ethics, credit, information on Annual Shareholders' Meetings, Annual Shareholders' Meetings minutes, Annual Shareholders' Meetings agenda, proxy voting form, press bulletins issued by the Bank and other information related with the Bank.

Yapı Kredi's investor relations website in English is accessible at [www.yapikredi.com.tr/en-us/investorrelations](http://www.yapikredi.com.tr/en-us/investorrelations). This site contains detailed information about Yapı Kredi's corporate profile, shareholder structure, organisational structure, management team, share performance, credit ratings assigned by credit rating agencies to Yapı Kredi, periodic financial statements prepared in accordance with BRSA and international accounting standards, annual reports, periodic presentations for investors, announcements to inform investors regarding developments at Yapı Kredi, list of brokerage house analysts who cover Yapı Kredi, calendar of the Bank's activities that may be of interest for investors, information on Board of Directors, detailed information on corporate governance including disclosure policy and code of ethics and answers to frequently asked questions.

The appointment of special auditors has not been stipulated as an individual right in the Articles of Association of the Bank; however, shareholders can exercise this right pursuant to Article 348 of the Turkish Commercial Code and Article 11 of the Capital Markets Law. In 2009, shareholders made no requests for the appointment of special auditors.

#### **4. Information on Annual Shareholders' Meetings**

The most recent Annual Shareholders' Meeting was held on April 3, 2009. Shareholders attended this meeting with an 88,02% 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 by announcements that included the date and agenda of the meeting published in the Turkish Trade Registry Gazette dated March 18, 2009 and Vatan and Referans newspapers dated March 18, 2009.

At the Ordinary Annual Shareholders' Meeting, regular articles were discussed

and approved in addition to the adoption of registered capital system, discussion on the principles of the Central Registry Agency in relation to dematerialisation, the transition process from YTL to TL and approval of related article amendments.

Also, dividend distribution policy for 2009 and beyond and disclosure policy of the Bank as required by Corporate Governance Principles, both set by the Board of Directors, were presented at the Annual Shareholders' Meeting. The General Assembly was also informed about the possible changes to the Bank's Disclosure Policy by the Board of Directors in order to comply with Capital Markets regulations.

Shareholders were informed through the Istanbul Stock Exchange and the media to facilitate their participation in the Shareholders' Meeting. The Annual Report containing the date and the agenda of the shareholders' meeting, balance sheet, income statement and auditor reports were made available for the examination of shareholders 15 days prior to the date of the meeting at the Bank's Head Office, İzmir and Ankara Kızılay branches, as well as on the Bank's website.

#### **5. Voting Rights and Minority Rights**

Yapı Kredi has no privileged shares. Minority shares are not represented in the 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**

Since its foundation, the right to receive dividends, an inseparable part of shareholding, has always been granted utmost importance at Yapı Kredi.

Principles with regard to Yapı Kredi's dividend distribution are set out in detail in Article 78 of the Articles of Association of the Bank. In this respect, the Annual Shareholders' Meeting takes into consideration the growth of the Bank toward its targets within the sector 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. The Annual Shareholders' Meeting may make 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.

It is resolved that TL 67.738.833,93 should be reserved as the primary reserve from TL 1.354.776.678,61 (the unconsolidated net profit for the accounting period) and the TL 1.268.884.314,32 that remains after the reservation of TL 18.153.530,36 (75% of the profit from the sales of real properties and share stocks on the basis of Clause 5.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 2009 dividend distribution table on page 182 that was submitted at the Annual Shareholders' Meeting for approval.

## 7. Transfer of Shares

There are no provisions in Yapı Kredi's Articles of Association that restricts transfer of shares.

## 8. Company Disclosure Policy

Yapı Kredi's disclosure policy was prepared in 2008 with the objective of pursuing an effective communications policy and in accordance with Banking Regulation and Supervision Agency, Capital Markets Board and Istanbul Stock Exchange regulations. The Bank's Disclosure Policy, which is posted on the Bank's website, was presented at the 2008 Annual Shareholders' Meeting.

The updated Disclosure Policy which will be presented to shareholders at the 2009 Annual Shareholders' Meeting can be found on the Bank's website.

Yapı Kredi undertakes all actions of public disclosure and provision of information to shareholders under the supervision of its Compliance Office. The Bank's Disclosure Policy covers all information about banking activities known to the members of the Board of Directors, management team and other employees of Yapı Kredi, as well as all information, documents, electronic records and data of the Bank, that are not bank or trade secrets and whose disclosure is legal. With its Disclosure Policy, Yapı Kredi aims to present information on the Bank's past performance, future plans, expectations and developments about its strategy, objective and vision to the public, shareholders, investors and stakeholders in an accurate, comprehensible, equitable, transparent and complete manner that assists the decision making process of the beneficiaries of the disclosure.

By the authorisation of the Board of Directors, Executive Vice President M. Erkan Özdemir and Head of the Subsidiaries and Shareholders unit Erdiñç Tetik were identified as authorised signatories and responsible for public information

disclosures. These officers were also charged with overseeing and monitoring all issues related to public disclosures. The Investor Relations and Strategic Planning unit, directed by Hale Tunaboylu, strives to disclose detailed financial analysis of the Bank and the sector, recent development and expectations, as well as information on strategy, competitive environment and market expectations in a clear, equitable, transparent, consistent, complete and timely manner through proactive, periodic and comprehensive meetings with investors and bank analysts as well as presentations and announcements posted on the Bank's website.

## 9. Disclosures

During the year, 60 official disclosures were made in accordance with Capital Markets Board regulations. No additional disclosures were requested by the Capital Markets Board or the Istanbul Stock Exchange in response to these disclosures.

Important disclosures that have the potential to impact the share price and important developments pertaining to Yapı Kredi were translated into English, posted on the Bank's English investor relations website (11 posts) and e-mailed to foreign institutional investors and bank analysts throughout the year.

## 10. Company Website and Its Contents

Information relevant to this section was presented in "Section 3. Exercise of Shareholders' Right to Obtain Information" of this report.

## 11. Disclosure of Real Persons Holding Ultimate Controlling Shares

81,8% of Yapı Kredi's total capital of TL 4.347.051.284 is owned by Koç Financial Services, which is an equal share (50%-50%) joint venture between Koç Group and UniCredit Group. With this share, Koç Financial Services is the majority shareholder.

## 12. Disclosure of Persons with Access to Insider Information

Members of Yapı Kredi's management and audit functions and people having regular access to the Bank's insider information directly or indirectly and having responsibility of making managerial decisions effecting Yapı Kredi's future developments and commercial objectives are included in the list of persons with managerial responsibility.

The list of persons with managerial responsibility at Yapı Kredi can be found on the following table.

The list of people with access to insider information at Yapı Kredi is created and kept in accordance with the regulation.

## 13. Informing Stakeholders

Yapı Kredi employees are duly informed about the activities of the Bank through the use of intra-bank communication systems by the CEO and Executive Vice Presidents. In addition, Head Office and branch managers are informed regularly 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 within the Bank. The subjects on which these functions need to make decisions are initially evaluated by the relevant management and then submitted for the approval of the related decision-making body.

**List of Persons with Managerial Responsibility at Yapı Kredi**

| <b>Name and Surname</b>   | <b>Title</b>  |
|---------------------------|---|
| Tayfun Bayazıt            | Chairman of the Board of Directors  |
| Federico Ghizzoni         | Vice-Chairman of the Board of Directors   |
| Faik Açıklalın            | Chief Executive Officer (CEO)   |
| Alessandro Maria Decio    | Executive Director and Deputy CEO   |
| Fatma Füsün Akkal Bozok   | Member of the Board of Directors  |
| Ahmet Fadıl Ashaboğlu     | Member of the Board of Directors  |
| Stephan Winkelmeier       | Member of the Board of Directors  |
| Osman Turgay Durak        | Member of the Board of Directors  |
| Vittorio G. M. Ogliengo   | Member of the Board of Directors  |
| Carlo Vivaldi             | Member of the Board of Directors  |
| Mehmet Güray Alpkaya      | Executive Vice President (Corporate and Commercial Sales Management)            |
| Marco Cravario            | Executive Vice President (CFO-Financial Planning and Administration Management) |
| Yakup Doğan               | Executive Vice President (Alternative Delivery Channels Management)             |
| Mehmet Murat Ermert       | Executive Vice President (Corporate Communications Management)                  |
| Massimiliano Fossati      | Executive Vice President (Risk Management)                                      |
| Mert Güvenen              | Executive Vice President (Corporate and Commercial Banking Management)          |
| Süleyman Cihangir Kavuncu | Executive Vice President (Human Resources Management)                           |
| Erhan Özçelik             | Executive Vice President (Private Banking and Wealth Management)                |
| Mehmet Erkan Özdemir      | Executive Vice President (Compliance Officer)                                   |
| Muzaffer Öztürk           | Executive Vice President (Retail Banking Sales Management)                      |
| Stefano Perazzini         | Executive Vice President (Internal Audit)                                       |
| Yüksel Rizeli             | Executive Vice President (Information Technologies and Operations Management)   |
| Luca Rubaga               | Executive Vice President (Organisation and Logistics Management)                |
| Cemal Aybars Sanal        | Executive Vice President (Legal Affairs Management)                             |
| Zeynep Nazan Somer        | Executive Vice President (Retail Banking Management)                            |
| Feza Tan                  | Executive Vice President (Corporate and Commercial Credits Management)          |
| Selim Hakkı Tezel         | Executive Vice President (Retail Credits Management)                            |
| Mert Yazıcıoğlu           | Executive Vice President (Treasury Management)                                  |
| Cahit Erdoğan             | Head of Information Technologies (CIO)  |
| Adil G. Öztoprak          | Statutory Auditor   |
| Abdullah Geçer            | Statutory Auditor   |

### 15. Human Resources Policy

All human resources policies and practices at Yapı Kredi are shared with all employees.

Aware that human resources are the most important element for Yapı Kredi to perform and improve its activities in the best possible way, the Bank's human resources policies and practices are based on the following principles:

- Recruiting and appointing employees with qualifications suitable for the job,
- Creating a work environment where all Yapı Kredi employees can utilise and improve their skills and capabilities,
- Creating and providing in-house and external training opportunities for Yapı Kredi employees within the framework of career management in order to develop them professionally, increase their accomplishments and prepare them for higher positions,
- Laying the foundation for the creation and expression of new ideas and to find solutions to problems in an environment of mutual respect, trust, understanding and effective communication,
- Developing and implementing systems that encourage and reward success,
- Monitoring the values of the Bank, ensuring that these values are embraced by all employees and taking necessary measures to improve processes,
- Ensuring that equal opportunities are offered without any exceptions in all of the above practices.

Performance, motivation and determination are the basic requirements for promotion at Yapı Kredi. The Bank implements an open, objective and participatory performance evaluation system coupled with a training system which considers training not as a cost but as an investment.

It is only possible for businesses to advance consistently if all employees act in line with the same principles and values. Yapı Kredi created the Code of Ethics and Working

Principles to direct its employees in the right direction.

In addition to the Human Resources Personnel Directive, Yapı Kredi employees can always reach human resources teams via e-mail, phone or face-to-face meetings in areas of recruitment, personal rights, social rights, retirement, promotions, training, orientation, performance evaluation, health, vacation, career planning and private issues. Yapı Kredi employees that are members of trade unions have the right to elect representatives at their branches or departments.

### 16. Customer and Supplier Relations

For Yapı Kredi, customer satisfaction is an indispensable part of sustainable growth and profitability and the Bank continuously strives to improve this ideal. Customer satisfaction, expectations and service quality are measured in great detail at the Bank, customer segments, branch levels and results are analysed and necessary improvements are made to increase service quality and customer satisfaction at Bank and branch level. In addition, to ensure that service and basic customer relationships provided at all Yapı Kredi branches and via the call center meet a certain standard, training programmes are implemented and performance is monitored via mystery customer surveys throughout the year. Customer complaints are perceived by Yapı Kredi management as an opportunity provided by the customers for the Bank to improve itself. Complaints received are registered in the system, examined carefully and resolved. The customer is contacted with the resolution and the Bank takes the necessary measures to prevent a repetition of this complaint. Number and subjects of the complaints are monitored closely and they are used as inputs in improving the Bank's processes, products and systems. Furthermore, with the periodically conducted reputation survey, the Bank's reputation among various institutions as

well as Yapı Kredi customers and suppliers is monitored.

### 17. Social Responsibility

Fostering the corporate citizenship concept, Yapı Kredi continues to make investments in social responsibility projects that add value to the Bank's clients and to contribute toward social development.

The "Infinite Blue" project launched collectively with the Turkish Marine Environment Protection Association (TURMEPA) in 2006 under the sponsorship of the Ministry of National Education is continuing successfully. In 2009, "Infinite Blue" awareness building training was delivered to 3.670.000 school children at 7.358 schools nationwide Turkey. The project will be ongoing until April 2011.

The initial three year term planned for the I Read I Play project, another programme launched in 2006 jointly with Educational Volunteers Foundation of Turkey (TEGV), ended as of the end of 2009. I Read I Play is a programme prepared for children in the seven to eleven age group consisting of 8 different stories in various difficulty levels and workshops aimed at understanding stories, to enhance reading skills through comprehension exercises carried out in specially designed reading rooms. This programme was prepared considering creative reading techniques as well as general and specific objectives of Ministry of Education's (MEB) Turkish teaching package. At the beginning of the project, the objective was to reach 49.504 children/events until 2010 at 11 Education Parks and 55 Learning Units of TEGV around Turkey. As of November 2009, the initial target set was surpassed and the actual figures hit 58.277 children/events. Considering the successful results obtained and the interest of the recipients, the project was extended for three more years until 2012.

**Board of Directors<sup>(1)</sup>**

|                         |   |
|-------------------------|---|
| Tayfun Bayazıt          | Chairman of the Board of Directors      |
| Federico Ghizzoni       | Vice Chairman of the Board of Directors |
| Faik Açıklalın          | Chief Executive Officer                 |
| Alessandro M. Decio     | Executive Director and Deputy CEO       |
| Fatma Füsün Akkal Bozok | Member of the Board of Directors        |
| Ahmet F. Ashaboğlu      | Member of the Board of Directors        |
| Stephan Winkelmeier     | Member of the Board of Directors        |
| O. Turgay Durak         | Member of the Board of Directors        |
| Vittorio G. M. Ogliengo | Member of the Board of Directors        |
| Carlo Vivaldi           | Member of the Board of Directors        |

(1) At the Ordinary Shareholders Meeting of the Bank held on April 3, 2009, a new Board of Directors was elected and Ali Tarık Uzun and O. Turgay Durak assumed the Director role newly in the Board. Based on the decision of the Board of Directors dated April 6, 2009, Tayfun Bayazıt, who resigned his position as General Manager as of 06.04.2009, was elected as Chairman. Based on the decision of the Board of Directors dated April 27, 2009, Faik Açıklalın was appointed as Executive Director to replace Ali Tarık Uzun whose Board membership has ended. Faik Açıklalın was also appointed as the General Manager of Yapı ve Kredi Bankası A.Ş. as of 11 May 2009. Based on the decision of the Board of Directors dated May 15, 2009, Vittorio G. M. Ogliengo and Carlo Vivaldi were appointed as Director to replace Ranieri de Marchis and Herbert Hangel whose Board memberships have ended.

Within the Vocational High Schools: the Crucial Matter for the Nation Project pioneered by Koç Holding to promote vocational education, the number of Yapı Kredi employees assuming a coaching role for Vocational High Schools reached 78 in the 2009-2010 season.

In 2009, Yapı Kredi continued to sponsor the Çatalhöyük Excavation as a part of its commitment to support Art and Culture projects.

In 2009, Yapı Kredi established Yapı Kredi Volunteers Platform with the motto A Social Responsibility Project for Each Management Unit.

**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 of the Bank is composed of a minimum of seven and a maximum of ten individuals. The members are elected by the General Assembly for a term of office of maximum three years and to serve until the election of their successors. 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 in their posts 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 to

serve on the Board of Directors. 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 should fulfil the educational requirements stipulated in the legislation and legal arrangements in force. The appointed Board members are expected to possess the qualifications stipulated in the Banking Law. The official documentation proving these qualifications are presented to the Banking Regulation and Supervision Agency (BRSA) within seven business days following the appointment. 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 and Strategic Objectives of the Company

Yapı Kredi's mission: As a fully integrated banking and financial services group, Yapı Kredi aims to ensure long-term sustainable growth and value creation for all stakeholders, and to become the first choice of customers and employees.

Yapı Kredi's strategy is focused on: Superior and long-lasting customer satisfaction through:

- innovative services and products to address changing customer needs, also leveraging on a segment-based business model
- continuous investments in technology and delivery channels
- employee engagement and satisfaction

Healthy and consistent growth based on:

- outstanding performance of core banking activities driven by leadership in the higher return on capital and growth segments
- continuous focus on expanding market presence through network development and investment for growth, aimed at sustaining long-term performance

Strong and sustainable profitability driven by:

- continuous enhancement of productivity and commercial effectiveness
- strong emphasis on efficiency and cost management
- outstanding risk management

Yapı Kredi aims to achieve the above mentioned strategic objectives through the implementation of the segment specific guidelines listed below:

Strong focus on retail banking through:

- reinforced leadership in credit cards with strong focus on business performance and credit risk management, coupled with enhancement of synergies via better integration of credit cards with other retail segments

- growth in SME banking on the back of underpenetrated SME market and via deepening customer relationships through diverse bundled products and an integrated relationship management approach
- strengthened presence in individual banking via significantly deepening customer relationships and increasing product usage

Selective growth in corporate and commercial banking through:

- sustainable business performance on the back of increased share of business from the existing customer base while taking into account return on capital

Continued leadership in private banking via:

- further growth of market presence, leveraging on brand recognition and better synergies with the product factories, via reinforced focus on new customer acquisition and further development of the existing customer base

## 21. Risk Management Mechanism

The 2009 credit policy directive reflecting the Bank's approach to risk taking has been updated, approved by the Board of Directors and became operational. The credit policy directive currently in effect includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve the asset quality, as well as supporting effective risk management and complying with legal practices.

The main policies to be pursued throughout 2010 in the credit risk management area will continue to focus on properly assessing potential risk and calculating the cost of risk for each customer segment in compliance with Basel II principles.

The main strategies to be followed throughout 2010 are:

- Effective implementation of the credit policy directive to reinforce common risk management approach throughout the Bank
- Diversification of loan portfolio toward less risky sectors
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits
- Focus on maintaining customers with good credit ratings
- Avoidance of transactions bearing high credit risk and reputational risk
- Measurement of cost of risk by business segments while applying generic provisioning in line with cost of risk
- Preventive actions against new defaults in individual and SME loans
- Re-design of underwriting and monitoring processes
- Focus on collection of non-performing loans
- Revision and redevelopment of scoring models in commercial and individual segments

The Bank is exposed to market risk as a result of the volatility of interest rates, foreign exchange rates and equity prices. Market risk is defined as the impact of fluctuations in market prices on the Bank's income and/or assets. Market risk is measured with an in-house value at risk model using a 99% confidence interval and historical simulation covering 500 days historical data. Market risk limits are set in terms of compliance with risk limits based on interest rate sensitivity, securities sub portfolio and foreign exchange position. The risk limit compliance is performed on a daily basis using internal models. In addition,

basis point sensitivity analysis is performed on the overall bank balance sheet for each currency using the market risk internal model and results are reported daily to the senior management and related units. In the market risk policies, which are revised every year in light of the budget and expectations, risk to which the Bank is exposed is defined in detail and risk limits are specified. Risk limits are defined as maximum position, stop loss, value at risk and liquidity risk limits.

The Bank is keeping security trading activities at a minimum to reduce fluctuations in revenue. For this purpose, 82% of the securities portfolio of the consolidated balance sheet is composed of held-to-maturity securities (this ratio is 85% at bank level), foreign exchange position is kept at a minimum level and derivative instruments are utilised for hedging purposes for the most part. In 2009, the average daily value at risk for the trading portfolio was 1,04 million Euro with a maximum and minimum usage of 102% and 4,5% respectively and carried an average nominal position of approximately 136,5 million Euro. Average risk appetite for the held-to-maturity portfolio was 1,2%.

General operational risk limits are defined in operational risk directive, whereas main principles are stipulated in the operational risk framework document. Operational risk directive and the framework document are reviewed every year in light of changing risk and conditions. Risk management policy breaches, changes in risk and limit breaches in operational risk are reported to the Bank management and Executive Committee periodically.

Periodic reporting of risk management and internal control activities is made to the audit committee.

## **22. Authorities and Responsibilities of Members of the Board of Directors and Executives**

The authorities and responsibilities of the members of the Board of Directors and executives are stipulated in the relevant articles of the Articles of Association of Yapı Kredi. These authorities and responsibilities are determined in line with the laws and regulations concerned. Members of the Board of Directors and executives of the Bank are responsible for the discharge of the duties allocated to them by these laws and regulations within the scope of their authority. They are all held liable under the laws, regulations and provisions of the Articles of Association for the attention and prudence they exhibit during the execution of bank affairs.

## **23. Operating Principles of the Board of Directors**

The Board of Directors has absolute authority with regards to the affairs and the management of all property assets of the Bank as well as the execution and the enforcement of any agreements and transactions for incorporation purposes. The Board of Directors convenes upon the invitation of the Chairman within the frequencies as the operations of the Bank necessitate. The Board of Directors of Yapı ve Kredi Bankası A.Ş., which holds more than 10 (ten) meetings ever year, convenes at the Bank's Head Office subject to the meeting quorum of at least one more than half of the total number of members. The preparatory process (convocation formalities, procurement of documents, submission of resolutions to the members for signing, collection of signatures, keeping the minute book and etc.) of the meetings of the Board of Directors of Yapı ve Kredi Bankası A.Ş., which are effectively

held throughout each year by the actual attendance and active participation of the members, the agenda of the meetings and the matters to be discussed and the actions to be taken subsequently are carried out and taken by the Board's secretary and the secretariat department of the Board on behalf of the Chairman of the Board. In that regard, the convocations are communicated to all members and legal auditors on behalf of the Chairman of the Board at least ten days before the scheduled date of the meeting, following which the matters to be discussed by the Board of Directors at the meeting as well as the matters requested by the members and/or the Bank's Management to be submitted to the consideration of the Board are collected with the supportive documentary related thereto in coordination with all concerned units of the Bank, are then reviewed in accordance with the Articles of Association of the Bank as well as the currently applicable laws and regulations jointly with the Board's secretary, who is elected from outside pursuant to the provisions of paragraph 2 of Article 34 of the Articles of Association of the Bank, are submitted to the Bank's relevant departments for their consideration where necessary whereupon the meeting agenda is drawn up and submitted on behalf of the Bank's Management to the Chairman, and are sent to all members and legal auditors in advance of the meeting upon the Chairman's approval. The members of the Board, who are furnished with the items of the agenda and supportive documents related thereto beforehand, actively participate to the discussions held during the meetings and hence, each matter in the agenda is thoroughly discussed and resolved accordingly. The draft resolutions prepared with respect to the agenda items are finalised according to the discussions

of the Board and submitted by the Board's secretary for signing. The Board's secretary also enters the discussions into the general minutes of the meeting and submits such minutes to the members for signing. The adoption of resolutions requires the votes in favor of the absolute majority of the members of the Board. During the signing of the minutes by the attendees, the members who vote against an adopted resolution, should state and undersign the reasons for opposition thereof.

#### **24. Non-compete and Non-transaction Rules**

At the Annual Shareholders' Meeting held on April 3, 2009, the right to conduct transactions was granted to the members of the Board of Directors according to articles 334 and 335 of the Turkish Commercial Code.

#### **25. Code of Ethics**

Ethics are moral principles governing behaviour, in which values, norms and rules constitute the basis for individual and social relationships. Professional ethics regulate the relations between individuals within a professional group and the community, whereas organisational ethics define the

code of conduct in an organisation. In this context, the Bank's Code of Ethics is part of Yapı Kredi's Personnel Policies, Principles and Regulations.

Information on the Bank's Code of Ethics is available on the Bank's website. An inseparable part of the Bank's Personnel Policies, Principles and Regulations, these rules are accepted by the Bank's employees with all their details.

#### **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 and/or the evaluation of proposals to be submitted for the approval of Bank's related functions as well as making decisions in their own areas of responsibility in accordance with the authorities delegated to them by the Board of Directors. Committees convene as required by the Bank's business and transactions and within the framework of provisions of Law, the Articles of Association and the relevant resolutions of the Board of Directors. The committees are responsible

for acting in compliance with the principles and methods determined by the Banking Law, related regulations and the Board of Directors and carry out their functions in accordance with the framework of corporate governance principles. Information on Committees can be found on the tables below.

#### **27. Remuneration of the Board of Directors**

Members of the Board of Directors receive attendance fees determined every year at the Annual Shareholders' Meeting. In addition, they are given the right to receive dividend reserved in accordance with Article 78 of the Bank's Articles of Association.

#### **Members of the Audit Committee:**

##### **Chairman:**

|                                  |   |
|----------------------------------|---|
| Federico Ghizzoni <sup>(1)</sup> | Vice Chairman of the Board of Directors |
|----------------------------------|---|

##### **Members:**

|  |                                  |
|--|----------------------------------|
| Vittorio G. M. Ogliengo <sup>(1)</sup> | Member of the Board of Directors |
|--|----------------------------------|

|                                     |                                  |
|-------------------------------------|----------------------------------|
| F. Füsün Akkal Bozok <sup>(2)</sup> | Member of the Board of Directors |
|-------------------------------------|----------------------------------|

(1) Based on the decision of the Board of Directors dated May 15, 2009, Vittorio G. M. Ogliengo was elected as Chairman of the Audit Committee to replace Ranieri de Marchis whose Board membership has ended and Stephan Winkelmeier was elected as Member of the Audit Committee to replace Herbert Hangel whose Board membership has ended. At the Board of Directors meeting dated July 1, 2009, it was resolved that Vittorio G. M. Ogliengo, Chairman of the Audit Committee, was to continue to serve in the Committee as Member and Stephan Winkelmeier, Member of the Audit Committee, was replaced by Federico Ghizzoni and Federico Ghizzoni was elected as Chairman of the Audit Committee.

(2) At the Board of Directors meeting dated January 28, 2009, Fatma Füsün Akkal Bozok was appointed as Member of the Audit Committee member to replace Ahmet Ashaboğlu.

**Members of the Executive Committee:****Chairman:**

|                               |                         |
|-------------------------------|-------------------------|
| Faik Açıklalın <sup>(1)</sup> | Chief Executive Officer |
|-------------------------------|-------------------------|

**Vice Chairman:**

|                     |                                   |
|---------------------|-----------------------------------|
| Alessandro M. Decio | Executive Director and Deputy CEO |
|---------------------|-----------------------------------|

**Members:**

|                      |  |
|----------------------|--|
| Massimiliano Fossati | Executive Vice President - Risk Management |
|----------------------|--|

|                |   |
|----------------|---|
| Marco Cravario | Executive Vice President - CFO - Financial Planning and Administration Management |
|----------------|---|

|              |  |
|--------------|--|
| Mert Güvenen | Executive Vice President - Corporate and Commercial Banking Management |
|--------------|--|

|             |  |
|-------------|--|
| Nazan Somer | Executive Vice President - Retail Banking Management |
|-------------|--|

|               |  |
|---------------|--|
| Erhan Özçelik | Executive Vice President - Retail Banking Management |
|---------------|--|

|                  |   |
|------------------|---|
| Cihangir Kavuncu | Executive Vice President - Human Resources Management |
|------------------|---|

|                              |  |
|------------------------------|--|
| Yüksel Rizeli <sup>(2)</sup> | Executive Vice President - Information Technologies and Operation Management |
|------------------------------|--|

(1) Based on the decision of the Board of Directors dated April 27, 2009, Faik Açıklalın was appointed as Chairman of the Executive Committee

(2) Based on the decision of the Board of Directors dated November 3, 2009, Yüksel Rizeli was appointed as Member of the Executive Committee

**Members of the Credit Committee:****Chairman:**

|                               |                         |
|-------------------------------|-------------------------|
| Faik Açıklalın <sup>(1)</sup> | Chief Executive Officer |
|-------------------------------|-------------------------|

**Principal Members:**

|                                    |                                   |
|------------------------------------|-----------------------------------|
| Alessandro M. Decio <sup>(1)</sup> | Executive Director and Deputy CEO |
|------------------------------------|-----------------------------------|

|                   |   |
|-------------------|---|
| Federico Ghizzoni | Vice Chairman of the Board of Directors |
|-------------------|---|

|                      |                                  |
|----------------------|----------------------------------|
| F. Füsün Akkal Bozok | Member of the Board of Directors |
|----------------------|----------------------------------|

|                     |                                  |
|---------------------|----------------------------------|
| Stephan Winkelmeier | Member of the Board of Directors |
|---------------------|----------------------------------|

**Alternate Members:**

|  |                                  |
|--|----------------------------------|
| Vittorio G. M. Ogliengo <sup>(2)</sup> | Member of the Board of Directors |
|--|----------------------------------|

|                              |                                  |
|------------------------------|----------------------------------|
| Carlo Vivaldi <sup>(2)</sup> | Member of the Board of Directors |
|------------------------------|----------------------------------|

(1) Based on the decision of the Board of Directors dated March 6, 2009, as a reflection of the organisational changes that took place on January 30, 2009 and the new responsibilities assigned to the CEO and Deputy CEO, the CEO of the Bank was appointed as Chairman of the Credit Committee and Deputy CEO was appointed as a Member of the Credit Committee. Based on the decision of the Board of Directors dated April 27, 2009, Faik Açıklalın was appointed as Chairman of the Credit Committee.

(2) Based on the decision of the Board of Directors dated April 6, 2009, Ali Tarık Uzun was elected as Alternate Member of the Credit Committee to replace Aykut Ümit Taftalı whose Board membership has ended. Based on the decision of the Board of Directors dated May 15, 2009, Vittorio G. M. Ogliengo and Carlo Vivaldi were appointed as Alternate Members of the Credit Committee to replace Ali Tarık Uzun and Ranieri de Marchis whose Board memberships have ended.





**PART III**  
**UNCONSOLIDATED FINANCIAL**  
**INFORMATION AND RISK**  
**MANAGEMENT ASSESSMENT**

# STATUTORY AUDITORS' REPORT

## To the Annual General Meeting of Yapı ve Kredi Bankası A.Ş.,

- Title of the Company : Yapı ve Kredi Bankası A.Ş.
- Headquarters : Yapı Kredi Plaza D Blok Levent-Istanbul
- Capital : TL 4.347.051.284,00
- Sector : Banking

- |   | <b>Name-Surname</b> | <b>Term of Office</b> |
|---|---------------------|-----------------------|
| ■ Auditors' names, their terms of office and partnership status | : Abdullah Geçer    | 01.01.2009-31.12.2009 |
|   | : Adil G. Öztoprak  | 01.01.2009-31.12.2009 |

**Status of Association:** Abdullah Geçer and Adil G. Öztoprak are not shareholders or employees of the Bank.

- Number of Board of Directors meetings attended and Board of Auditors meetings held : The Auditors have attended all the meetings held by the Board of Directors during the course of the year, and the Audit Board has convened for nine times in the mean time.
- Scope, duration and results of the auditing undertaken on the Company's accounts, ledgers and documents : The bank's accounts, books and documents have been reviewed for five times by various intervals, as a consequence of which any irregularities have not been detected, and it has been established that the Bank's balance sheet and income statement have been drawn up in accordance with the applicable principles and procedures.
- Reported complaints and frauds, including any action taken : No denouncements and/or complaints have been reported to the Audit Board throughout the accounting year.

We have reviewed and audited the accounts held and the transactions performed by Yapı ve Kredi Bankası A.Ş. throughout the accounting year between 01.01.2009 and 31.12.2009 with respect to and under the Turkish Code of Commerce, the Banking Law, the Articles of Association of the concerned as well as other relevant legislations and the generally accepted accounting principles and standards.

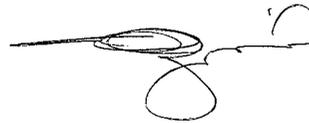
In that regards, we believe that the attached balance sheet drawn up as of 31.12.2009, with the contents of which we agree, truly and accurately reflects the financial status of the company by the said date; and the income statement for the accounting year between 01.01.2009 and 31.12.2009 truly and accurately reflects the operating results for the said year; and that the proposal regarding the distribution of profits is in compliance with the applicable laws and the company's Articles of Association.

We, therefore, hereby submit the approval of the balance sheet and the income statement and the acquittal of the Board of Directors to your voting discretion.

01.03.2010



**Auditor**  
Abdullah Geçer



**Auditor**  
Adil G. Öztoprak

## AUDIT COMMITTEE'S ASSESSMENT ON INTERNAL AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The vision of Yapı Kredi's internal audit department is to be considered a world class internal audit function able to satisfy expectations coming from various stakeholders and counterparties such as the audit committee, Board of Directors, supervisory bodies, external auditors, etc. To this end, the internal audit department conforms with international audit standards set by the Quality Assessment Review of Deloitte in 2007.

The Internal Audit Department continued to undertake projects in 2009 in order to maintain effectiveness and efficiency of audits. As of beginning of 2009, Central Audit Section (CAS) was established in Network Audit Unit as a result of the effort of centralisation realised by the F-10 project in 2008. As of end of 2009, the Internal Audit Department adopted a New Audit Model for branches, with the goal of optimising the average permanence in branch to 5 days. Increased effectiveness in risk-based audit and reinforced remote/full centralised audit have been identified as the pillars of the project. With the project, a significant cost saving is also expected. In addition, a new credit sampling method, which allows focusing on more risky customers during audit reviews, was implemented. Also operational sample started being prepared centrally.

With 121 experienced employees, the internal audit department is responsible for performing audits of the Bank and its subsidiaries to ensure compliance with internal regulations and procedures, local laws and international standards. In addition, the internal audit department

is also responsible for evaluating the effectiveness and adequacy of management procedures and business processes from a risk-oriented perspective. Internal audit works with four different audit approaches: regular audit, process audit, investigations and follow-up audit. Audit reports containing risk identified as a result of the audit are submitted to the senior management.

Regular audits and the majority of the process audits to be performed each year are scheduled based on an annual audit plan. For the annual audit plan preparation, business units risk assessment meetings are organised with the senior management every year in order to determine the risk priorities of each business unit. Furthermore, the annual audit plan includes periodic follow-up activities to check whether effective and corrective actions regarding risk identified have been taken by related departments. This plan is submitted to the Board of Directors and shareholders for approval via the audit committee. The internal audit department and the internal control group submit reports to the Board of Directors, via the audit committee, at least four times a year.

In 2008, the internal audit department exceeded its targets by auditing 622 branches versus its annual goal of 600. Moreover, the internal audit department performed 74 regular/process/follow-up Head Office department audits and 140 regular/process/follow-up/agency subsidiary audits, thus completing all planned audits. In addition, 75 unplanned audits and follow-up audits as well as 83 investigations/inquiries were performed.

Internal control activities are carried out by the internal control group, which directly reports to the Board of Directors of the Bank. In 2008, the main control areas titled treasury, credits, credit cards, accounting, financial reporting, payments and expenses, branches and operations have been controlled by checking compliance with the Banking Law, legal requirements stipulated in other banking laws and regulations, bank policies and implementation methods. At the same time, the fraud prevention & anti-money laundering department continued to make significant contributions through its automated tools and periodic controls aimed at preventing money laundering and frauds.

The internal control group consists of 26 employees including the head of the group. Within the specified main control areas and work schedule, the group performs daily, weekly, monthly and quarterly controls, on-site or remotely. Findings of these controls are reported to the related executives and personnel on a timely basis so as to fix the problems with the necessary measures. In order to prevent money laundering and fight fraud effectively, the most advanced systems are deployed. In 2008, the internal control group conducted branch visits and began on-site controls. In this period, 42 branch visits were made and the findings done centrally, documents were checked in branches. Pursuant to BRSA regulations, on-site controls through branch visits will continue in 2009.

In 2009, the impact of the crisis has remained minimal, thanks to the immateriality of trading positions. Risk limits, set in accordance with the risk tolerance of the Bank, were monitored on a daily basis and it was ensured that necessary actions were taken by the asset and liability committee. The short-term liquidity position is monitored daily to keep within the limits whereas structural liquidity is monitored on a monthly basis. Liquidity risk is measured and reported timely, so as to allow related units to take precautionary measures. Internal liquidity risk policies established the necessary framework for liquidity management while ensuring that the balance between profitability and liquidity is maintained and liabilities can be met. Additionally, the Bank implemented a new programme that is Basel II-compliant and that can perform dynamic analyses for more effective management of structural interest rate risk that arises naturally as a result of banking operations.

Yapı Kredi's goal is to implement advanced measurement approaches of Basel II and related measurement systems in operational risk management. As part of the Basel II operational risk project, the Bank has been collecting data on internal operational risk since 2004. Data on internal losses are being collected from various departments and branches using web-based systems. Scenario analysis studies for measuring and managing the impacts of unrealised potential operational risk have been performed since 2008. Key risk indicator analyses have been performed to monitor current and potential operational risk

exposure of the Bank since 2007. A dedicated database was established for monitoring the trends of more than 500 key risk indicators. Moreover, a risk-based insurance management approach was used to minimise main operational risk that the Bank is exposed to. Additionally, potential risk evaluations were made before launching new products and services and the findings were shared with related departments so that necessary measures could be taken. Loss Prevention Programme, aiming at decreasing Internet frauds, has been finalised in 2009. Besides, both for IT and Logistics side, the Business Continuity Management (BCM) activities and investments were accomplished and necessary tests were performed. The business continuity management plans including pandemic management plan were approved by the Board of Directors.

The credit policy directive reflecting the Bank's approach to risk taking has been updated and approved by the Board of Directors and became operational in 2009. The credit policy directive includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve and preserve the asset quality, as well as supporting effective risk management and complying with legal practices.

A variety of projects were conducted in 2009 to improve and develop credit risk management models, technology, data and processes. Enhancements and further developments were made in existing lending, monitoring and work-out tools and processes so as to improve the asset quality of the Bank's loans in all segments. The credit data mart and the scope of the

aforementioned credit risk management systems were expanded as part of Basel II compliance efforts. A new set of PD rating models and a new underwriting process were designed and implemented for the SME segment. For Corporate segment, a new underwriting tool managing workflow, inquiries and screens was deployed and a set of new rating models were developed. For all segments, a new system tracking delays in payments was developed and integrated with other systems and processes. Processes and systems for recording the recoveries from defaulted clients have been enhanced so as to improve the data quality. EAD and LGD systems aimed at the collection of data were developed in Data Warehouse and put in production.

Projects continued in 2009 to achieve compliance both with the standards of the Group and with advanced Basel II methods. In 2010, efforts will carry on as per the Bank's Basel II roadmap to develop methods based on internal ratings. Furthermore, throughout 2009 the Bank's senior management was kept informed about all developments taking place in the area of credit risk management through regular monthly and quarterly reports.



**Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.**  
a member of  
**PricewaterhouseCoopers**  
BJK Plaza, Süleyman Seba Caddesi  
No:48 B Blok Kat 9 Akaretler  
Beşiktaş 34357 İstanbul-Turkey  
[www.pwc.com/tr](http://www.pwc.com/tr)  
Telephone +90 (212) 326 6060  
Facsimile +90 (212) 326 6050

**CONVENIENCE TRANSLATION OF  
THE INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

**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") at 31 December 2009 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Disclosure for the responsibility of the Bank's Board of Directors:**

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

**Disclosure for the Responsibility of the Authorized Audit Firm:**

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

**Independent Auditors' 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 of 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

**Additional Paragraph for Convenience Translation:**

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
**PricewaterhouseCoopers**

**Zeynep Uras, SMMM**  
Partner

Istanbul, 2 March 2010

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

## THE UNCONSOLIDATED FINANCIAL REPORT OF YAPI VE KREDİ BANKASI A.Ş. AS OF 31 DECEMBER 2009

Yapı ve Kredi Bankası A.Ş.

Head Quarters

Yapı Kredi Plaza D Blok

Levent 34330 İstanbul

Tel: (0212) 339 70 00

Fax: (0212) 339 60 00

www.yapikredi.com.tr

E-mail: financialreports@yapikredi.com.tr

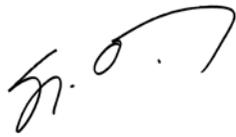
The unconsolidated financial report includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **Section one** - GENERAL INFORMATION ABOUT THE BANK
- **Section two** - UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **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 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 and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.



**Tayfun BAYAZIT**  
Chairman of the  
Board of Directors



**H. Faik AÇIKALIN**  
Chief Executive Officer



**Marco CRAVARIO**  
Chief Financial Officer



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



**Federico GHIZZONI**  
President of Audit Committee



**Vittorio G. M. OGLIENGO**  
Member of Audit Committee



**Füsün Akkal BOZOK**  
Member of Audit Committee

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

**Name-Surname/Title:** Aysel Gürsoy/Regulatory Reporting Manager

**Telephone Number** : 0212 339 63 29/0212 339 78 20

**Fax Number** : 0212 339 61 05

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

(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 on 9 September 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 OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's shares have been 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 31 December 2009, 18,20% of the shares of the Bank are publicly traded (2008: 18,20%). The remaining 81,80% being 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. As of 22 October 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 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 TL920 million in 2008, KFS shares in the Bank increased to 81,80%.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
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## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

#### III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS:

As of 31 December 2009, the Bank's Board of Directors, Members of the Audit Committee and Executive President and Vice Presidents are as follows.

##### Board of Directors Members:

| Name                    | Responsibility                 |
|-------------------------|--------------------------------|
| Tayfun BAYAZIT          | Chairman                       |
| Federico GHIZZONI       | Vice Chairman                  |
| H. Faik AÇIKALIN        | Chief Executive Officer        |
| Alessandro M. DECIO     | Deputy Chief Executive Officer |
| Ahmet F. ASHABOĞLU      | Member                         |
| Fusun Akkal BOZOK       | Member                         |
| Carlo VIVALDI           | Member                         |
| Vittorio G. M. OGLIENGO | Member                         |
| O. Turgay DURAK         | Member                         |
| Stephan WINKELMEIER     | Member                         |

##### General Manager and Vice General Managers:

| Name                      | Responsibility                                   |
|---------------------------|--|
| H. Faik AÇIKALIN          | General Manager                                  |
| Alessandro M. DECIO       | Deputy General Manager                           |
| Mehmet Güray ALPKAYA      | Corporate and Commercial Sales Management        |
| Marco CRAVARIO            | Financial Planning and Administration Management |
| Yakup DOĞAN               | Alternative Distribution Channels                |
| Mehmet Murat ERMERT       | Corporate Communication Management               |
| Massimiliano FOSSATI      | Risk Management                                  |
| Mert GÜVENEN              | Corporate and Commercial Banking Management      |
| Süleyman Cihangir KAVUNCU | Human Resources Management                       |
| Fahri ÖBEK <sup>(1)</sup> | Information Technology Management                |
| Erhan ÖZÇELİK             | Private Banking and Asset Management             |
| Mehmet Erkan ÖZDEMİR      | Compliance Officer                               |
| Muzaffer ÖZTÜRK           | Retail Sales Management                          |
| Stefano PERAZZINI         | Internal Audit                                   |
| Yüksel RİZELİ             | Information Systems and Operation Management     |
| Luca RUBAGA               | Organization and Logistics Management            |
| Cemal Aybars SANAL        | Legal Activities Management                      |
| Zeynep Nazan SOMER        | Retail Banking Management                        |
| Feza TAN                  | Corporate and Commercial Credit Management       |
| Selim Hakkı TEZEL         | Consumer and SME Credit Management               |
| Mert YAZICIOĞLU           | Treasury Management                              |

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

#### Audit Committee Members:

| <u>Name</u>             | <u>Responsibility</u> |
|-------------------------|-----------------------|
| Federico GHIZZONI       | Chairman              |
| Füsün Akkal BOZOK       | Member                |
| Vittorio G. M. OGLIENGO | Member                |

#### Statutory auditors:

| <u>Name</u>      | <u>Responsibility</u> |
|------------------|-----------------------|
| Abdullah GEÇER   | Auditor               |
| Adil G. ÖZTOPRAK | Auditor               |

<sup>(1)</sup> As of 30 January 2010, Fahri Öbek has resigned from his duty as vice president of Information Technology Management.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

#### IV. INFORMATION ON QUALIFIED SHAREHOLDERS:

| 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 SERVICES:

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 includes:

- all banking activities
- all economic and financial activities which are allowed by law and regulation
- the execution of the representation, attorney and agency activities related to the subjects referred to above
- purchase and sale of share certificates, bonds and all the capital market instruments, as part of Capital Market Law and regulations

In case of necessity to perform 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 obtainment of the authorisations required by law.

As of 31 December 2009, the Bank has 837 branches operating in Turkey, 1 branch in off-shore region (2008: 860 branches operating in Turkey, 1 branch in off-shore region) and 14.333 employees (2008: 14.795 employees).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 AND 2008

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

### SECTION TWO

#### THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

##### I. BALANCE SHEET

| ASSET   | Note<br>(Section Five) | (31/12/2009) |            |             | (31/12/2008) |            |             |
|---|------------------------|--------------|------------|-------------|--------------|------------|-------------|
|   |                        | TL           | FC         | Total       | TL           | FC         | Total       |
| <b>I. CASH BALANCES WITH CENTRAL BANK</b>   | I-a                    | 1.784.268    | 2.190.797  | 3.975.065   | 1.854.691    | 2.663.952  | 4.518.643   |
| <b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>          | I-b                    | 665.087      | 168.811    | 833.898     | 457.849      | 208.976    | 666.825     |
| 2.1 Trading Financial Assets  |                        | 665.087      | 168.811    | 833.898     | 457.849      | 208.976    | 666.825     |
| 2.1.1 Government Debt Securities  |                        | 117.747      | 109.402    | 227.149     | 80.161       | 162.545    | 242.706     |
| 2.1.2 Share Certificates  |                        | -            | -          | -           | -            | -          | -           |
| 2.1.3 Trading Derivative Financial Assets   |                        | 547.340      | 59.219     | 606.559     | 377.688      | 10.886     | 388.574     |
| 2.1.4 Other Marketable Securities   |                        | -            | 190        | 190         | -            | 35.545     | 35.545      |
| 2.2 Financial Assets Designated at Fair Value through Profit or (Loss)            |                        | -            | -          | -           | -            | -          | -           |
| 2.2.1 Government Debt Securities  |                        | -            | -          | -           | -            | -          | -           |
| 2.2.2 Share Certificates  |                        | -            | -          | -           | -            | -          | -           |
| 2.2.3 Loans   |                        | -            | -          | -           | -            | -          | -           |
| 2.2.4 Other Marketable Securities   |                        | -            | -          | -           | -            | -          | -           |
| <b>III. BANKS</b>   | I-c                    | 409.144      | 1.240.512  | 1.649.656   | 28.237       | 2.136.232  | 2.164.469   |
| <b>IV. MONEY MARKETS</b>  |                        | 1.530.286    | -          | 1.530.286   | 40.358       | -          | 40.358      |
| 4.1 Interbank Money Market Placements   |                        | 1.500.271    | -          | 1.500.271   | -            | -          | -           |
| 4.2 Receivables from Istanbul Stock Exchange Money Market                         |                        | 30.015       | -          | 30.015      | 40.358       | -          | 40.358      |
| 4.3 Receivables from Reverse Repurchase Agreements                                |                        | -            | -          | -           | -            | -          | -           |
| <b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>                               | I-d                    | 570.377      | 693.914    | 1.264.291   | 396.818      | 590.517    | 987.335     |
| 5.1 Share Certificates  |                        | 5.400        | 2.083      | 7.483       | 894          | 21.992     | 22.886      |
| 5.2 Government Debt Securities  |                        | 520.530      | 652.026    | 1.172.556   | 348.688      | 368.371    | 717.059     |
| 5.3 Other Marketable Securities   |                        | 44.447       | 39.805     | 84.252      | 47.236       | 200.154    | 247.390     |
| <b>VI. LOANS</b>  | I-e                    | 24.725.350   | 13.132.466 | 37.857.816  | 25.306.957   | 13.365.995 | 38.672.952  |
| 6.1 Loans   |                        | 24.328.531   | 13.126.626 | 37.455.157  | 24.666.063   | 13.362.720 | 38.028.783  |
| 6.1.1 Bank's risk group   |                        | 466.589      | 150.558    | 617.147     | 240.354      | 327.362    | 567.716     |
| 6.1.2 Government Debt Securities  |                        | -            | -          | -           | -            | -          | -           |
| 6.1.3 Other   |                        | 23.861.942   | 12.976.068 | 36.838.010  | 24.425.709   | 13.035.358 | 37.461.067  |
| 6.2 Loans under Follow-up   |                        | 2.569.983    | 11.022     | 2.581.005   | 1.678.011    | 35.019     | 1.713.030   |
| 6.3 Specific Provisions (-)   |                        | (2.173.164)  | (5.182)    | (2.178.346) | (1.037.117)  | (31.744)   | (1.068.861) |
| <b>VII. FACTORING RECEIVABLES</b>   |                        | -            | -          | -           | -            | -          | -           |
| <b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>                                    | I-f                    | 5.841.634    | 6.173.158  | 12.014.792  | 5.694.224    | 5.834.785  | 11.529.009  |
| 8.1 Government Debt Securities  |                        | 5.841.634    | 6.173.158  | 12.014.792  | 5.694.224    | 5.834.785  | 11.529.009  |
| 8.2 Other Marketable Securities   |                        | -            | -          | -           | -            | -          | -           |
| <b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>  | I-g                    | 3.940        | 43.404     | 47.344      | 3.940        | 43.404     | 47.344      |
| 9.1 Consolidated Based on Equity Method   |                        | -            | -          | -           | -            | -          | -           |
| 9.2 Unconsolidated  |                        | 3.940        | 43.404     | 47.344      | 3.940        | 43.404     | 47.344      |
| 9.2.1 Financial Investments in Associates   |                        | 3.940        | 43.404     | 47.344      | 3.940        | 43.404     | 47.344      |
| 9.2.2 Non-financial Investments in Associates                                     |                        | -            | -          | -           | -            | -          | -           |
| <b>X. SUBSIDIARIES (Net)</b>  | I-h                    | 1.417.392    | 389.148    | 1.806.540   | 1.422.377    | 389.148    | 1.811.525   |
| 10.1 Unconsolidated Financial Subsidiaries  |                        | 1.415.092    | 389.148    | 1.804.240   | 1.420.077    | 389.148    | 1.809.225   |
| 10.2 Unconsolidated Non-financial Subsidiaries                                    |                        | 2.300        | -          | 2.300       | 2.300        | -          | 2.300       |
| <b>XI. JOINT VENTURES (Net)</b>   |                        | -            | -          | -           | -            | -          | -           |
| 11.1 Accounted Based on Equity Method   |                        | -            | -          | -           | -            | -          | -           |
| 11.2 Unconsolidated   |                        | -            | -          | -           | -            | -          | -           |
| 11.2.1 Financial Joint Ventures   |                        | -            | -          | -           | -            | -          | -           |
| 11.2.2 Non-financial Joint Ventures   |                        | -            | -          | -           | -            | -          | -           |
| <b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>                                     |                        | -            | -          | -           | -            | -          | -           |
| 12.1 Financial Lease Receivables  |                        | -            | -          | -           | -            | -          | -           |
| 12.2 Operating Lease Receivables  |                        | -            | -          | -           | -            | -          | -           |
| 12.3 Other  |                        | -            | -          | -           | -            | -          | -           |
| 12.4 Unearned Income (-)  |                        | -            | -          | -           | -            | -          | -           |
| <b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>                                  | I-i                    | 127.678      | 953        | 128.631     | -            | -          | -           |
| 13.1 Fair Value Hedge   |                        | 127.678      | 953        | 128.631     | -            | -          | -           |
| 13.2 Cash Flow Hedge  |                        | -            | -          | -           | -            | -          | -           |
| 13.3 Foreign Net Investment Hedge   |                        | -            | -          | -           | -            | -          | -           |
| <b>XIV. PROPERTY AND EQUIPMENT (Net)</b>  | I-j                    | 1.086.374    | -          | 1.086.374   | 1.142.676    | -          | 1.142.676   |
| <b>XV. INTANGIBLE ASSETS (Net)</b>  | I-k                    | 1.186.024    | -          | 1.186.024   | 1.151.072    | -          | 1.151.072   |
| 15.1 Goodwill   |                        | 979.493      | -          | 979.493     | 979.493      | -          | 979.493     |
| 15.2 Other  |                        | 206.531      | -          | 206.531     | 171.579      | -          | 171.579     |
| <b>XVI. INVESTMENT PROPERTY (Net)</b>   |                        | -            | -          | -           | -            | -          | -           |
| <b>XVII. TAX ASSET</b>  |                        | 211.670      | -          | 211.670     | 186.906      | -          | 186.906     |
| 17.1 Current Tax Asset  |                        | -            | -          | -           | 15.159       | -          | 15.159      |
| 17.2 Deferred Tax Asset   | I-l                    | 211.670      | -          | 211.670     | 171.747      | -          | 171.747     |
| <b>XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> | I-m                    | 86.966       | -          | 86.966      | 88.332       | -          | 88.332      |
| 18.1 Held for sale Purposes   |                        | 86.966       | -          | 86.966      | 88.332       | -          | 88.332      |
| 18.2 Related to Discontinued Operations   |                        | -            | -          | -           | -            | -          | -           |
| <b>XIX. OTHER ASSETS</b>  | I-n                    | 428.958      | 452.101    | 881.059     | 435.067      | 280.620    | 715.687     |
| <b>TOTAL ASSETS</b>   |                        | 40.075.148   | 24.485.264 | 64.560.412  | 38.209.504   | 25.513.629 | 63.723.133  |

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

## YAPI VE KREDİ BANKASI A.Ş. UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 AND 2008

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

### I. BALANCE SHEET

| LIABILITIES   | Note<br>(Section Five) | (31/12/2009)      |                   |                   | (31/12/2008)      |                   |                   |
|---|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   |                        | TL                | FC                | Total             | TL                | FC                | Total             |
| <b>I. DEPOSITS</b>  | II-a                   | 22.998.513        | 17.834.824        | 40.833.337        | 24.695.882        | 17.009.447        | 41.705.329        |
| 1.1 Deposits of Bank's risk group   |                        | 1.860.251         | 2.497.743         | 4.357.994         | 1.602.990         | 2.599.818         | 4.202.808         |
| 1.2 Other   |                        | 21.138.262        | 15.337.081        | 36.475.343        | 23.092.892        | 14.409.629        | 37.502.521        |
| <b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>   | II-b                   | 222.091           | 45.286            | 267.377           | 177.384           | 24.722            | 202.106           |
| <b>III. BORROWINGS</b>  | II-c                   | 757.536           | 4.551.003         | 5.308.539         | 1.162.959         | 5.000.877         | 6.163.836         |
| <b>IV. MONEY MARKETS</b>  |                        | 64.764            | 861.631           | 926.395           | 150.233           | 236.709           | 386.942           |
| 4.1 Funds from Interbank Money Market   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 4.2 Funds from Istanbul Stock Exchange Money Market   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 4.3 Funds Provided Under Repurchase Agreements  |                        | 64.764            | 861.631           | 926.395           | 150.233           | 236.709           | 386.942           |
| <b>V. MARKETABLE SECURITIES ISSUED (Net)</b>  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 5.1 Bills   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 5.2 Asset Backed Securities   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 5.3 Bonds   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>VI. FUNDS</b>  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 6.1 Borrower funds  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 6.2 Other   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>VII. MISCELLANEOUS PAYABLES</b>  |                        | 2.637.294         | 354.417           | 2.991.711         | 2.335.129         | 241.210           | 2.576.339         |
| <b>VIII. OTHER LIABILITIES</b>  | II-d                   | 501.690           | 374.678           | 876.368           | 474.130           | 1.013.190         | 1.487.320         |
| <b>IX. FACTORING PAYABLES</b>   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>X. FINANCIAL LEASE PAYABLES (Net)</b>  |                        | -                 | 5.593             | 5.593             | 1.917             | 6.022             | 7.939             |
| 10.1 Financial Lease Payables   | II-e                   | -                 | 5.800             | 5.800             | 1.939             | 6.414             | 8.353             |
| 10.2 Operational Lease Payables   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 10.3 Other  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 10.4 Deferred Financial Lease Expenses (-)  |                        | -                 | (207)             | (207)             | (22)              | (392)             | (414)             |
| <b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>   | II-f                   | 357.513           | 100               | 357.613           | -                 | -                 | -                 |
| 11.1 Fair Value Hedge   |                        | 357.513           | 100               | 357.613           | -                 | -                 | -                 |
| 11.2 Cash Flow Hedge  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 11.3 Foreign Net Investment Hedge   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>XII. PROVISIONS</b>  | II-g                   | 1.942.146         | 391.390           | 2.333.536         | 1.662.615         | 285.424           | 1.948.039         |
| 12.1 General Loan Loss Provision  |                        | 552.701           | 339.212           | 891.913           | 408.036           | 247.396           | 655.432           |
| 12.2 Restructuring Provisions   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 12.3 Reserve for Employee Rights  |                        | 149.789           | -                 | 149.789           | 138.307           | -                 | 138.307           |
| 12.4 Insurance Technical Provisions (Net)   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 12.5 Other Provisions   |                        | 1.239.656         | 52.178            | 1.291.834         | 1.116.272         | 38.028            | 1.154.300         |
| <b>XIII. TAX LIABILITY</b>  | II-h                   | 168.553           | -                 | 168.553           | 171.635           | -                 | 171.635           |
| 13.1 Current Tax Liability  |                        | 168.553           | -                 | 168.553           | 171.635           | -                 | 171.635           |
| 13.2 Deferred Tax Liability   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b> |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 14.1 Held for sale purpose  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 14.2 Related to discontinued operations   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>XV. SUBORDINATED LOANS</b>   | II-i                   | -                 | 2.224.023         | 2.224.023         | -                 | 2.220.601         | 2.220.601         |
| <b>XVI. SHAREHOLDERS' EQUITY</b>  | II-j                   | 8.179.769         | 87.598            | 8.267.367         | 6.830.322         | 22.725            | 6.853.047         |
| 16.1 Paid-in Capital  |                        | 4.347.051         | -                 | 4.347.051         | 4.347.051         | -                 | 4.347.051         |
| 16.2 Capital Reserves   |                        | 612.063           | 87.598            | 699.661           | 573.937           | 22.725            | 596.662           |
| 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  |                        | 6.213             | 87.598            | 93.811            | 11.543            | 22.725            | 34.268            |
| 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 (business partners) |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.2.8 Hedging funds (Effective portion)  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.2.9 Value increase in property and equipment held for sale and related to discontinued operations    |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.2.10 Other capital reserves  |                        | 61.969            | -                 | 61.969            | 18.513            | -                 | 18.513            |
| 16.3 Profit Reserves  |                        | 1.865.878         | -                 | 1.865.878         | 866.733           | -                 | 866.733           |
| 16.3.1 Legal Reserves   |                        | 96.220            | -                 | 96.220            | 44.089            | -                 | 44.089            |
| 16.3.2 Status Reserves  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.3.3 Extraordinary Reserves   |                        | 1.769.658         | -                 | 1.769.658         | 822.644           | -                 | 822.644           |
| 16.3.4 Other Profit Reserves  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.4 Income or (Loss)   |                        | 1.354.777         | -                 | 1.354.777         | 1.042.601         | -                 | 1.042.601         |
| 16.4.1 Prior Years' Income or (Loss)  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.4.2 Current Year Income or (Loss)  |                        | 1.354.777         | -                 | 1.354.777         | 1.042.601         | -                 | 1.042.601         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                        | <b>37.829.869</b> | <b>26.730.543</b> | <b>64.560.412</b> | <b>37.662.206</b> | <b>26.060.927</b> | <b>63.723.133</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 AND 2008

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

### II. INCOME STATEMENTS

| INCOME AND EXPENSE ITEMS  | Note<br>(Section Five) | 01/01-31/12/2009 | 01/01-31/12/2008 |
|---|------------------------|------------------|------------------|
| <b>I. INTEREST INCOME</b>   | III-a                  | 6.715.401        | 7.040.595        |
| 1.1 Interest on Loans   | III-a-1                | 5.178.170        | 5.206.590        |
| 1.2 Interest Received from Reserve Requirements   |                        | 114.043          | 217.121          |
| 1.3 Interest Received from Banks  | III-a-2                | 26.053           | 67.070           |
| 1.4 Interest Received from Money Market Transactions  |                        | 86.512           | 40.792           |
| 1.5 Interest Received from Marketable Securities Portfolio                                      | III-a-3                | 1.309.271        | 1.492.078        |
| 1.5.1 Trading Financial Assets  |                        | 23.851           | 17.298           |
| 1.5.2 Financial Assets at Fair Value through Profit or (Loss)                                   |                        | -                | -                |
| 1.5.3 Available-for-sale Financial Assets   |                        | 100.805          | 48.630           |
| 1.5.4 Held to Maturity Investments  |                        | 1.184.615        | 1.426.150        |
| 1.6 Financial Lease Income  |                        | -                | -                |
| 1.7 Other Interest Income   |                        | 1.352            | 16.944           |
| <b>II. INTEREST EXPENSE</b>   | III-b                  | (3.237.076)      | (4.608.669)      |
| 2.1 Interest on Deposits  | III-b-3                | (2.796.451)      | (4.039.528)      |
| 2.2 Interest on Funds Borrowed  | III-b-1                | (382.226)        | (472.600)        |
| 2.3 Interest Expense on Money Market Transactions   |                        | (57.247)         | (94.337)         |
| 2.4 Interest on Securities Issued   |                        | -                | -                |
| 2.5 Other Interest Expenses   |                        | (1.152)          | (2.204)          |
| <b>III. NET INTEREST INCOME (I + II)</b>  |                        | 3.478.325        | 2.431.926        |
| <b>IV. NET FEES AND COMMISSIONS INCOME</b>  |                        | 1.436.423        | 1.262.736        |
| 4.1 Fees and Commissions Received   |                        | 1.691.820        | 1.552.002        |
| 4.1.1 Non-cash Loans  |                        | 187.898          | 151.400          |
| 4.1.2 Other   |                        | 1.503.922        | 1.400.602        |
| 4.2 Fees and Commissions Paid   |                        | (255.397)        | (289.266)        |
| 4.2.1 Non-cash Loans  |                        | (108)            | (85)             |
| 4.2.2 Other   |                        | (255.289)        | (289.181)        |
| <b>V. DIVIDEND INCOME</b>   | III-c                  | 142.688          | 205.969          |
| <b>VI. TRADING INCOME/(LOSS) (Net)</b>  | III-d                  | 340.090          | (5.164)          |
| 6.1 Trading Gains/(Losses) on Securities  |                        | 136.701          | 35.535           |
| 6.2 Derivative Financial Transactions Gains/(Losses)  | III-e                  | 300.163          | (268.699)        |
| 6.3 Foreign Exchange Gains/(Losses)   |                        | (96.774)         | (309.398)        |
| <b>VII. OTHER OPERATING INCOME</b>  | III-f                  | 194.960          | 367.180          |
| <b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>   |                        | 5.592.486        | 4.262.647        |
| <b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                                  | III-g                  | (1.565.106)      | (569.392)        |
| <b>X. OTHER OPERATING EXPENSES (-)</b>  | III-h                  | (2.313.477)      | (2.358.590)      |
| <b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>  |                        | 1.713.903        | 1.334.665        |
| <b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>                                       |                        | -                | -                |
| <b>XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |                        | -                | -                |
| <b>XIV. INCOME/(LOSS) ON NET MONETARY POSITION</b>  |                        | -                | -                |
| <b>XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)</b>             | III-i                  | 1.713.903        | 1.334.665        |
| <b>XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>                        | III-j                  | (359.126)        | (292.064)        |
| 16.1 Current Tax Provision  |                        | (397.268)        | (207.854)        |
| 16.2 Deferred Tax Provision   |                        | 38.142           | (84.210)         |
| <b>XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>                              |                        | 1.354.777        | 1.042.601        |
| <b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>   |                        | -                | -                |
| 18.1 Income from Non-current Assets Held for Resale   |                        | -                | -                |
| 18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)       |                        | -                | -                |
| 18.3 Other Income From Discontinued Operations  |                        | -                | -                |
| <b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>   |                        | -                | -                |
| 19.1 Expenses for Non-current Assets Held for Resale  |                        | -                | -                |
| 19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)         |                        | -                | -                |
| 19.3 Other Expenses From Discontinued Operations  |                        | -                | -                |
| <b>XX. PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>                  |                        | -                | -                |
| <b>XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>                         |                        | -                | -                |
| 21.1 Current tax provision  |                        | -                | -                |
| 21.2 Deferred tax provision   |                        | -                | -                |
| <b>XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>                            |                        | -                | -                |
| <b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>   | III-k                  | 1.354.777        | 1.042.601        |
| Earnings/(Loss) per share   |                        | 0,0031           | 0,0030           |

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 AND 2008

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

| III. OFF-BALANCE SHEET COMMITMENTS               |  | (31/12/2009)       |                   |                    | (31/12/2008)      |                   |                    |
|--|--|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|  | Note<br>(Section Five)   | TL                 | FC                | Total              | TL                | FC                | Total              |
| <b>A</b>   | <b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>                  | <b>33.515.201</b>  | <b>39.708.236</b> | <b>73.223.437</b>  | <b>28.456.797</b> | <b>24.993.369</b> | <b>53.450.166</b>  |
| <b>I.</b>  | <b>GUARANTEES AND WARRANTIES</b>                                 | <b>6.224.437</b>   | <b>9.921.476</b>  | <b>16.145.913</b>  | <b>6.041.331</b>  | <b>10.268.520</b> | <b>16.309.851</b>  |
| 1.1  | Letters of Guarantee   | 6.219.586          | 6.784.084         | 13.003.670         | 6.037.727         | 6.980.118         | 13.017.845         |
| 1.1.1  | Guarantees Subject to State Tender Law                           | 477.787            | 441.239           | 919.026            | 440.708           | 533.824           | 974.532            |
| 1.1.2  | Guarantees Given for Foreign Trade Operations                    | 683.494            | 6.342.845         | 7.026.339          | 6.629.959         | 6.446.294         | 13.075.253         |
| 1.1.3  | Other Letters of Guarantee                                       | 5.058.305          | -                 | 5.058.305          | 4.934.060         | -                 | 4.934.060          |
| 1.2  | Bank Acceptances   | -                  | 151.669           | 151.669            | -                 | 211.367           | 211.367            |
| 1.2.1  | Import Letter of Acceptance                                      | -                  | 151.669           | 151.669            | -                 | 211.367           | 211.367            |
| 1.2.2  | Other Bank Acceptances   | -                  | -                 | -                  | -                 | -                 | -                  |
| 1.3  | Letters of Credit  | 1.410              | 2.589.754         | 2.591.164          | 547               | 2.635.375         | 2.635.922          |
| 1.3.1  | Documentary Letters of Credit                                    | 1.410              | 2.589.754         | 2.591.164          | 547               | 2.635.375         | 2.635.922          |
| 1.3.2  | Other Letters of Credit  | -                  | -                 | -                  | -                 | -                 | -                  |
| 1.4  | Prefinancing Given as Guarantee                                  | 143                | 2.008             | 2.151              | 143               | 2.017             | 2.160              |
| 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   | 2.398              | 197.374           | 199.772            | 2.914             | 250.224           | 253.138            |
| 1.9  | Other Collaterals  | 900                | 196.587           | 197.487            | -                 | 189.419           | 189.419            |
| <b>II.</b>                                       | <b>COMMITMENTS</b>   | <b>16.411.945</b>  | <b>2.996.032</b>  | <b>19.407.977</b>  | <b>16.525.969</b> | <b>3.289.791</b>  | <b>19.815.760</b>  |
| 2.1  | Irrevocable Commitments  | 16.411.945         | 2.996.032         | 19.407.977         | 16.525.969        | 3.289.791         | 19.815.760         |
| 2.1.1  | Asset Purchase and Sale Commitments                              | -                  | 517.280           | 517.280            | -                 | 446.310           | 446.310            |
| 2.1.2  | Deposit Purchase and Sales Commitments                           | 5.419              | -                 | 5.419              | 62.765            | -                 | 58.976             |
| 2.1.3  | Share Capital Commitments to Associates and Subsidiaries         | 2.000              | -                 | 2.000              | -                 | -                 | -                  |
| 2.1.4  | Loan Granting Commitments  | 2.693.259          | 376.669           | 3.069.928          | 1.914.608         | 542.492           | 2.457.100          |
| 2.1.5  | Securities Issue Brokerage Commitments                           | -                  | -                 | -                  | -                 | -                 | -                  |
| 2.1.6  | Commitments for Reserve Deposit Requirements                     | 1.209.483          | 2.088.453         | 3.297.936          | 1.815.920         | 2.234.068         | 4.049.988          |
| 2.1.7  | Commitments for Cheques  | 1.468.823          | -                 | 1.468.823          | 1.391.826         | -                 | 1.391.826          |
| 2.1.8  | Tax and Fund Liabilities from Export Commitments                 | 38.261             | -                 | 38.261             | 40.495            | -                 | 40.495             |
| 2.1.9  | Commitments for Credit Card Limits                               | 10.952.962         | -                 | 10.952.962         | 11.244.536        | -                 | 11.244.536         |
| 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                                    | 41.738             | 13.630            | 55.368             | 55.819            | 7.945             | 63.764             |
| 2.2  | Revocable Commitments  | -                  | -                 | -                  | -                 | -                 | -                  |
| 2.2.1  | Revocable Loan Granting Commitments                              | -                  | -                 | -                  | -                 | -                 | -                  |
| 2.2.2  | Other Revocable Commitments                                      | -                  | -                 | -                  | -                 | -                 | -                  |
| <b>III.</b>                                      | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                          | <b>10.878.819</b>  | <b>26.790.728</b> | <b>37.669.547</b>  | <b>5.889.497</b>  | <b>11.435.058</b> | <b>17.324.555</b>  |
| 3.1  | Hedging Derivative Financial Instruments                         | 1.957.152          | 2.011.741         | 3.968.893          | -                 | -                 | -                  |
| 3.1.1  | Transactions for Fair Value Hedge                                | 1.957.152          | 2.011.741         | 3.968.893          | -                 | -                 | -                  |
| 3.1.2  | Transactions for Cash Flow Hedge                                 | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.1.3  | Transactions for Foreign Net Investment Hedge                    | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2  | Trading Transactions   | 8.921.667          | 24.778.987        | 33.700.654         | 5.889.497         | 11.435.058        | 17.324.555         |
| 3.2.1  | Forward Foreign Currency Buy/Sell Transactions                   | 2.047.518          | 2.894.878         | 4.942.396          | 1.256.956         | 2.828.652         | 4.085.608          |
| 3.2.1.1  | Forward Foreign Currency Transactions-Buy                        | 964.150            | 1.501.122         | 2.465.272          | 542.322           | 1.496.768         | 2.039.090          |
| 3.2.1.2  | Forward Foreign Currency Transactions-Sell                       | 1.083.368          | 1.393.756         | 2.477.124          | 714.634           | 1.331.884         | 2.046.518          |
| 3.2.2  | Swap Transactions Related to Foreign Currency and Interest Rates | 5.410.890          | 17.149.577        | 22.560.467         | 4.197.395         | 7.958.836         | 12.156.231         |
| 3.2.2.1  | Foreign Currency Swap-Buy  | 3.654.273          | 3.325.886         | 6.980.159          | 3.185.007         | 674.435           | 3.859.442          |
| 3.2.2.2  | Foreign Currency Swap-Sell                                       | 288.901            | 6.184.316         | 6.473.217          | 291.016           | 3.295.374         | 3.586.390          |
| 3.2.2.3  | Interest Rate Swap-Buy   | 185.118            | 4.354.343         | 4.539.461          | 33.375            | 2.362.490         | 2.395.865          |
| 3.2.2.4  | Interest Rate Swap-Sell  | 1.282.598          | 3.285.032         | 4.567.630          | 687.997           | 1.626.537         | 2.314.534          |
| 3.2.3  | Foreign Currency, Interest rate and Securities Options           | 1.463.259          | 4.209.477         | 5.672.736          | 435.146           | 642.300           | 1.077.446          |
| 3.2.3.1  | Foreign Currency Options-Buy                                     | 530.200            | 1.279.554         | 1.809.754          | 118.700           | 265.772           | 384.472            |
| 3.2.3.2  | Foreign Currency Options-Sell                                    | 653.793            | 1.168.323         | 1.822.116          | 156.254           | 229.088           | 385.342            |
| 3.2.3.3  | Interest Rate Options-Buy  | 16.194             | 880.800           | 896.994            | 119.000           | 147.440           | 266.440            |
| 3.2.3.4  | Interest Rate Options-Sell                                       | 16.194             | 880.800           | 896.994            | -                 | -                 | -                  |
| 3.2.3.5  | Securities Options-Buy   | 129.092            | -                 | 129.092            | 17.816            | -                 | 17.816             |
| 3.2.3.6  | Securities Options-Sell  | 117.786            | -                 | 117.786            | 23.376            | -                 | 23.376             |
| 3.2.4  | Foreign Currency Futures   | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.4.1  | Foreign Currency Futures-Buy                                     | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.4.2  | Foreign Currency Futures-Sell                                    | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.5  | Interest Rate Futures  | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.5.1  | Interest Rate Futures-Buy  | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.5.2  | Interest Rate Futures-Sell                                       | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.6  | Other  | -                  | 525.055           | 525.055            | -                 | 5.270             | 5.270              |
| <b>B.</b>  | <b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                    | <b>70.610.465</b>  | <b>17.464.080</b> | <b>88.074.545</b>  | <b>61.998.655</b> | <b>14.512.155</b> | <b>76.510.810</b>  |
| <b>IV.</b>                                       | <b>ITEMS HELD IN CUSTODY</b>                                     | <b>43.161.556</b>  | <b>3.411.481</b>  | <b>46.573.037</b>  | <b>38.544.205</b> | <b>1.469.385</b>  | <b>40.013.590</b>  |
| 4.1  | Customer Fund and Portfolio Balances                             | -                  | 107               | 107                | -                 | 106               | 106                |
| 4.2  | Investment Securities Held in Custody                            | 36.727.671         | 3.133.759         | 39.861.430         | 31.853.656        | 1.220.900         | 33.074.556         |
| 4.3  | Checks Received for Collection                                   | 4.983.674          | 37.425            | 5.021.099          | 5.305.825         | 36.725            | 5.342.550          |
| 4.4  | Commercial Notes Received for Collection                         | 1.450.211          | 218.405           | 1.668.616          | 1.384.724         | 190.029           | 1.574.753          |
| 4.5  | Other Assets Received for Collection                             | -                  | 21.785            | 21.785             | -                 | 21.625            | 21.625             |
| 4.6  | Assets Received for Public Offering                              | -                  | -                 | -                  | -                 | -                 | -                  |
| 4.7  | Other Items Under Custody  | -                  | -                 | -                  | -                 | -                 | -                  |
| 4.8  | Custodians   | -                  | -                 | -                  | -                 | -                 | -                  |
| <b>V.</b>  | <b>PLEDGES RECEIVED</b>  | <b>26.604.251</b>  | <b>13.446.313</b> | <b>40.050.564</b>  | <b>22.453.712</b> | <b>12.365.927</b> | <b>34.819.639</b>  |
| 5.1  | Marketable Securities  | 199.083            | 163               | 199.246            | 183.456           | 184               | 183.640            |
| 5.2  | Guarantee Notes  | 303.643            | 355.528           | 659.171            | 330.692           | 352.168           | 682.860            |
| 5.3  | Commodity  | 11.329             | -                 | 11.329             | 11.280            | -                 | 11.280             |
| 5.4  | Warranty   | -                  | -                 | -                  | -                 | -                 | -                  |
| 5.5  | Immovable  | 17.764.131         | 9.292.461         | 27.056.592         | 14.200.107        | 8.152.065         | 22.352.172         |
| 5.6  | Other Pledged Items  | 8.326.065          | 3.795.462         | 12.121.527         | 7.728.177         | 3.858.803         | 11.586.980         |
| 5.7  | Pledged Items-Depository   | -                  | 2.699             | 2.699              | -                 | 2.707             | 2.707              |
| <b>VI.</b>                                       | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>            | <b>844.658</b>     | <b>606.286</b>    | <b>1.450.944</b>   | <b>1.000.738</b>  | <b>676.843</b>    | <b>1.677.581</b>   |
| <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b> |  | <b>104.125.666</b> | <b>57.172.316</b> | <b>161.297.982</b> | <b>90.455.452</b> | <b>39.505.524</b> | <b>129.960.976</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## YAPI VE KREDİ BANKASI A.Ş. UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 AND 2008

(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 |   | (31/12/2009) | (31/12/2008) |
|---|---|--------------|--------------|
| I.  | ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS                            | 64.434       | 1.679        |
| II.   | PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES  | -            | -            |
| III.  | INTANGIBLE ASSETS REVALUATION DIFFERENCES   | -            | -            |
| IV.   | CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS  | (84)         | 12.843       |
| V.  | PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)              | -            | -            |
| VI.   | PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of 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                                      | -            | (1.844)      |
| IX.   | DEFERRED TAX RELATED TO VALUATION DIFFERENCES   | 1.778        | (3.430)      |
| X.  | NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)  | 66.128       | 9.248        |
| XI.   | CURRENT YEAR PROFIT/LOSS  | 6.585        | 24.799       |
| 11.1  | Net change in fair value of marketable securities (transfer to profit-loss)   | 6.585        | 24.799       |
| 11.2  | Reclassification of cash flow hedge transactions and presentation of the related under income statement                   | -            | -            |
| 11.3  | Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement | -            | -            |
| 11.4  | Other   | -            | -            |
| XII.  | TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)  | 59.543       | (15.551)     |

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## YAPI VE KREDİ BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2008

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

|  | Note<br>(Section<br>FV) | Paid-in<br>Capital | Adjustment<br>to Share<br>Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Legal<br>Reserve | Status<br>Reserves | Extraordinary<br>Reserves | Other<br>Reserves | Current Period<br>Net Income/<br>Loss | Prior Period<br>Net Income/<br>Loss | Marketable<br>Securities<br>Value<br>Increase/<br>Loss | PPE and<br>Intangible<br>Assets<br>Revaluation<br>Gain/<br>Loss | Bonus<br>Shares From<br>Associates<br>and<br>Subsidiaries | Hedging<br>Transactions<br>Gain/<br>Loss | Disc.<br>Operations<br>Revolutions<br>Fund | Held for<br>Resale/<br>Operations<br>Revolutions<br>Fund | Total<br>Shareholders'<br>Equity |
|--|-------------------------|--------------------|-----------------------------------|------------------|----------------------------------|------------------|--------------------|---------------------------|-------------------|---------------------------------------|-------------------------------------|--|---|---|--|--|--|----------------------------------|
| 31 December 2008   |                         | 3,427,051          | -                                 | -                | -                                | 17,159           | -                  | 326,025                   | 5,298             | 709,185                               | (170,577)                           | 47,975   | -   | -   | -  | -  | -  | 4,903,749                        |
| I. Period Opening Balance  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| 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)  |                         | 3,427,051          | -                                 | 544,633          | -                                | 17,159           | -                  | 326,025                   | 5,298             | 709,185                               | (170,577)                           | 47,975   | -   | -   | -  | -  | -  | 4,903,749                        |
| Changes in the Period  |                         |                    |                                   |                  |                                  |                  |                    |                           |                   |                                       |                                     |  |   |   |  |  |  |                                  |
| IV. Increase/Decrease due to the Merger  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| V. Marketable Securities Valuation Differences                                       |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | (13,707)   | -   | -   | -  | -  | -  | (13,707)                         |
| VI. Hedging Transactions Funds (Effective Parts)                                     |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| 6.1 Cash Flow Hedge  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| 6.2 Foreign Investment Hedge   |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| VII. Property and Equipment Revaluation Differences                                  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| VIII. Intangible Fixed Assets Revaluation Differences                                |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures     |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| X. Foreign Exchange Differences  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XI. Changes due to the Disposal of Assets  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XII. Changes due to the Reclassification of Assets                                   |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XIII. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XIV. Capital Increase  | II-F3                   | 920,000            | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | 920,000                          |
| 14.1 Cash increase   |                         | 920,000            | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | 920,000                          |
| 14.2 Internal Resources  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XV. Share Premium  |                         | -                  | -                                 | 2,248            | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | 2,248                            |
| XVI. Share Cancellation Profits  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XVII. Paid In-Capital Adjustment Difference  |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| XVIII. Other   |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | (1,844)           | -                                     | -                                   | -  | -   | -   | -  | -  | -  | (1,844)                          |
| XIX. Current Year Income or Loss   |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | 1,042,601                             | -                                   | -  | -   | -   | -  | -  | -  | 1,042,601                        |
| XX. Profit Distribution  |                         | -                  | -                                 | -                | -                                | 26,930           | -                  | 496,619                   | 15,059            | (709,185)                             | 170,577                             | -  | -   | -   | -  | -  | -  | -                                |
| 20.1 Dividend Paid   |                         | -                  | -                                 | -                | -                                | 26,930           | -                  | 496,619                   | 15,059            | (709,185)                             | 170,577                             | -  | -   | -   | -  | -  | -  | -                                |
| 20.2 Transfers to Reserves   |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| 20.3 Other   |                         | -                  | -                                 | -                | -                                | -                | -                  | -                         | -                 | -                                     | -                                   | -  | -   | -   | -  | -  | -  | -                                |
| Period End Balance (II+.....+ XVIII+XIX+XX)  |                         | 4,347,051          | -                                 | 543,881          | -                                | 44,089           | -                  | 822,644                   | 18,513            | 1,042,601                             | -                                   | 34,268   | -   | -   | -  | -  | -  | 6,853,047                        |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
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# YAPI VE KREDİ BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2008

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

| Note<br>(Section<br>Title)   | Public<br>Capital | Adjustment<br>to Share<br>Capital | Share<br>Cancellation<br>Profits | Share<br>Premium | Legal<br>Reserves | Status<br>Reserves | Extremity<br>Reserves | Other<br>Reserves | Current<br>Period Net<br>Income (Loss) | Prior<br>Period Net<br>Income (Loss) | Marketable<br>Securities<br>Value<br>Increase | PPF and<br>Intangible<br>Assets<br>Revaluation | Bonus<br>Shares<br>Investment<br>in Associates<br>and<br>Subsidiaries | Hedging<br>Transactions<br>Profits | Discretionary<br>Operations<br>Revaluation | Held for<br>Resale<br>Operations<br>Revaluation | Total<br>Shareholders'<br>Equity |
|--|-------------------|-----------------------------------|----------------------------------|------------------|-------------------|--------------------|-----------------------|-------------------|--|--------------------------------------|---|--|---|------------------------------------|--|---|----------------------------------|
| I. 31 DECEMBER 2009  | 4,347,051         | -                                 | 543,881                          | -                | 44,089            | 822,644            | 18,513                | 1,042,601         | -                                      | 34,268                               | -   | -  | -   | -                                  | -  | -   | 6,853,047                        |
| <b>Changes in the Period</b>   |                   |                                   |                                  |                  |                   |                    |                       |                   |  |                                      |   |  |   |                                    |  |   |                                  |
| II. Increase/Decrease due to the Merger  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| III. Marketable Securities Valuation Differences                                   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | 59,543  | -  | -   | -                                  | -  | -   | 59,543                           |
| IV. Hedging Transactions Funds (Effective Parts)                                   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| 4.1 Cash Flow Hedge  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| 4.2 Foreign Investment Hedge   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| V. Valuation Differences due to Revaluation of Property and Equipment              | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| VI. Valuation Differences due to Revaluation of Intangible Assets                  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| VIII. Foreign Exchange Differences   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| IX. Changes due to the Disposal of Assets  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| X. Changes due to the Reclassification of Assets                                   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XI. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XII. Capital Increase  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| 12.1 Internal Resources  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XIII. Share Premium  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XIV. Share Cancellation Profits  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XV. Paid in-capital Adjustment Difference  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XVI. Other   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| XVII. Current Year Income or Loss  | -                 | -                                 | -                                | -                | -                 | -                  | -                     | 1,354,777         | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | 1,354,777                        |
| XVIII. Profit Distribution   | -                 | -                                 | -                                | -                | 52,131            | -                  | 947,014               | 43,456            | (1,042,601)                            | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| 18.1 Dividend Paid   | -                 | -                                 | -                                | -                | 52,131            | -                  | 947,014               | 43,456            | (1,042,601)                            | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| 18.2 Transfers to Reserves   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| 18.3 Other   | -                 | -                                 | -                                | -                | -                 | -                  | -                     | -                 | -                                      | -                                    | -   | -  | -   | -                                  | -  | -   | -                                |
| Period End Balance (I+II+III+.....+XVI+XVII+XVIII)                                 | 4,347,051         | -                                 | 543,881                          | -                | 96,220            | 1,769,658          | 61,969                | 1,354,777         | -                                      | 93,811                               | -   | -  | -   | -                                  | -  | -   | 8,267,367                        |

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

### VI. STATEMENT OF CASH FLOWS

|  | Note<br>(Section Five) | (31/12/2009)     | (31/12/2008)     |
|--|------------------------|------------------|------------------|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |                        |                  |                  |
| 1.1  |                        | 2.292.092        | (778.971)        |
| 1.1.1  |                        | 6.993.066        | 6.591.334        |
| 1.1.2  |                        | (3.471.383)      | (4.476.232)      |
| 1.1.3  |                        | 142.688          | 205.969          |
| 1.1.4  |                        | 1.690.404        | 1.557.678        |
| 1.1.5  |                        | 627.399          | 253.406          |
| 1.1.6  |                        | 1.704.907        | 837.602          |
| 1.1.7  |                        | (1.983.805)      | (2.113.096)      |
| 1.1.8  |                        | (436.833)        | (378.215)        |
| 1.1.9  |                        | (2.974.351)      | (3.257.417)      |
| 1.2  |                        | (1.031.573)      | 1.581.449        |
| 1.2.1  |                        | 106.037          | (63.947)         |
| 1.2.2  |                        | -                | -                |
| 1.2.3  |                        | 1.307.672        | 1.332.948        |
| 1.2.4  |                        | (545.946)        | (10.000.272)     |
| 1.2.5  |                        | (804.650)        | (1.450.664)      |
| 1.2.6  |                        | 739.692          | (1.469.336)      |
| 1.2.7  |                        | (898.721)        | 9.533.285        |
| 1.2.8  |                        | (791.077)        | 2.793.432        |
| 1.2.9  |                        | -                | -                |
| 1.2.10   |                        | (144.580)        | 906.003          |
| <b>I.</b>                                      |                        | <b>1.260.519</b> | <b>802.478</b>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b> |                        |                  |                  |
| <b>II.</b>                                     |                        | <b>(486.511)</b> | <b>(250.570)</b> |
| 2.1  |                        | -                | (389.683)        |
| 2.2  |                        | -                | -                |
| 2.3  |                        | (192.503)        | (212.873)        |
| 2.4  |                        | 57.371           | 164.579          |
| 2.5  |                        | (736.935)        | (859.831)        |
| 2.6  |                        | 527.877          | 189.818          |
| 2.7  |                        | (908.825)        | (365.947)        |
| 2.8  |                        | 701.978          | 1.125.894        |
| 2.9  |                        | 64.526           | 97.473           |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b> |                        |                  |                  |
| <b>III.</b>                                    |                        | <b>(2.346)</b>   | <b>906.593</b>   |
| 3.1  |                        | -                | -                |
| 3.2  |                        | -                | -                |
| 3.3  |                        | -                | 922.248          |
| 3.4  |                        | -                | -                |
| 3.5  |                        | (2.346)          | (15.655)         |
| 3.6  |                        | -                | -                |
| <b>IV.</b>                                     |                        | <b>26.118</b>    | <b>517.235</b>   |
| <b>V.</b>                                      |                        | <b>797.780</b>   | <b>1.975.736</b> |
| <b>VI.</b>                                     | VI-a                   | <b>3.660.024</b> | <b>1.684.288</b> |
| <b>VII.</b>                                    | VI-a                   | <b>4.457.804</b> | <b>3.660.024</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
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## YAPI VE KREDİ BANKASI A.Ş. PROFIT APPROPRIATION STATEMENTS AT 31 DECEMBER 2009 AND 2008

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

### VII. PROFIT APPROPRIATION STATEMENT <sup>(1)</sup>

|   | (31/12/2009)     | (31/12/2008)     |
|---|------------------|------------------|
| <b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>                       |                  |                  |
| 1.1 Current Year Income   | 1.713.903        | 1.334.665        |
| 1.2 Taxes And Duties Payable (-)                                    | (359.126)        | (292.064)        |
| 1.2.1 Corporate Tax (Income tax)                                    | (397.268)        | (207.854)        |
| 1.2.2 Income withholding tax  | -                | -                |
| 1.2.3 Other taxes and duties  | 38.142           | (84.210)         |
| <b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>                         | <b>1.354.777</b> | <b>1.042.601</b> |
| 1.3 Prior Year Losses (-)   | -                | -                |
| 1.4 First Legal Reserves (-)  | -                | 52.131           |
| 1.5 Other Statutory Reserves (-)                                    | -                | -                |
| <b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b> | <b>1.354.777</b> | <b>990.470</b>   |
| 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   | -                | 947.014          |
| 1.13 Other Reserves   | -                | -                |
| 1.14 Special Funds  | -                | 43.456           |
| <b>II. DISTRIBUTION OF RESERVES</b>                                 |                  |                  |
| 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 (-)                             | -                | -                |
| <b>III. EARNINGS PER SHARE</b>                                      |                  |                  |
| 3.1 To Owners Of Ordinary Shares                                    | 0,0031           | 0,0030           |
| 3.2 To Owners Of Ordinary Shares (%)                                | -                | -                |
| 3.3 To Owners Of Privileged Shares                                  | -                | -                |
| 3.4 To Owners Of Privileged Shares (%)                              | -                | -                |
| <b>IV. DIVIDEND PER SHARE</b>                                       |                  |                  |
| 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 (%)                              | -                | -                |

<sup>(1)</sup>Authorized body for profit appropriation of the current period is General Assembly. On 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 2009 has not been prepared by the Board of Directors, only net profit related to the year 2009, 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 TL18.153 thousand which are not going to be distributed and are going to be held in reserves according to the article 5.e of Corporate Tax Law No. 5520.

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

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## **YAPI VE KREDİ BANKASI A.Ş.** **NOTES TO UNCONSOLIDATED** **FINANCIAL STATEMENTS AT 31 DECEMBER 2009**

(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 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the 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 "Communiqués 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 10 February.

The unconsolidated 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 financial assets and liabilities carried at fair value.

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 judgement on the assets and liabilities of 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 reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

##### **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 high 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 utilised 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 exposed currency risk is followed within the determined levels by the Board of Directors, by considering the limits given by the Banking Law.

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## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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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 recognised in the income statement under the account of "Foreign exchange gains or losses", except for foreign currency investments, investment in associates and subsidiaries and non-performing loans valuation differences. 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 realised. Foreign currency non-performing loans are translated with the exchange rate at the date of transfer to non-performing loans account.

#### 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 and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if one exists.

Foreign currency denominated investments in associates and subsidiaries are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rate prevailing at the transaction date and are reflected to the financial statements after deducting the provision for impairment, if one exists. To comply with the current period evaluation policies, the effect of the related change has been reflected to the previous period's financial statements.

The Bank has no joint ventures as of 31 December 2009 and 2008.

#### IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-valued at their fair values. 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 relation between hedge 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. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the hedge accounting is effective, are shown with the related assets and liabilities. If the underlying hedge does not conform to the hedge accounting requirements, the corrections in the hedged item for which the effective interest rate is considered, is discounted within the time to maturity and recognized under the profit and loss accounts.

Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, 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 assets at fair value through profit or loss".

"Financial assets 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 "trading derivative financial assets" and if the fair value difference is negative, it is disclosed under "trading derivative financial liabilities". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in income statement.

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Differences in the fair value of fair value hedge derivative instruments are accounted 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.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

### **V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognised in the income statement on an accrual basis using the effective interest method. The Bank ceases accrued 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 recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded using the effective interest method. Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised 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". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". 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.

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

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

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at amortised cost using the effective interest method. All gains and losses arising from these evaluations are recognised 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 not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

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## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

Held-to-maturity financial assets are non-derivative financial assets that are not classified under loans and receivables and are not held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortized cost" using the "effective interest method" after their recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued values is recorded in "Provision for Loan Losses 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 the contradiction of classification principles.

#### c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, service or goods to debtors. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognized at the amortized cost value calculated 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 1 November 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. As of 31 March 2008, as a result of the studies performed, the Bank revised the general loan loss provisions by considering new loss detection periods, which were formerly set as 1 year, differentiating them by segment/type of products. 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, 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 asset at fair value through profit or loss".

Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. "Unrealised gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders' equity as "Marketable securities value increase fund", until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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### **VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:**

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective interest method", or the fair value if one exists, is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in detail 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 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 "fair value difference 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 ("Reverse Repo") to resell 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:**

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 sale" 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 1 November 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.

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#### 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 (i.e. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to depreciation but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. The Bank allocated its goodwill to Retail Banking, Private Banking, Corporate Banking and Credit Card operations.

##### 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 depreciation and the provision for value decreases.

When the book value of an other intangible asset exceeds the recoverable amount, the related asset is meant to be impaired. Some indicators of a possible loss out of impairment can be identified. If any of these indicators exists, the Bank develops a recoverable amount expectation. If not, there is no need to forecast the recoverable amount.

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

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

|   |     |
|---|-----|
| Buildings   | 2%  |
| Movables, Movables Acquired under Financial Leasing | 20% |

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The depreciation charge for items remaining in property and equipment for less than an 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 the diminution in value is charged to the income statement.

Property and equipment has 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 revenue.

Expenditures for the repair and renewal 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 Bank performs financial leasing operations in the capacity of 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 or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities part. Financing costs arising due to leasing are spread through the lease period forming a fixed interest ratio. In addition, fixed assets that are obtained by the way of financial leasing are subject to amortization during their given 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 accounted under "Financial Lease Payables". Expenses arising from interest and exchange rate related to financial leasing affect the income statement. Lease payments are deducted from financial leasing payables. The Bank does not perform financial operations as "Lessor".

##### Operational Lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operating lease. Payments that are made as operating leases are accounted in income statements with linear method during the lease period.

#### XV. EXPLANATIONS ON PROVISIONS, 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 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. Provision for contingent liabilities arisen from past events should be recognised in the same 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, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the consolidated financial statements.

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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 in which the change occurs.

#### XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

##### a. Employee Termination Benefit

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 reserve for the future probable obligation of the Bank arising from this liability.

##### 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 dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the published date of the article.

Law article related to the transfer was cancelled (pursuant application by the President on 2 November 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article stopped 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 15 December 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 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA and SDIF representing the Fund and one member representing the Fund members. This committee 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 the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds. In accordance with the New Law, the social rights and payments of Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will be provided by the Fund and the employers of the Fund members.

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The main opposition party has applied to the Constitutional Court at 19 June 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalised. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation. The Bank provided provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

#### XVII. EXPLANATIONS ON TAXATION:

##### a. Current tax:

"Corporate Tax Law" ("New Tax Law") No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No.26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate is calculated on the total income of the Bank 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 all 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 the related decrees of the BRSA concerning income taxes. 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.

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#### 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.

#### XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity.

No dividend payments were announced after the balance sheet date.

#### XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the "off-balance sheet commitments".

#### XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2009 and 2008, the Bank has no government grants.

#### 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 Turkish Commercial Code ("TCC"). The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

#### XXIII. EARNINGS PER SHARE:

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

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Net Income to be Appropriated to Ordinary Shareholders      | 1.354.777        | 1.042.601        |
| Weighted Average Number of Issued Ordinary Shares(Thousand) | 434.705.128      | 346.538.433      |
| Earnings Per Share (Disclosed in full TL)                   | 0,0031           | 0,0030           |

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

During 2009, no bonus shares were issued (2008: None).

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#### **XXIV. RELATED PARTIES:**

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies 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 interbank 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 Accounting Standard about Operating Segments" ("TFRS 8") together with organisational and internal reporting structure of the Bank, are disclosed in Note X. of Section Four.

#### **XXVII. RECLASSIFICATIONS:**

Reclassifications have been made on comparative figures as of 31 December 2008, to conform to changes in presentation in the 31 December 2009 financials.

## **SECTION FOUR**

### **EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK**

#### **I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:**

- a. The capital adequacy ratio of the Bank is 17,78% (2008: 15,74%).
- b. The capital adequacy ratio of the Bank 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 (together referred as "Regulation Regarding Capital Adequacy"). The following tables show the details of "Risk weighted assets" and the calculation of "Shareholders' equity" for the capital adequacy ratio calculation.

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

|  | Risk Weights <sup>(1)</sup> |                  |                  |                   |                |               |
|--|-----------------------------|------------------|------------------|-------------------|----------------|---------------|
|  | %0                          | %20              | %50              | %100              | %150           | %200          |
| <b>Amount subject to credit risk</b>                                 |                             |                  |                  |                   |                |               |
| <b>Balance sheet items (Net)</b>                                     | <b>21.128.149</b>           | <b>2.307.216</b> | <b>5.994.695</b> | <b>32.327.459</b> | <b>316.733</b> | <b>26.319</b> |
| Cash   | 807.169                     | 183              | -                | -                 | -              | -             |
| Matured marketable securities  | -                           | -                | -                | -                 | -              | -             |
| The Central Bank of the Republic of Turkey                           | 1.963.677                   | -                | -                | -                 | -              | -             |
| Domestic, foreign banks, head offices and branches abroad            | -                           | 1.639.604        | -                | 8.702             | -              | -             |
| Interbank money market placements                                    | 1.530.000                   | -                | -                | -                 | -              | -             |
| Receivables from reverse repurchase transactions                     | -                           | -                | -                | -                 | -              | -             |
| Reserve requirements with the Central Bank of the Republic of Turkey | 1.356.548                   | -                | -                | -                 | -              | -             |
| Loans  | 1.987.136                   | 599.415          | 5.876.694        | 27.918.339        | 316.733        | 26.319        |
| Non-performing receivables (Net)                                     | -                           | -                | -                | 402.659           | -              | -             |
| Lease receivables  | -                           | -                | -                | -                 | -              | -             |
| Available-for-sale financial assets                                  | 1.063.441                   | 45.053           | -                | 46.232            | -              | -             |
| Held-to-maturity investments   | 11.767.728                  | -                | -                | -                 | -              | -             |
| Receivables from the disposal of assets                              | -                           | -                | -                | 12.805            | -              | -             |
| Miscellaneous receivables  | -                           | 204              | -                | 306.828           | -              | -             |
| Interest and income accruals   | 428.099                     | 13.369           | 118.001          | 561.053           | -              | -             |
| Investments in associates, subsidiaries and joint ventures (Net)     | -                           | -                | -                | 1.781.951         | -              | -             |
| Fixed assets   | -                           | -                | -                | 1.065.938         | -              | -             |
| Other assets   | 224.351                     | 9.388            | -                | 222.952           | -              | -             |
| <b>Off-balance sheet items</b>                                       | <b>927.111</b>              | <b>1.381.135</b> | <b>369.635</b>   | <b>10.519.021</b> | <b>-</b>       | <b>-</b>      |
| Non-cash loans and commitments                                       | 927.111                     | 635.575          | 369.635          | 10.426.301        | -              | -             |
| Derivative financial instruments                                     | -                           | 745.560          | -                | 92.720            | -              | -             |
| Non-risk weighted accounts   | -                           | -                | -                | -                 | -              | -             |
| <b>Total Risk Weighted Assets</b>                                    | <b>22.055.260</b>           | <b>3.688.351</b> | <b>6.364.330</b> | <b>42.846.480</b> | <b>316.733</b> | <b>26.319</b> |

<sup>(1)</sup> There are no assets weighted with 10% risk.

#### d. Summary information about capital adequacy ratio ("CAR"):

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Amount subject to credit risk (ASCR)       | 47.294.053       | 47.773.374       |
| Amount subject to market risk (ASMR)       | 1.029.475        | 290.150          |
| Amount subject to operational risk (ASOR)  | 6.209.003        | 4.839.316        |
| Shareholders' equity                       | 9.697.491        | 8.329.495        |
| Shareholders' equity/(ASCR+ASMR+ASOR) *100 | 17,78            | 15,74            |

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>CORE CAPITAL</b>  |                  |                  |
| Paid-in capital  | 4.347.051        | 4.347.051        |
| Nominal capital  | 4.347.051        | 4.347.051        |
| Capital commitments (-)  | -                | -                |
| Inflation adjustment to share capital  | -                | -                |
| Share premium  | 543.881          | 543.881          |
| Share cancellation profits   | -                | -                |
| Legal reserves   | 96.220           | 44.089           |
| First legal reserve (Turkish Commercial Code 466/1)  | 96.220           | 44.089           |
| Second legal reserve (Turkish Commercial Code 466/2)   | -                | -                |
| Other legal reserve per special legislation  | -                | -                |
| Status reserves  | -                | -                |
| Extraordinary reserves   | 1.769.658        | 822.644          |
| Reserves allocated by the General Assembly   | 1.769.658        | 822.644          |
| Retained earnings  | -                | -                |
| Accumulated loss   | -                | -                |
| Foreign currency share capital exchange difference   | -                | -                |
| Inflation adjustment of legal reserves, status reserves and extraordinary reserves               | -                | -                |
| Profit   | 1.354.777        | 1.042.601        |
| Current period net profit  | 1.354.777        | 1.042.601        |
| Prior periods profit   | -                | -                |
| Provisions for possible risks (up to 25% of core capital)  | 89.004           | 60.172           |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital | 61.969           | 18.513           |
| Primary subordinated loans (up to 15% of core capital)   | -                | -                |
| Uncovered portion of loss with reserves (-)  | -                | -                |
| Current period net loss  | -                | -                |
| Prior periods loss   | -                | -                |
| Special costs (-) <sup>(1)</sup>   | 91.257           | -                |
| Prepaid expenses (-) <sup>(1)</sup>  | 131.956          | 166.355          |
| Intangible Assets (-) <sup>(1)</sup>   | 1.186.024        | 1.151.072        |
| Deferred tax asset amount exceeding 10% of core capital (-) <sup>(1)</sup>                       | -                | -                |
| Limit exceeding amount regarding the third clause of the article 56 of the Law (-)               | -                | -                |
| <b>Total Core Capital</b>  | <b>6.853.323</b> | <b>5.561.524</b> |

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| SUPPLEMENTARY CAPITAL  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| General provisions   | 681.657          | 655.432          |
| 45% of the movables revaluation fund   | -                | -                |
| 45% of the immovables revaluation fund   | -                | -                |
| Bonus shares of investment in associates, subsidiaries and joint ventures  | -                | -                |
| Primary Subordinated Loans that are not considered in the calculation of core capital  | -                | -                |
| Secondary Subordinated Loans <sup>(2)</sup>  | 2.208.374        | 2.172.900        |
| 45% of Marketable Securities valuation fund  | 42.215           | 15.420           |
| From investments in associates and subsidiaries  | -                | -                |
| Available-for-Sale financial assets  | 42.215           | 15.420           |
| Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss<br>(Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)   | -                | -                |
| <b>Total Supplementary Capital</b>   | <b>2.932.246</b> | <b>2.843.752</b> |
| <b>TIER III CAPITAL</b>  | <b>-</b>         | <b>-</b>         |
| <b>CAPITAL</b>   | <b>9.785.569</b> | <b>8.405.276</b> |
| <b>DEDUCTIONS FROM THE CAPITAL <sup>(1)</sup></b>  | <b>88.078</b>    | <b>75.781</b>    |
| Investments in Unconsolidated Financial Institutions (Domestic, foreign) and Banks in which<br>10% or more equity interest exercised   | 71.933           | 75.486           |
| Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than<br>10% equity interest is exercised and that exceeds 10% and more of the total core and<br>supplementary capital of the Bank   | -                | -                |
| The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or<br>Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary<br>or Secondary Subordinated Loan Nature Purchased From Them  | -                | 295              |
| 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<br>Immovables or Commodities That Are Received on behalf of the Receivables From Customers<br>and are to be Disposed According to Banking Law article 57 as They have been Held for More<br>Than Five Years From the Acquisition Date. | 16.145           | -                |
| Other  | -                | -                |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  | <b>9.697.491</b> | <b>8.329.495</b> |

<sup>(1)</sup> According to the temporary article 1. of the "Regulation Regarding Capital Adequacy"; "Special Costs", "Prepaid Expenses", "Intangible Assets" and "Amount of deferred tax asset exceeding 10% of core capital" will be considered as "Deductions from the Capital" until 1 January 2009. In the current period, aforementioned amounts are included in the core capital in order to be consistent with the current period presentation.

<sup>(2)</sup> In accordance with the Regulation, the balance is disclosed net of the related bank receivables.

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#### II. EXPLANATIONS ON CREDIT RISK:

a. Credit risk is the loss or the risk of the Bank in case a counterparty can not fulfil 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 and Fund 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 (excluding construction companies and financial institutions which are monitored separately) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management-Risk Monitoring Department.

In case of SME, risk scores generated by the credit rating system are used in the SME loans rating approval authorization system. By this system, high graded clients are approved by the branches 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 concentration of the corporate and commercial loans that are rated by the Bank's internal rating system are disclosed below:

|                      | 31 December 2009 | 31 December 2008 |
|----------------------|------------------|------------------|
| Above average (1-4)  | 30,3%            | 32,7%            |
| Average (5+-6)       | 47,9%            | 48,3%            |
| Below Average (7+-9) | 21,8%            | 19,0%            |

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 Regulation on provisions, if the cash risk of a customer 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 monitored and their principle and interest payments are followed up with a restructured repayment schedule and the necessary precautions are taken.

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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 22% (2008: 22%).

2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 45% (2008: 44%).

3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 22% of total cash loans and non-cash loans (2008: 22%).

g. The Bank provided a general loan loss provision amounting to TL891.913 thousand (2008: TL655.432 thousand).

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 <sup>(1)</sup> |                   | Other Loans <sup>(2)</sup> |                  | Off Balance Sheet Liabilities <sup>(2)</sup> |                   |
|---|--|-------------------|---|------------------|--------------------------------------|-------------------|----------------------------|------------------|--|-------------------|
|   | 31 December 2009                                     | 31 December 2008  | 31 December 2009  | 31 December 2008 | 31 December 2009                     | 31 December 2008  | 31 December 2009           | 31 December 2008 | 31 December 2009                             | 31 December 2008  |
| <b>Loans concentration according to the type of borrowers</b> |  |                   |   |                  |                                      |                   |                            |                  |  |                   |
| Private Sector  | 20.962.638   | 22.075.711        | 679.025   | 608.677          | 72.970                               | 11.107            | 590.914                    | 339.030          | 16.814.032                                   | 16.611.002        |
| Public Sector   | 1.229.222  | 1.380.437         | -   | -                | 13.414.497                           | 12.488.774        | -                          | -                | 3.069.928                                    | 2.471.665         |
| Banks   | -  | -                 | 446.493   | 624.876          | 11.472                               | 271.828           | 3.796.081                  | 2.530.253        | 4.669.143                                    | 5.724.402         |
| Individual Customers  | 14.540.438   | 13.983.251        | -   | -                | -                                    | -                 | 18.267                     | 844              | 11.000.787                                   | 11.318.542        |
| Share certificates  | -  | -                 | -   | -                | 7.483                                | 22.886            | 1.853.884                  | 1.858.869        | -  | -                 |
| <b>Total</b>  | <b>36.732.298</b>                                    | <b>37.439.399</b> | <b>1.125.518</b>  | <b>1.233.553</b> | <b>13.506.422</b>                    | <b>12.794.595</b> | <b>6.259.146</b>           | <b>4.728.996</b> | <b>35.553.890</b>                            | <b>36.125.611</b> |
| <b>Information according to geographical concentration</b>    |  |                   |   |                  |                                      |                   |                            |                  |  |                   |
| Domestic  | 36.414.509   | 37.093.937        | 1.114.387   | 921.678          | 13.449.563                           | 12.532.612        | 4.390.616                  | 1.841.702        | 34.003.151                                   | 34.430.748        |
| European Union Countries                                      | 192.454  | 230.128           | 3.665   | 299.304          | 12.053                               | 147.683           | 1.659.316                  | 1.903.826        | 782.547                                      | 1.067.383         |
| OECD Countries <sup>(3)</sup>                                 | 27.478   | 26.234            | -   | -                | -                                    | -                 | 8.879                      | 264.672          | 294.193                                      | 335.121           |
| Off-shore banking regions                                     | 3.067  | -                 | -   | -                | 27.916                               | 76.298            | 143                        | 90               | 10.636                                       | 6.996             |
| USA, Canada   | 688  | 184               | -   | -                | 16.890                               | 38.002            | 191.615                    | 570.725          | 124.318                                      | 34.479            |
| Other Countries   | 94.102   | 88.916            | 7.466   | 12.571           | -                                    | -                 | 8.577                      | 147.981          | 339.045                                      | 250.884           |
| <b>Total</b>  | <b>36.732.298</b>                                    | <b>37.439.399</b> | <b>1.125.518</b>  | <b>1.233.553</b> | <b>13.506.422</b>                    | <b>12.794.595</b> | <b>6.259.146</b>           | <b>4.728.996</b> | <b>35.553.890</b>                            | <b>36.125.611</b> |

<sup>(1)</sup> Contains Trading Financial Assets, Available-for-sale Financial Assets and Held-to-maturity Investments.

<sup>(2)</sup> 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.

<sup>(3)</sup> OECD countries other than EU countries, USA and Canada.

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### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| <b>Balance sheet items that are exposed to credit risk:</b>       |                  |                  |
| Bank placements   | 1.649.656        | 2.164.469        |
| Loans and advances to customers                                   | 37.857.816       | 38.672.952       |
| -Credit cards   | 7.521.878        | 7.632.866        |
| -Consumer loans   | 7.018.560        | 6.350.385        |
| -Corporate, commercial and other loans                            | 23.317.378       | 24.689.701       |
| Trading securities  | 833.898          | 666.825          |
| -Government securities  | 227.149          | 242.706          |
| -Other marketable securities                                      | 190              | 35.545           |
| -Derivative financial instruments                                 | 606.559          | 388.574          |
| Investment securities   | 13.279.083       | 12.516.344       |
| -Government debt securities                                       | 13.187.348       | 12.246.068       |
| -Share certificates   | 7.483            | 22.886           |
| -Other marketable securities                                      | 84.252           | 247.390          |
| Other assets  | 881.059          | 715.687          |
| <b>Credit risk exposures relating to off-balance sheet items:</b> |                  |                  |
| Financial guarantees  | 15.594.834       | 15.653.767       |
| Loan commitments and other credit related liabilities             | 551.079          | 656.084          |

#### j. Debt securities, treasury bills and other eligible bills:

##### 31 December 2009

| 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                   | -   | 14.974                                    | -                                  | 14.974            |
| Aa2                   | 190   | 11.282                                    | -                                  | 11.472            |
| A                     | -   | -   | -                                  | -                 |
| Baa                   | -   | -   | -                                  | -                 |
| Ba2 <sup>(1)</sup>    | 227.149   | 1.157.582                                 | 12.014.792                         | 13.399.523        |
| Ba3                   | -   | 27.917                                    | -                                  | 27.917            |
| Unrated               | -   | 45.053                                    | -                                  | 45.053            |
| <b>Total</b>          | <b>227.339</b>  | <b>1.256.808</b>                          | <b>12.014.792</b>                  | <b>13.498.939</b> |

##### 31 December 2008

| 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                   | -   | 16.173                                    | -                                  | 16.173            |
| Aa                    | -   | 147.683                                   | -                                  | 147.683           |
| A                     | -   | -   | -                                  | -                 |
| Baa                   | 35.364  | 40.934                                    | -                                  | 76.298            |
| Ba3 <sup>(1)</sup>    | 242.706   | 700.886                                   | 11.529.009                         | 12.472.601        |
| Unrated               | 181   | 58.773                                    | -                                  | 58.954            |
| <b>Total</b>          | <b>278.251</b>  | <b>964.449</b>                            | <b>11.529.009</b>                  | <b>12.771.709</b> |

<sup>(1)</sup> Securities consist of Republic of Turkey government bonds and treasury bills.

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

#### k. Information according to geographical concentration:

|  | Assets            | Liabilities <sup>(2)</sup> | Non-Cash Loans    | Capital Expenditures | Net profit <sup>(3)</sup> |
|--|-------------------|----------------------------|-------------------|----------------------|---------------------------|
| <b>31 December 2009</b>                      |                   |                            |                   |                      |                           |
| Domestic                                     | 60.448.210        | 46.714.889                 | 14.595.173        | 192.503              | 1.354.777                 |
| European Union Countries                     | 1.859.118         | 8.137.574                  | 782.547           | -                    | -                         |
| OECD Countries <sup>(1)</sup>                | 37.363            | 763.523                    | 294.193           | -                    | -                         |
| Off-shore banking regions                    | 31.126            | 14.745                     | 10.636            | -                    | -                         |
| USA, Canada                                  | 214.661           | 453.719                    | 124.319           | -                    | -                         |
| Other Countries                              | 116.050           | 208.595                    | 339.045           | -                    | -                         |
| Subsidiaries, Investments and Joint Ventures | 1.853.884         | -                          | -                 | -                    | -                         |
| Unallocated Assets/Liabilities               | -                 | -                          | -                 | -                    | -                         |
| <b>Total</b>                                 | <b>64.560.412</b> | <b>56.293.045</b>          | <b>16.145.913</b> | <b>192.503</b>       | <b>1.354.777</b>          |
| <b>31 December 2008</b>                      |                   |                            |                   |                      |                           |
| Domestic                                     | 58.520.773        | 47.426.897                 | 14.614.988        | 212.873              | 1.042.601                 |
| European Union Countries                     | 2.256.834         | 8.524.872                  | 1.067.383         | -                    | -                         |
| OECD Countries <sup>(1)</sup>                | 247.350           | 401.451                    | 335.121           | -                    | -                         |
| Off-shore banking regions                    | 77.801            | 22                         | 6.996             | -                    | -                         |
| USA, Canada                                  | 609.159           | 76.354                     | 34.479            | -                    | -                         |
| Other Countries                              | 152.347           | 440.490                    | 250.884           | -                    | -                         |
| Subsidiaries, Investments and Joint Ventures | 1.858.869         | -                          | -                 | -                    | -                         |
| Unallocated Assets/Liabilities               | -                 | -                          | -                 | -                    | -                         |
| <b>Total</b>                                 | <b>63.723.133</b> | <b>56.870.086</b>          | <b>16.309.851</b> | <b>212.873</b>       | <b>1.042.601</b>          |

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(2)</sup> Shareholders' Equity is not included.

<sup>(3)</sup> The net profit could not be distributed according to geographical concentration.

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#### I. Sectoral concentrations for cash loans:

|   | 31 December 2009  |               |                   |               | 31 December 2008  |               |                   |               |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|   | TL                | (%)           | FC                | (%)           | TL                | (%)           | FC                | (%)           |
| <b>Agricultural</b>                     | <b>649.935</b>    | <b>2,67</b>   | <b>171.918</b>    | <b>1,31</b>   | <b>410.199</b>    | <b>1,66</b>   | <b>160.955</b>    | <b>1,20</b>   |
| Farming and Raising Livestock           | 579.470           | 2,38          | 142.770           | 1,09          | 328.387           | 1,33          | 129.842           | 0,97          |
| Forestry                                | 53.172            | 0,22          | 4.366             | 0,03          | 68.300            | 0,28          | 6.378             | 0,05          |
| Fishing                                 | 17.293            | 0,07          | 24.782            | 0,19          | 13.512            | 0,05          | 24.735            | 0,19          |
| <b>Manufacturing</b>                    | <b>4.710.605</b>  | <b>19,36</b>  | <b>6.903.230</b>  | <b>52,59</b>  | <b>4.571.070</b>  | <b>18,53</b>  | <b>7.052.321</b>  | <b>52,78</b>  |
| Mining                                  | 81.687            | 0,34          | 702.445           | 5,35          | 109.180           | 0,44          | 354.700           | 2,65          |
| Production                              | 4.502.761         | 18,51         | 4.857.066         | 37,00         | 4.369.276         | 17,71         | 5.841.044         | 43,71         |
| Electric, Gas and Water                 | 126.157           | 0,52          | 1.343.719         | 10,24         | 92.614            | 0,38          | 856.577           | 6,41          |
| <b>Construction</b>                     | <b>969.272</b>    | <b>3,98</b>   | <b>1.085.520</b>  | <b>8,27</b>   | <b>893.721</b>    | <b>3,62</b>   | <b>1.079.266</b>  | <b>8,08</b>   |
| <b>Services</b>                         | <b>3.606.703</b>  | <b>14,82</b>  | <b>3.309.994</b>  | <b>25,22</b>  | <b>2.990.729</b>  | <b>12,12</b>  | <b>3.144.983</b>  | <b>23,54</b>  |
| Wholesale and Retail Trade              | 1.430.268         | 5,88          | 340.234           | 2,59          | 1.457.709         | 5,91          | 421.036           | 3,15          |
| Hotel Food and Beverage Services        | 205.506           | 0,84          | 621.219           | 4,73          | 170.680           | 0,69          | 551.347           | 4,13          |
| Transportation and<br>Telecommunication | 551.146           | 2,27          | 1.985.178         | 15,12         | 527.678           | 2,14          | 1.526.875         | 11,43         |
| Financial Institutions                  | 900.911           | 3,70          | 224.607           | 1,71          | 460.779           | 1,87          | 460.899           | 3,45          |
| Real Estate and Leasing Services        | 228.199           | 0,94          | 86.281            | 0,66          | 131.356           | 0,53          | 96.436            | 0,72          |
| Self Employment Services                | -                 | -             | -                 | -             | -                 | -             | -                 | -             |
| Education Services                      | 35.831            | 0,15          | 3.369             | 0,03          | 22.909            | 0,09          | 3.436             | 0,03          |
| Health and Social Services              | 254.842           | 1,05          | 49.106            | 0,37          | 219.618           | 0,89          | 84.954            | 0,64          |
| <b>Other</b>                            | <b>14.392.016</b> | <b>59,16</b>  | <b>1.655.964</b>  | <b>12,62</b>  | <b>15.800.344</b> | <b>64,06</b>  | <b>1.925.195</b>  | <b>14,41</b>  |
| <b>Total</b>                            | <b>24.328.531</b> | <b>100,00</b> | <b>13.126.626</b> | <b>100,00</b> | <b>24.666.063</b> | <b>100,00</b> | <b>13.362.720</b> | <b>100,00</b> |

#### 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 Asset and Liability Committee. The below table represents the details of market risk calculation as of 31 December 2009 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 1 November 2006, namely the "Calculation of Market Risk with Standard Method".

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### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

#### a. Information on Market Risk:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| (I) Capital to be Employed for General Market Risk-Standard Method                           | 64.833           | 18.608           |
| (II) Capital to be Employed for Specific Risk-Standard Method                                | 6.206            | 2.564            |
| (III) Capital to be Employed for Currency Risk - Standard Method                             | 11.126           | 1.916            |
| (IV) Capital to be Employed for Commodity Risk-Standard Method                               | -                | 123              |
| (V) Capital to be Employed for Exchange Risk-Standard Method                                 | -                | -                |
| (VI) Capital to be Employed for Market Risk Due to Options-Standard Method                   | 193              | 1                |
| (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)                   | 82.358           | 23.212           |
| (IX) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)                                 | 1.029.475        | 290.150          |

#### b. Average Market Risk Table of Calculated Market Risk At the Month Ends:

|                                     | 31 December 2009 |                  |                | 31 December 2008 |                |                |
|-------------------------------------|------------------|------------------|----------------|------------------|----------------|----------------|
|                                     | Average          | Maximum          | Minimum        | Average          | Maximum        | Minimum        |
| Interest Rate Risk                  | 44.825           | 81.596           | 21.670         | 16.754           | 23.153         | 19.177         |
| Share Premium Risk                  | 5.111            | 5.553            | 2.083          | 4.236            | 2.364          | 1.995          |
| Currency Risk                       | 5.059            | 2.735            | 121            | 8.998            | 11.959         | 1.917          |
| Commodity Risk                      | 21               | -                | -              | 45               | 1              | 123            |
| Exchange Risk                       | -                | -                | -              | -                | -              | -              |
| Option Risk                         | -                | -                | -              | -                | -              | -              |
| <b>Total Amount Subject to Risk</b> | <b>687.700</b>   | <b>1.123.550</b> | <b>298.425</b> | <b>375.413</b>   | <b>468.463</b> | <b>290.150</b> |

#### IV. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2008, 2007 and 2006 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 1 June 2007, published in the Official Gazette No. 26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of 31 December 2009, the total amount subject to operational risk is TL6.209.003 thousand (2008: TL4.839.316 thousand) and the amount of the related capital requirement is TL496.720 thousand (2008: TL387.145 thousand).

#### 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 exposed currency risk within the related legal limits and the following of exchange position realized is followed on a daily/momentary basis. Notwithstanding, even the internal exchange position limit is the minimal required in terms of when compared to the related legal limit, during the year internal position limits are not exceeded. As a tool of currency risk management, futures such as swap and forward are used to abstain from risk whenever needed. In order to guard against extreme volatility during the year Stress tests are applied. All these applications signalizes the sensitivity of the Bank Management regarding the currency risk, meaning minimum influence from the exchange rate fluctuations caused by the recent global crisis.

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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:

|                                       | USD              | EUR              | Yen              |
|---------------------------------------|------------------|------------------|------------------|
| <b>Balance Sheet Evaluation Rate:</b> | <b>TL1,46800</b> | <b>TL2,10620</b> | <b>TLO,01589</b> |
| 30 December 2009 bid rate             | TL1,46500        | TL2,11380        | TLO,01595        |
| 29 December 2009 bid rate             | TL1,46880        | TL2,11430        | TLO,01602        |
| 28 December 2009 bid rate             | TL1,46750        | TL2,11590        | TLO,01605        |
| 25 December 2009 bid rate             | TL1,46930        | TL2,11380        | TLO,01606        |
| 24 December 2009 bid rate             | TL1,48060        | TL2,11120        | TLO,01610        |

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  | : TL1,46155 |
| Euro | : TL2,13935 |
| Yen  | : TLO,01629 |

As of 31 December 2008;

|                                       | USD              | EUR              | Yen              |
|---------------------------------------|------------------|------------------|------------------|
| <b>Balance Sheet Evaluation Rate:</b> | <b>TL1,47440</b> | <b>TL2,08720</b> | <b>TLO,01631</b> |

#### 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, trading derivative financial assets and liabilities, 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 the sum of liabilities in the following table and in the balance sheet. The Banks' real position, both in financial and economic terms, is presented below:

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|   | EURO               | USD                | Yen             | Other FC         | Total              |
|---|--------------------|--------------------|-----------------|------------------|--------------------|
| <b>31 December 2009</b>   |                    |                    |                 |                  |                    |
| <b>Assets</b>   |                    |                    |                 |                  |                    |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 2.101.563          | 83.645             | 556             | 5.033            | 2.190.797          |
| Banks   | 728.849            | 443.951            | 3.070           | 64.642           | 1.240.512          |
| Financial Assets at Fair Value Through Profit or Loss   | 65.365             | 44.227             | -               | -                | 109.592            |
| Interbank Money Market Placements   | -                  | -                  | -               | -                | -                  |
| Available-for-Sale Financial Assets   | 20.891             | 673.023            | -               | -                | 693.914            |
| Loans <sup>(1)</sup>  | 4.537.459          | 9.752.557          | 59.043          | 371.137          | 14.720.196         |
| Investments in Associates, Subsidiaries and Joint Ventures  | 275.967            | 113.181            | -               | 43.404           | 432.552            |
| Held-to-Maturity Investments  | 429.636            | 5.743.522          | -               | -                | 6.173.158          |
| Hedging Derivative Financial Assets   | -                  | -                  | -               | -                | -                  |
| Tangible Assets   | -                  | -                  | -               | -                | -                  |
| Intangible Assets   | -                  | -                  | -               | -                | -                  |
| Other Assets  | 136.689            | 105.166            | 5               | 190.555          | 432.415            |
| <b>Total Assets</b>   | <b>8.296.419</b>   | <b>16.959.272</b>  | <b>62.674</b>   | <b>674.771</b>   | <b>25.993.136</b>  |
| <b>Liabilities</b>  |                    |                    |                 |                  |                    |
| Bank Deposits   | 168.249            | 178.616            | 908             | 184.994          | 532.767            |
| Foreign Currency Deposits   | 5.806.247          | 10.918.041         | 25.548          | 552.221          | 17.302.057         |
| Funds From Interbank Money Market   | 116.368            | 745.263            | -               | -                | 861.631            |
| Funds Borrowed From Other Financial Institutions  | 2.555.853          | 1.994.597          | -               | 553              | 4.551.003          |
| Marketable Securities Issued  | -                  | -                  | -               | -                | -                  |
| Miscellaneous Payables  | 134.730            | 205.160            | 141             | 14.386           | 354.417            |
| Hedging Derivative Financial Liabilities  | -                  | -                  | -               | -                | -                  |
| Other Liabilities   | 2.464.939          | 142.324            | 687             | 438              | 2.608.388          |
| <b>Total Liabilities</b>  | <b>11.246.386</b>  | <b>14.184.001</b>  | <b>27.284</b>   | <b>752.592</b>   | <b>26.210.263</b>  |
| <b>Net On-balance Sheet Position</b>  | <b>(2.949.967)</b> | <b>2.775.271</b>   | <b>35.390</b>   | <b>(77.821)</b>  | <b>(217.127)</b>   |
| <b>Net Off-balance Sheet Position</b>   | <b>2.973.373</b>   | <b>(2.601.197)</b> | <b>(38.335)</b> | <b>107.377</b>   | <b>441.218</b>     |
| Financial Derivative Assets   | 3.985.289          | 9.326.291          | 14.865          | 289.528          | 13.615.973         |
| Financial Derivative Liabilities  | 1.011.916          | 11.927.488         | 53.200          | 182.151          | 13.174.755         |
| <b>Non-Cash Loans</b>   | <b>3.354.765</b>   | <b>6.123.306</b>   | <b>315.590</b>  | <b>127.815</b>   | <b>9.921.476</b>   |
| <b>31 December 2008</b>   |                    |                    |                 |                  |                    |
| Total Assets  | 9.068.677          | 17.591.698         | 92.110          | 684.991          | 27.437.476         |
| Total Liabilities   | 9.417.156          | 15.769.429         | 19.392          | 522.079          | 25.728.056         |
| <b>Net On-balance Sheet Position</b>  | <b>(348.479)</b>   | <b>1.822.269</b>   | <b>72.718</b>   | <b>162.912</b>   | <b>1.709.420</b>   |
| <b>Net Off-balance Sheet Position</b>   | <b>409.891</b>     | <b>(1.713.691)</b> | <b>(69.893)</b> | <b>(162.341)</b> | <b>(1.536.034)</b> |
| Financial Derivative Assets   | 983.185            | 3.799.780          | 139.604         | 26.943           | 4.949.512          |
| Financial Derivative Liabilities  | 573.294            | 5.513.471          | 209.497         | 189.284          | 6.485.546          |
| <b>Non-Cash Loans</b>   | <b>3.678.414</b>   | <b>6.013.556</b>   | <b>400.447</b>  | <b>176.103</b>   | <b>10.268.520</b>  |

<sup>(1)</sup> Includes FX indexed loans amounting to TL1.593.570 thousand (2008: TL1.965.326 thousand) which have been disclosed as TL in the financial statements.

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#### 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 Asset and Liability Committee. By using sensitivity and scenario analyses, the possible loss effects on the equity are analyzed due to the interest rate volatility not only within the current year but also for the future periods.

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 interest swap transactions in order to limit the interest risk arising from short-term deposit and long-term consumer loans within the TL balance sheet. Furthermore, in order to reduce maturity mismatch in the Foreign Currency balance sheet, Foreign Currency/Foreign Currency interest swaps were utilized.

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

| 31 Aralık 2009  | Up to 1<br>Month    | 1-3<br>Months      | 3-12<br>Months    | 1-5<br>Years      | 5 Years<br>and Over | Non Interest<br>Bearing | Total               |
|---|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|---------------------|
| <b>Assets</b>   |                     |                    |                   |                   |                     |                         |                     |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 1.302.424           | -                  | -                 | -                 | -                   | 2.672.641               | 3.975.065           |
| Banks   | 986.918             | 185.850            | 36.870            | -                 | -                   | 440.018                 | 1.649.656           |
| Financial Assets at Fair Value Through Profit/Loss  | 137.021             | 450.720            | 73.039            | 154.701           | 18.417              | -                       | 833.898             |
| Interbank Money Market Placements   | 1.530.286           | -                  | -                 | -                 | -                   | -                       | 1.530.286           |
| Available-for-Sale Financial Assets   | 304.701             | 128.945            | 82.455            | 91.046            | 649.661             | 7.483                   | 1.264.291           |
| Loans   | 8.858.288           | 4.266.184          | 8.963.150         | 9.945.374         | 5.422.161           | 402.659                 | 37.857.816          |
| Held-to-Maturity Investments  | 1.235.458           | 3.347.635          | 1.313.963         | 2.110.168         | 4.007.568           | -                       | 12.014.792          |
| Other Assets  | 214.174             | 127.839            | 28                | 84                | -                   | 5.092.483               | 5.434.608           |
| <b>Total Assets</b>   | <b>14.569.270</b>   | <b>8.507.173</b>   | <b>10.469.505</b> | <b>12.301.373</b> | <b>10.097.807</b>   | <b>8.615.284</b>        | <b>64.560.412</b>   |
| <b>Liabilities</b>  |                     |                    |                   |                   |                     |                         |                     |
| Bank Deposits   | 162.110             | 180.681            | 2.041             | -                 | -                   | 371.059                 | 715.891             |
| Other Deposits  | 26.626.419          | 4.788.729          | 1.399.410         | 16.272            | -                   | 7.286.616               | 40.117.446          |
| Funds From Interbank Money Market   | 410.728             | 466.328            | 49.339            | -                 | -                   | -                       | 926.395             |
| Miscellaneous Payables  | 2.132.082           | -                  | -                 | -                 | -                   | 859.629                 | 2.991.711           |
| Marketable Securities Issued  | -                   | -                  | -                 | -                 | -                   | -                       | -                   |
| Funds Borrowed From Other Financial Institutions  | 873.212             | 3.665.984          | 730.713           | 38.630            | -                   | -                       | 5.308.539           |
| Other Liabilities and Shareholders' Equity  | 147.164             | 1.122.409          | 1.212.604         | 323.803           | 48.626              | 11.645.824              | 14.500.430          |
| <b>Total Liabilities</b>  | <b>30.351.715</b>   | <b>10.224.131</b>  | <b>3.394.107</b>  | <b>378.705</b>    | <b>48.626</b>       | <b>20.163.128</b>       | <b>64.560.412</b>   |
| <b>Balance Sheet Long Position</b>  | <b>-</b>            | <b>-</b>           | <b>7.075.398</b>  | <b>11.922.668</b> | <b>10.049.181</b>   | <b>-</b>                | <b>29.047.247</b>   |
| <b>Balance Sheet Short Position</b>   | <b>(15.782.445)</b> | <b>(1.716.958)</b> | <b>-</b>          | <b>-</b>          | <b>-</b>            | <b>(11.547.844)</b>     | <b>(29.047.247)</b> |
| Off-balance Sheet Long Position   | 32.818              | 368.162            | 5.746             | 128.475           | -                   | -                       | 535.201             |
| Off-balance Sheet Short Position  | -                   | -                  | -                 | -                 | (14.283)            | -                       | (14.283)            |
| <b>Total Position</b>   | <b>(15.749.627)</b> | <b>(1.348.796)</b> | <b>7.081.144</b>  | <b>12.051.143</b> | <b>10.034.898</b>   | <b>(11.547.844)</b>     | <b>520.918</b>      |

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| 31 December 2008  | Up to 1<br>Month    | 1-3<br>Months      | 3-12<br>Months    | 1-5<br>Years      | 5 Years<br>and Over | Non Interest<br>Bearing | Total               |
|---|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|---------------------|
| <b>Assets</b>   |                     |                    |                   |                   |                     |                         |                     |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 1.429.556           | -                  | -                 | -                 | -                   | 3.089.087               | 4.518.643           |
| Banks   | 844.610             | 193.854            | 6.407             | -                 | -                   | 1.119.598               | 2.164.469           |
| Financial Assets at Fair Value Through Profit/Loss  | 97.311              | 112.816            | 331.359           | 84.738            | 40.601              | -                       | 666.825             |
| Interbank Money Market Placements   | 40.358              | -                  | -                 | -                 | -                   | -                       | 40.358              |
| Available-for-Sale Financial Assets   | 47.858              | 266.891            | 115.547           | 177.253           | 356.900             | 22.886                  | 987.335             |
| Loans   | 9.222.304           | 4.257.635          | 10.229.636        | 9.195.776         | 5.123.432           | 644.169                 | 38.672.952          |
| Held-to-Maturity Investments  | 899.153             | 3.737.343          | 1.133.205         | 1.778.975         | 3.980.333           | -                       | 11.529.009          |
| Other Assets  | 130.584             | -                  | -                 | -                 | -                   | 5.012.958               | 5.143.542           |
| <b>Total Assets</b>   | <b>12.711.734</b>   | <b>8.568.539</b>   | <b>11.816.154</b> | <b>11.236.742</b> | <b>9.501.266</b>    | <b>9.888.698</b>        | <b>63.723.133</b>   |
| <b>Liabilities</b>  |                     |                    |                   |                   |                     |                         |                     |
| Bank Deposits   | 96.656              | 146.487            | 1.115             | -                 | -                   | 234.850                 | 479.108             |
| Other Deposits  | 30.268.366          | 4.691.796          | 732.403           | 12.091            | -                   | 5.521.565               | 41.226.221          |
| Funds From Interbank Money Market   | 274.640             | 853                | 111.449           | -                 | -                   | -                       | 386.942             |
| Miscellaneous Payables  | 1.982.154           | -                  | -                 | -                 | -                   | 594.185                 | 2.576.339           |
| Marketable Securities Issued  | -                   | -                  | -                 | -                 | -                   | -                       | -                   |
| Funds Borrowed From Other Financial Institutions  | 385.942             | 4.064.901          | 567.940           | 949.139           | 195.914             | -                       | 6.163.836           |
| Other Liabilities and Shareholders' Equity  | 118.319             | 1.124.865          | 1.185.859         | 1.605             | -                   | 10.460.039              | 12.890.687          |
| <b>Total Liabilities</b>  | <b>33.126.077</b>   | <b>10.028.902</b>  | <b>2.598.766</b>  | <b>962.835</b>    | <b>195.914</b>      | <b>16.810.639</b>       | <b>63.723.133</b>   |
| <b>Balance Sheet Long Position</b>  | <b>-</b>            | <b>-</b>           | <b>9.217.388</b>  | <b>10.273.907</b> | <b>9.305.352</b>    | <b>-</b>                | <b>28.796.647</b>   |
| <b>Balance Sheet Short Position</b>   | <b>(20.414.343)</b> | <b>(1.460.363)</b> | <b>-</b>          | <b>-</b>          | <b>-</b>            | <b>(6.921.941)</b>      | <b>(28.796.647)</b> |
| Off-balance Sheet Long Position   | 46.683              | 43.423             | 279.252           | -                 | -                   | -                       | 369.358             |
| Off-balance Sheet Short Position  | -                   | -                  | -                 | (449)             | -                   | -                       | (449)               |
| <b>Total Position</b>   | <b>(20.367.660)</b> | <b>(1.416.940)</b> | <b>9.496.640</b>  | <b>10.273.458</b> | <b>9.305.352</b>    | <b>(6.921.941)</b>      | <b>368.909</b>      |

#### Interest rate sensitivity analysis:

The table below represents the effect of 1% change of interest rates (both increase and decrease) on total equity excluding the tax effects.

| Change in Interest Rate | 31 December 2009 | 31 December 2008 |
|-------------------------|------------------|------------------|
|                         | Value Effect     | Value Effect     |
| (+) %1                  | (468.288)        | (385.324)        |
| (-) %1                  | 515.509          | 423.525          |

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

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

| 31 December 2009  | EURO     | USD      | Yen      | TL       |
|---|----------|----------|----------|----------|
| Assets  | %        | %        | %        | %        |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | -        | -        | -        | 3,78     |
| Banks   | 0,24     | 0,36     | -        | 6,87     |
| Financial Assets at Fair Value Through Profit/Loss  | 7,41     | 6,43     | -        | 8,51     |
| Interbank Money Market Placements   | -        | -        | -        | 6,72     |
| Available-for-sale Financial Assets   | 6,48     | 7,13     | -        | 10,05    |
| Loans <sup>(1)</sup>  | 5,87     | 4,97     | 4,58     | 17,90    |
| Held-to-maturity Investments  | 4,79     | 6,72     | -        | 11,37    |
| <b>Liabilities</b>  |          |          |          |          |
| Bank Deposits   | 0,03     | 0,09     | -        | 1,91     |
| Other Deposits  | 1,63     | 1,87     | 0,01     | 7,83     |
| Funds From Interbank Money Market   | 3,13     | 1,62     | -        | 6,41     |
| Miscellaneous Payables  | -        | -        | -        | -        |
| Marketable Securities Issued  | -        | -        | -        | -        |
| Funds Borrowed From Other Financial Institutions  | 2,52     | 1,52     | -        | 14,95    |
| <b>31 December 2008</b>   |          |          |          |          |
| <b>Assets</b>   | <b>%</b> | <b>%</b> | <b>%</b> | <b>%</b> |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 1,17     | 0,68     | -        | 8,64     |
| Banks   | 0,78     | 0,84     | -        | 14,23    |
| Financial Assets at Fair Value Through Profit/Loss  | 6,81     | 8,15     | -        | 20,29    |
| Interbank Money Market Placements   | -        | -        | -        | 19,39    |
| Available-for-sale Financial Assets   | 9,63     | 5,79     | -        | 19,92    |
| Loans <sup>(1)</sup>  | 7,31     | 5,79     | 4,06     | 24,22    |
| Held-to-maturity Investments  | 5,68     | 7,30     | -        | 20,09    |
| <b>Liabilities</b>  |          |          |          |          |
| Bank Deposits   | 0,02     | 0,02     | -        | 7,82     |
| Other Deposits  | 3,25     | 4,48     | 0,01     | 20,30    |
| Funds From Interbank Money Market   | 7,15     | 5,00     | -        | 16,27    |
| Miscellaneous Payables  | -        | -        | -        | -        |
| Marketable Securities Issued  | -        | -        | -        | -        |
| Funds Borrowed From Other Financial Institutions  | 5,58     | 3,07     | 2,23     | 14,59    |

<sup>(1)</sup> Does not include credit card loans.

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#### VII. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy of the Bank in accordance with the policies of the market risk within the determined limits. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held, the liquidity position of the Bank in the short and long term is followed periodically, The Bank's liquidity strength is measured with stress tests against potential risks. During the monthly meetings of the ALCO, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

The mismatching of payments, asset and liabilities with interest rates is followed via daily and monthly liquidity gap reports and any effects of incompliance investigated. Subordinated loans with long-term maturity have been provided in order to extend the short-term funding structure in the banking sector and off-balance sheet derivative financial instruments have been used. The liquidity risk according to the mismatching of assets and liabilities is decreased with the placement of these loans in the short-term derivatives and liquid treasury bills.

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

|   | Demand             | Up to 1<br>month    | 1-3<br>Months      | 3-12<br>Months    | 1-5<br>Years      | 5 Years<br>and Over | Unclassified<br>(1),(2) | Total             |
|---|--------------------|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|
| <b>31 December 2009</b>   |                    |                     |                    |                   |                   |                     |                         |                   |
| <b>Assets</b>   |                    |                     |                    |                   |                   |                     |                         |                   |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 2.601.248          | 1.373.817           | -                  | -                 | -                 | -                   | -                       | 3.975.065         |
| Banks   | 440.018            | 986.918             | 185.850            | 36.870            | -                 | -                   | -                       | 1.649.656         |
| Financial Assets at Fair Value Through Profit or Loss   | -                  | 122.518             | 444.435            | 74.476            | 167.423           | 25.046              | -                       | 833.898           |
| Interbank Money Market Placements   | -                  | 1.530.286           | -                  | -                 | -                 | -                   | -                       | 1.530.286         |
| Available-for-sale Financial Assets   | 45.053             | 1                   | 98.812             | 84.672            | 351.865           | 676.405             | 7.483                   | 1.264.291         |
| Loans   | -                  | 8.033.303           | 3.816.074          | 8.400.143         | 10.445.586        | 6.760.051           | 402.659                 | 37.857.816        |
| Held-to-maturity Investments  | -                  | 105.407             | 676.303            | 1.826.287         | 5.399.227         | 4.007.568           | -                       | 12.014.792        |
| Other Assets (1)  | 401.936            | 322.750             | 2.134              | 9.633             | 128.460           | 142                 | 4.569.553               | 5.434.608         |
| <b>Total Assets</b>   | <b>3.488.255</b>   | <b>12.475.000</b>   | <b>5.223.608</b>   | <b>10.432.081</b> | <b>16.492.561</b> | <b>11.469.212</b>   | <b>4.979.695</b>        | <b>64.560.412</b> |
| <b>Liabilities</b>  |                    |                     |                    |                   |                   |                     |                         |                   |
| Bank Deposits   | 371.059            | 162.110             | 180.681            | 2.041             | -                 | -                   | -                       | 715.891           |
| Other Deposits  | 7.286.616          | 26.626.419          | 4.788.729          | 1.399.410         | 16.272            | -                   | -                       | 40.117.446        |
| Funds Borrowed From Other Financial Institutions  | -                  | 220.001             | 157.869            | 2.544.253         | 1.957.093         | 429.323             | -                       | 5.308.539         |
| Funds From Interbank Money Market   | -                  | 410.728             | 466.328            | 49.339            | -                 | -                   | -                       | 926.395           |
| Marketable Securities Issued  | -                  | -                   | -                  | -                 | -                 | -                   | -                       | -                 |
| Miscellaneous Payables  | 375.956            | 2.615.755           | -                  | -                 | -                 | -                   | -                       | 2.991.711         |
| Other Liabilities (2)   | 113.073            | 1.302.446           | 228.680            | 261.520           | 1.532.354         | 2.540.092           | 8.522.265               | 14.500.430        |
| <b>Total Liabilities</b>  | <b>8.146.704</b>   | <b>31.337.459</b>   | <b>5.822.287</b>   | <b>4.256.563</b>  | <b>3.505.719</b>  | <b>2.969.415</b>    | <b>8.522.265</b>        | <b>64.560.412</b> |
| <b>Net Liquidity Gap</b>  | <b>(4.658.449)</b> | <b>(18.862.459)</b> | <b>(598.679)</b>   | <b>6.175.518</b>  | <b>12.986.842</b> | <b>8.499.797</b>    | <b>(3.542.570)</b>      | <b>-</b>          |
| <b>31 December 2008</b>   |                    |                     |                    |                   |                   |                     |                         |                   |
| Total Assets  | 4.291.594          | 11.158.193          | 4.324.558          | 10.779.528        | 15.590.990        | 12.321.781          | 5.256.489               | 63.723.133        |
| Total Liabilities   | 6.094.309          | 35.291.342          | 5.681.633          | 3.100.478         | 3.511.748         | 3.016.704           | 7.026.919               | 63.723.133        |
| <b>Net Liquidity Gap</b>  | <b>(1.802.715)</b> | <b>(24.133.149)</b> | <b>(1.357.075)</b> | <b>7.679.050</b>  | <b>12.079.242</b> | <b>9.305.077</b>    | <b>(1.770.430)</b>      | <b>-</b>          |

(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 and loans under follow-up, are classified in this column.

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

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Breakdown of financial liabilities according to their remaining contractual maturities:

| 31 December 2009                                    | Demand and Up<br>to 1 month | 1-3<br>Months    | 3-12<br>Months   | 1-5<br>Years     | Above<br>5 years |
|---|-----------------------------|------------------|------------------|------------------|------------------|
| <b>Liabilities</b>                                  |                             |                  |                  |                  |                  |
| Deposit   | 34.509.425                  | 4.993.969        | 1.445.634        | 16.940           | -                |
| Funds Borrowed From Other Financial<br>Institutions | 223.174                     | 186.901          | 2.720.152        | 2.438.215        | 299.715          |
| Funds From Interbank Money Market                   | 411.410                     | 467.406          | 49.906           | -                | -                |
| <b>Total</b>  | <b>35.144.009</b>           | <b>5.648.276</b> | <b>4.215.692</b> | <b>2.455.155</b> | <b>299.715</b>   |

| 31 December 2008                                    | Demand and Up<br>to 1 month | 1-3<br>Months    | 3-12<br>Months   | 1-5<br>Years     | Above<br>5 years |
|---|-----------------------------|------------------|------------------|------------------|------------------|
| <b>Liabilities</b>                                  |                             |                  |                  |                  |                  |
| Deposit   | 36.279.862                  | 4.910.289        | 761.893          | 13.588           | -                |
| Funds Borrowed From Other Financial<br>Institutions | 391.147                     | 677.189          | 2.307.534        | 2.768.844        | 1.115.647        |
| Funds From Interbank Money Market                   | 275.205                     | 870              | 113.880          | -                | -                |
| <b>Total</b>  | <b>36.946.214</b>           | <b>5.588.348</b> | <b>3.183.307</b> | <b>2.782.432</b> | <b>1.115.647</b> |

#### 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 Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

|  | Carrying Value      |                     | Fair Value          |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31 December<br>2009 | 31 December<br>2008 | 31 December<br>2009 | 31 December<br>2008 |
| <b>Financial Assets</b>                          | <b>54.316.841</b>   | <b>53.394.123</b>   | <b>56.146.453</b>   | <b>53.285.339</b>   |
| Due From Interbank Money Market                  | 1.530.286           | 40.358              | 1.531.075           | 40.744              |
| Banks  | 1.649.656           | 2.164.469           | 1.650.361           | 2.168.213           |
| Available-for-sale Financial Assets              | 1.264.291           | 987.335             | 1.264.291           | 987.335             |
| Held-to-maturity Investments                     | 12.014.792          | 11.529.009          | 12.618.273          | 11.355.415          |
| Loans  | 37.857.816          | 38.672.952          | 39.082.453          | 38.733.632          |
| <b>Financial Liabilities</b>                     | <b>49.133.587</b>   | <b>50.445.504</b>   | <b>49.184.971</b>   | <b>50.536.256</b>   |
| Bank Deposits                                    | 715.891             | 479.108             | 716.040             | 480.006             |
| Other Deposits                                   | 40.117.446          | 41.226.221          | 40.117.446          | 41.226.221          |
| Funds Borrowed From Other Financial Institutions | 5.308.539           | 6.163.836           | 5.359.774           | 6.253.690           |
| Marketable Securities Issued                     | -                   | -                   | -                   | -                   |
| Miscellaneous Payables                           | 2.991.711           | 2.576.339           | 2.991.711           | 2.576.339           |

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.

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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 are determined by calculating the discounted cash flows using the current market interest rates for the fixed 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 expected fair value of the other deposits is determined by adding the cost and the interest expense discounts.

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:

| 31 December 2009   | Level 1          | Level 2        | Level 3      | Total            |
|--|------------------|----------------|--------------|------------------|
| <b>Financial Assets at Fair Value Through Profit or (Loss) (Net)</b> | <b>227.149</b>   | <b>735.380</b> | -            | <b>962.529</b>   |
| Government Debt Securities   | 227.149          | -              | -            | 227.149          |
| Share Certificates   | -                | -              | -            | -                |
| Trading Derivative Financial Assets                                  | -                | 606.559        | -            | 606.559          |
| Hedging Derivative Financial Assets                                  | -                | 128.631        | -            | 128.631          |
| Other Marketable Securities  | -                | 190            | -            | 190              |
| <b>Available-for-Sale Financial Assets (Net)</b>                     | <b>1.219.526</b> | <b>39.199</b>  | <b>5.566</b> | <b>1.264.291</b> |
| Government Debt Securities   | 1.172.556        | -              | -            | 1.172.556        |
| Other Marketable Securities <sup>(1)</sup>                           | 46.970           | 39.199         | 5.566        | 91.735           |
| <b>Total Assets</b>  | <b>1.446.675</b> | <b>774.579</b> | <b>5.566</b> | <b>2.226.820</b> |
| Trading Derivative Financial Liabilities                             | -                | 267.377        | -            | 267.377          |
| Hedging Derivative Financial Liabilities                             | -                | 357.613        | -            | 357.613          |
| <b>Total Liabilities</b>   | -                | <b>624.990</b> | -            | <b>624.990</b>   |

<sup>(1)</sup> As presented in Level 3 column, according to TAS 39, non-public investment in associates and subsidiaries are presented at acquisition costs.

#### IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES:

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

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### **X. EXPLANATIONS ON OPERATING SEGMENTS:**

Through its new organizational structure launched in February 2009 aimed at further enhancing the customer-focused divisionalised service model as well as supporting the performances of business units in closer collaboration with product factories, the Bank carries out its banking operations through three main business units: (1) Retail Banking (including credit cards and SME banking), (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

The Bank's retail banking activities include credit cards, SME banking and individual banking. Retail Banking products and services offered to customers include credit cards, consumer loans (including general purpose loans, auto loans and mortgages), commercial installment loans, SME loans, time and demand deposits, investment accounts, life and non-life insurance products and payroll services. Credit card operations cover the management of products and services for member merchants as well as the sales and marketing operations for a variety of customer types. The clubs and programmes under the umbrella of the World brand include Gold Club, Platinum Club, Crystal Club, Travel Club (Travel Programme and VIP Travel Programme), Adios Card, Play Club (Young Employees Programme and Student Programme), Business Club (Corporate Programme, Trio Programme, Company Programme and SME Programme), Share Programme and Communication Programme.

Corporate and Commercial Banking is organized into two sub-segments: commercial banking, which serves mid-sized companies; and corporate banking, which serves large 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 transactions, operations of supporting business units and other unallocated transactions.

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

|   | Retail<br>Banking | Corporate and<br>Commercial<br>Banking | Private Banking<br>and Wealth<br>Management | Other             | Total<br>Operations<br>of the Bank |
|---|-------------------|--|---|-------------------|------------------------------------|
| <b>31 December 2009</b>                                       |                   |  |   |                   |                                    |
| Operating revenue   | 2.775.312         | 1.092.280                              | 152.929                                     | 1.429.277         | 5.449.798                          |
| Operating expense   | (2.356.880)       | (357.756)                              | (61.122)                                    | (1.102.825)       | (3.878.583)                        |
| <b>Net Operating Profit</b>                                   | <b>418.432</b>    | <b>734.524</b>                         | <b>91.807</b>                               | <b>326.452</b>    | <b>1.571.215</b>                   |
| Dividend income   |                   |  |   | 142.688           | 142.688                            |
| <b>Profit before tax</b>                                      | <b>418.432</b>    | <b>734.524</b>                         | <b>91.807</b>                               | <b>469.140</b>    | <b>1.713.903</b>                   |
| Tax expense   |                   |  |   | (359.126)         | (359.126)                          |
| <b>Net Profit</b>   | <b>418.432</b>    | <b>734.524</b>                         | <b>91.807</b>                               | <b>110.014</b>    | <b>1.354.777</b>                   |
| Segment assets  | 19.207.596        | 19.097.026                             | 217.725                                     | 24.184.181        | 62.706.528                         |
| Investments in associates,<br>subsidiaries and joint ventures |                   |  |   | 1.853.884         | 1.853.884                          |
| <b>Total Assets</b>   | <b>19.207.596</b> | <b>19.097.026</b>                      | <b>217.725</b>                              | <b>26.038.065</b> | <b>64.560.412</b>                  |
| Segment liabilities   | 20.518.455        | 12.836.441                             | 9.794.385                                   | 13.143.764        | 56.293.045                         |
| Shareholders' equity  |                   |  |   | 8.267.367         | 8.267.367                          |
| <b>Total liabilities</b>                                      | <b>20.518.455</b> | <b>12.836.441</b>                      | <b>9.794.385</b>                            | <b>21.411.131</b> | <b>64.560.412</b>                  |
| <b>31 December 2008</b>                                       |                   |  |   |                   |                                    |
| Operating revenue   | 2.329.407         | 886.554                                | 127.409                                     | 713.308           | 4.056.678                          |
| Operating expense   | (1.299.166)       | (216.669)                              | (65.306)                                    | (1.346.841)       | (2.927.982)                        |
| <b>Net Operating Profit</b>                                   | <b>1.030.241</b>  | <b>669.885</b>                         | <b>62.103</b>                               | <b>(633.533)</b>  | <b>1.128.696</b>                   |
| Dividend income   |                   |  |   | 205.969           | 205.969                            |
| <b>Profit before tax</b>                                      | <b>1.030.241</b>  | <b>669.885</b>                         | <b>62.103</b>                               | <b>(427.564)</b>  | <b>1.334.665</b>                   |
| Tax expense   |                   |  |   | (292.064)         | (292.064)                          |
| <b>Net Profit</b>   | <b>1.030.241</b>  | <b>669.885</b>                         | <b>62.103</b>                               | <b>(719.628)</b>  | <b>1.042.601</b>                   |
| Segment assets  | 18.367.894        | 19.425.679                             | 120.513                                     | 23.950.178        | 61.864.264                         |
| Investments in associates,<br>subsidiaries and joint ventures |                   |  |   | 1.858.869         | 1.858.869                          |
| <b>Total Assets</b>   | <b>18.367.894</b> | <b>19.425.679</b>                      | <b>120.513</b>                              | <b>25.809.047</b> | <b>63.723.133</b>                  |
| Segment liabilities   | 19.367.453        | 14.959.444                             | 8.380.277                                   | 14.162.912        | 56.870.086                         |
| Shareholders' equity  |                   |  |   | 6.853.047         | 6.853.047                          |
| <b>Total liabilities</b>                                      | <b>19.367.453</b> | <b>14.959.444</b>                      | <b>8.380.277</b>                            | <b>21.015.959</b> | <b>63.723.133</b>                  |

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#### 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 with The Central Bank of the Republic of Turkey (the "CBRT"):

##### 1. Information on cash and the account with the CBRT:

|              | 31 December 2009 |                  | 31 December 2008 |                  |
|--------------|------------------|------------------|------------------|------------------|
|              | TL               | FC               | TL               | FC               |
| Cash         | 481.580          | 155.808          | 425.081          | 172.147          |
| The CBRT     | 1.302.688        | 2.034.806        | 1.429.610        | 2.491.433        |
| Other        | -                | 183              | -                | 372              |
| <b>Total</b> | <b>1.784.268</b> | <b>2.190.797</b> | <b>1.854.691</b> | <b>2.663.952</b> |

##### 2. Information on the account of the CBRT:

|   | 31 December 2009 |                  | 31 December 2008 |                  |
|---|------------------|------------------|------------------|------------------|
|   | TL               | FC               | TL               | FC               |
| Demand Unrestricted Amount <sup>(1)</sup> | 1.302.688        | 678.258          | 1.429.610        | 827.908          |
| Time Unrestricted Amount                  | -                | -                | -                | -                |
| Reserve Requirement                       | -                | 1.356.548        | -                | 1.663.525        |
| <b>Total</b>                              | <b>1.302.688</b> | <b>2.034.806</b> | <b>1.429.610</b> | <b>2.491.433</b> |

<sup>(1)</sup> The TL reserve requirement booked as average has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA as of 3 January 2008.

##### 3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, and "Change in Communiqué Regarding the Reserve Requirements" numbered 2008/7 published in the Official Gazette numbered 27075 dated 5 December 2008, the banks operating in Turkey are supposed to place reserves in the CBRT for their TL liabilities (5%) and for their foreign currency liabilities (9%) as USD and/or EUR. As of 31 December 2009, the interest rate on reserves held with CBRT is 5,2% for TL, no interest is recognized on foreign currency reserve requirements.

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

1. As of 31 December 2009, financial assets at fair value through profit and loss subject to repo transactions amount to TL66.654 thousand (2008: TL106.454 thousand), and the Bank has no financial assets at fair value through profit and loss those given as collateral/blocked amount (2008: TL1 thousand).

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#### 2. Positive differences related to trading derivative financial assets:

|                      | 31 December 2009 |               | 31 December 2008 |               |
|----------------------|------------------|---------------|------------------|---------------|
|                      | TL               | FC            | TL               | FC            |
| Forward Transactions | 38.924           | 1.625         | 65.483           | 3.053         |
| Swap Transactions    | 503.759          | 30.800        | 312.186          | 6.005         |
| Futures Transactions | -                | -             | -                | -             |
| Options              | 4.657            | 26.794        | 19               | 1.828         |
| Other                | -                | -             | -                | -             |
| <b>Total</b>         | <b>547.340</b>   | <b>59.219</b> | <b>377.688</b>   | <b>10.886</b> |

#### c. Information on banks:

##### 1. Information on banks:

|                                   | 31 December 2009 |                  | 31 December 2008 |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | TL               | FC               | TL               | FC               |
| Banks                             | 409.144          | 1.240.512        | 28.237           | 2.136.232        |
| Domestic                          | 365.856          | 62.144           | 18.042           | 11.593           |
| Foreign                           | 43.288           | 1.178.368        | 10.195           | 2.124.639        |
| Head Quarters and Branches Abroad | -                | -                | -                | -                |
| Other Financial Institutions      | -                | -                | -                | -                |
| <b>Total</b>                      | <b>409.144</b>   | <b>1.240.512</b> | <b>28.237</b>    | <b>2.136.232</b> |

##### 2. Information on foreign banks account:

|                               | Unrestricted Amount |                  | Restricted Amount |                  |
|-------------------------------|---------------------|------------------|-------------------|------------------|
|                               | 31 December 2009    | 31 December 2008 | 31 December 2009  | 31 December 2008 |
| EU Countries                  | 1.025.945           | 1.314.128        | -                 | -                |
| USA, Canada                   | 178.136             | 570.730          | -                 | -                |
| OECD Countries <sup>(1)</sup> | 8.855               | 215.892          | -                 | -                |
| Off-shore Banking Regions     | 143                 | 90               | -                 | -                |
| Other                         | 8.577               | 33.994           | -                 | -                |
| <b>Total</b>                  | <b>1.221.656</b>    | <b>2.134.834</b> | <b>-</b>          | <b>-</b>         |

<sup>(1)</sup> OECD countries except EU countries, USA and Canada

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

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

As of 31 December 2009, available-for-sale financial assets given as collateral/blocked amount to TL14.974 thousand (2008: TL233.402 thousand). Available-for-sale financial assets subject to repo transactions amount to TL17.585 thousand (2008: None).

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

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Debt Securities                         | 1.213.485        | 928.302          |
| Quoted on Stock Exchange <sup>(1)</sup> | 1.174.286        | 728.768          |
| Not Quoted                              | 39.199           | 199.534          |
| Share Certificates                      | 49.283           | 64.688           |
| Quoted on Stock Exchange                | -                | -                |
| Not Quoted                              | 49.283           | 64.688           |
| Impairment Provision (-)                | (43.530)         | (53.501)         |
| Other <sup>(2)</sup>                    | 45.053           | 47.846           |
| <b>Total</b>                            | <b>1.264.291</b> | <b>987.335</b>   |

<sup>(1)</sup> As of 31 December 2009, Eurobonds amounting to TL634.835 thousand (2008: TL340.743 thousand) have been classified under debt securities quoted on stock exchange even though they are not publicly traded.

<sup>(2)</sup> As of 31 December 2009, other available-for-sale financial assets include mutual funds amounting to TL45.053 thousand (2008: TL47.846 thousand).

#### e. Explanations on loans:

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

|   | 31 December 2009 |               | 31 December 2008 |               |
|---|------------------|---------------|------------------|---------------|
|   | Cash             | Non-cash      | Cash             | Non-cash      |
| <b>Direct Loans Granted to Shareholders</b>   | -                | -             | -                | -             |
| Corporate Shareholders                        | -                | -             | -                | -             |
| Real Person Shareholders                      | -                | -             | -                | -             |
| <b>Indirect Loans Granted to Shareholders</b> | <b>58.004</b>    | <b>54.926</b> | <b>128</b>       | <b>64.690</b> |
| <b>Loans Granted to Employees</b>             | <b>76.602</b>    | -             | <b>63.456</b>    | -             |
| <b>Total</b>                                  | <b>134.606</b>   | <b>54.926</b> | <b>63.584</b>    | <b>64.690</b> |

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

| Cash Loans                        | Standard Loans and<br>Other Receivables |                                | Loans and Other Receivables Under<br>Close Monitoring |                                |
|-----------------------------------|---|--------------------------------|---|--------------------------------|
|                                   | Loans and Other<br>Receivables          | Restructured or<br>Rescheduled | Loans and Other<br>Receivables                        | Restructured or<br>Rescheduled |
| <b>Non-Specialised Loans</b>      | <b>35.203.002</b>                       | -                              | <b>2.088.154</b>                                      | <b>164.001</b>                 |
| Discount and Purchase Notes       | 321.143                                 | -                              | 1.754   | -                              |
| Export Loans                      | 2.904.059                               | -                              | 200.431   | -                              |
| Import Loans                      | -                                       | -                              | -   | -                              |
| Loans Granted To Financial Sector | 1.114.388                               | -                              | -   | -                              |
| Foreign Loans                     | 44.726                                  | -                              | -   | -                              |
| Consumer Loans                    | 6.525.766                               | -                              | 361.959   | -                              |
| Credit Cards                      | 7.082.946                               | -                              | 276.472   | 135.028                        |
| Precious Metal Loans              | 257.213                                 | -                              | 4.612   | -                              |
| Other <sup>(1)</sup>              | 16.952.761                              | -                              | 1.242.926   | 28.973                         |
| <b>Specialised Loans</b>          | -                                       | -                              | -   | -                              |
| <b>Other Receivables</b>          | -                                       | -                              | -   | -                              |
| <b>Total</b>                      | <b>35.203.002</b>                       | -                              | <b>2.088.154</b>                                      | <b>164.001</b>                 |

<sup>(1)</sup> As explained in the Note I.i of Section V, TL140.137 thousand is classified under other loans.

3. Loans according to their maturity structure:

| Short-term Loans and<br>Other Receivables                        | Standard Loans and<br>Other Receivables |                                | Loans and Other Receivables Under<br>Close Monitoring |                                |
|--|---|--------------------------------|---|--------------------------------|
|  | Loans and Other<br>Receivables          | Restructured or<br>Rescheduled | Loans and Other<br>Receivables                        | Restructured or<br>Rescheduled |
| <b>Short-term Loans and<br/>Other Receivables</b>                | <b>18.203.849</b>                       | -                              | <b>825.819</b>  | <b>26.570</b>                  |
| Non-specialised Loans  | 18.203.849                              | -                              | 825.819   | 26.570                         |
| Specialised Loans  | -                                       | -                              | -   | -                              |
| Other Receivables  | -                                       | -                              | -   | -                              |
| <b>Medium And Long-<br/>Term Loans and Other<br/>Receivables</b> | <b>16.999.153</b>                       | -                              | <b>1.262.335</b>                                      | <b>137.431</b>                 |
| Non-Specialised Loans  | 16.999.153                              | -                              | 1.262.335   | 137.431                        |
| Specialised Loans  | -                                       | -                              | -   | -                              |
| Other Receivables  | -                                       | -                              | -   | -                              |

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

| 31 December 2009            | Corporate, Commercial<br>and Other Loans | Consumer Loans   | Credit Cards     | Total             |
|-----------------------------|--|------------------|------------------|-------------------|
| Standard loans              | 21.594.290                               | 6.525.766        | 7.082.946        | 35.203.002        |
| Watch listed                | 1.478.696                                | 361.959          | 411.500          | 2.252.155         |
| Loans under legal follow-up | 1.286.554                                | 490.707          | 803.744          | 2.581.005         |
| Specific Provisions (-)     | (1.042.162)                              | (359.872)        | (776.312)        | (2.178.346)       |
| <b>Total</b>                | <b>23.317.378</b>                        | <b>7.018.560</b> | <b>7.521.878</b> | <b>37.857.816</b> |

| 31 December 2008            | Corporate, Commercial<br>and Other Loans | Consumer Loans   | Credit Cards     | Total             |
|-----------------------------|--|------------------|------------------|-------------------|
| Standard loans              | 23.568.194                               | 5.951.238        | 7.050.502        | 36.569.934        |
| Watch listed                | 813.328                                  | 250.613          | 394.908          | 1.458.849         |
| Loans under legal follow-up | 973.373                                  | 245.837          | 493.820          | 1.713.030         |
| Specific Provisions (-)     | (665.194)                                | (97.303)         | (306.364)        | (1.068.861)       |
| <b>Total</b>                | <b>24.689.701</b>                        | <b>6.350.385</b> | <b>7.632.866</b> | <b>38.672.952</b> |

#### (ii) Fair value of collaterals (Loans and advances given to customers):

| 31 December 2009            | Corporate, Commercial<br>and Other Loans | Consumer Loans | Credit Cards | Total            |
|-----------------------------|--|----------------|--------------|------------------|
| Watch listed                | 407.741                                  | 180.037        | -            | 587.778          |
| Loans under legal follow-up | 338.988                                  | 173.030        | -            | 512.018          |
| <b>Total</b>                | <b>746.729</b>                           | <b>353.067</b> | <b>-</b>     | <b>1.099.796</b> |
| 31 December 2008            | Corporate, Commercial<br>and Other Loans | Consumer Loans | Credit Cards | Total            |
| Watch Listed                | 301.121                                  | 190.007        | -            | 491.128          |
| Loans under legal follow-up | 252.701                                  | 77.044         | -            | 329.745          |
| <b>Total</b>                | <b>553.822</b>                           | <b>267.051</b> | <b>-</b>     | <b>820.873</b>   |

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

|  | Short-term       | Medium and Long-term | Total             |
|--|------------------|----------------------|-------------------|
| <b>Consumer Loans-TL</b>                                     | <b>178.671</b>   | <b>6.261.167</b>     | <b>6.439.838</b>  |
| Real estate loans  | 6.253            | 3.535.133            | 3.541.386         |
| Automotive loans   | 18.513           | 556.424              | 574.937           |
| Consumer loans   | 153.905          | 2.169.610            | 2.323.515         |
| Other  | -                | -                    | -                 |
| <b>Consumer Loans-FC Indexed</b>                             | <b>2.182</b>     | <b>312.613</b>       | <b>314.795</b>    |
| Real estate loans  | 1.654            | 280.739              | 282.393           |
| Automotive loans   | 103              | 13.430               | 13.533            |
| Consumer loans   | 425              | 18.444               | 18.869            |
| Other  | -                | -                    | -                 |
| <b>Consumer Loans-FC</b>                                     | <b>-</b>         | <b>-</b>             | <b>-</b>          |
| Real estate loans  | -                | -                    | -                 |
| Automotive loans   | -                | -                    | -                 |
| Consumer loans   | -                | -                    | -                 |
| Other  | -                | -                    | -                 |
| <b>Individual Credit Cards-TL</b>                            | <b>7.123.535</b> | <b>139.048</b>       | <b>7.262.583</b>  |
| With installments  | 3.111.938        | 26.091               | 3.138.029         |
| Without installments   | 4.011.597        | 112.957              | 4.124.554         |
| <b>Individual Credit Cards-FC</b>                            | <b>-</b>         | <b>-</b>             | <b>-</b>          |
| With installments  | -                | -                    | -                 |
| Without installments   | -                | -                    | -                 |
| <b>Personnel Loans-TL</b>                                    | <b>7.949</b>     | <b>28.787</b>        | <b>36.736</b>     |
| Real estate loans  | 8                | 1.517                | 1.525             |
| Automotive loans   | 133              | 1.156                | 1.289             |
| Consumer loans   | 7.808            | 26.114               | 33.922            |
| Other  | -                | -                    | -                 |
| <b>Personnel Loans-FC Indexed</b>                            | <b>-</b>         | <b>57</b>            | <b>57</b>         |
| Real estate loans  | -                | 36                   | 36                |
| Automotive loans   | -                | -                    | -                 |
| Consumer loans   | -                | 21                   | 21                |
| Other  | -                | -                    | -                 |
| <b>Personnel Loans-FC</b>                                    | <b>-</b>         | <b>-</b>             | <b>-</b>          |
| Real estate loans  | -                | -                    | -                 |
| Automotive loans   | -                | -                    | -                 |
| Consumer loans   | -                | -                    | -                 |
| Other  | -                | -                    | -                 |
| <b>Personnel Credit Cards-TL</b>                             | <b>38.850</b>    | <b>85</b>            | <b>38.935</b>     |
| With installments  | 20.122           | 85                   | 20.207            |
| Without installments   | 18.728           | -                    | 18.728            |
| <b>Personnel Credit Cards-FC</b>                             | <b>-</b>         | <b>-</b>             | <b>-</b>          |
| With installments  | -                | -                    | -                 |
| Without installments   | -                | -                    | -                 |
| <b>Credit Deposit Account-TL (Real Person)<sup>(1)</sup></b> | <b>96.299</b>    | <b>-</b>             | <b>96.299</b>     |
| <b>Credit Deposit Account-FC (Real Person)</b>               | <b>-</b>         | <b>-</b>             | <b>-</b>          |
| <b>Total</b>   | <b>7.447.486</b> | <b>6.741.757</b>     | <b>14.189.243</b> |

<sup>(1)</sup> TL874 thousand of the credit deposit account belongs to the credits used by personnel.

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

|   | Short-term     | Medium and Long-term | Total            |
|---|----------------|----------------------|------------------|
| <b>Commercial Installments Loans-TL</b>         | <b>233.370</b> | <b>2.235.094</b>     | <b>2.468.464</b> |
| Business Loans                                  | 1.271          | 249.175              | 250.446          |
| Automotive Loans                                | 39.130         | 759.933              | 799.063          |
| Consumer Loans                                  | 192.969        | 1.225.986            | 1.418.955        |
| Other   | -              | -                    | -                |
| <b>Commercial Installments Loans-FC Indexed</b> | <b>13.069</b>  | <b>234.887</b>       | <b>247.956</b>   |
| Business Loans                                  | -              | 14.446               | 14.446           |
| Automotive Loans                                | 1.490          | 80.947               | 82.437           |
| Consumer Loans                                  | 11.579         | 139.494              | 151.073          |
| Other   | -              | -                    | -                |
| <b>Commercial Installments Loans-FC</b>         | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| Business Loans                                  | -              | -                    | -                |
| Automotive Loans                                | -              | -                    | -                |
| Consumer Loans                                  | -              | -                    | -                |
| Other   | -              | -                    | -                |
| <b>Corporate Credit Cards-TL</b>                | <b>192.328</b> | <b>600</b>           | <b>192.928</b>   |
| With installment                                | 41.044         | 600                  | 41.644           |
| Without installment                             | 151.284        | -                    | 151.284          |
| <b>Corporate Credit Cards-FC</b>                | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| With installment                                | -              | -                    | -                |
| Without installment                             | -              | -                    | -                |
| <b>Credit Deposit Account-TL (Legal Person)</b> | <b>125.729</b> | <b>-</b>             | <b>125.729</b>   |
| <b>Credit Deposit Account-FC (Legal Person)</b> | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| <b>Total</b>                                    | <b>564.496</b> | <b>2.470.581</b>     | <b>3.035.077</b> |

#### 7. Loans according to types of borrowers:

|              | 31 December 2009  | 31 December 2008  |
|--------------|-------------------|-------------------|
| Public       | 1.229.222         | 1.380.437         |
| Private      | 36.225.935        | 36.648.346        |
| <b>Total</b> | <b>37.455.157</b> | <b>38.028.783</b> |

#### 8. Distribution of domestic and foreign loans:

|                | 31 December 2009  | 31 December 2008  |
|----------------|-------------------|-------------------|
| Domestic loans | 37.410.431        | 37.422.357        |
| Foreign loans  | 44.726            | 606.426           |
| <b>Total</b>   | <b>37.455.157</b> | <b>38.028.783</b> |

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#### 9. Loans granted to investments in associates and subsidiaries:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Direct loans granted to investments in associates and subsidiaries   | 115.865          | 172.412          |
| Indirect loans granted to investments in associates and subsidiaries | -                | -                |
| <b>Total</b>   | <b>115.865</b>   | <b>172.412</b>   |

#### 10. Specific provisions provided against loans:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Loans and other receivables with limited collectibility  | 263.805          | 76.484           |
| Loans and other receivables with doubtful collectibility | 609.948          | 220.661          |
| Uncollectible loans and other receivables                | 1.304.593        | 771.716          |
| <b>Total</b>   | <b>2.178.346</b> | <b>1.068.861</b> |

| 2009   | Corporate, Commercial<br>and Other Loans | Consumer Loans | Credit Cards   | Total            |
|--|--|----------------|----------------|------------------|
| 1 January  | 665.194                                  | 97.303         | 306.364        | 1.068.861        |
| Allowance for impairment                             | 718.402                                  | 647.101        | 860.770        | 2.226.273        |
| Amount recovered during the period                   | (311.890)                                | (360.343)      | (302.991)      | (975.224)        |
| Loans written off during the period as uncollectible | (29.544)                                 | (24.189)       | (87.831)       | (141.564)        |
| <b>31 December</b>                                   | <b>1.042.162</b>                         | <b>359.872</b> | <b>776.312</b> | <b>2.178.346</b> |

| 2008   | Corporate, Commercial<br>and Other Loans | Consumer Loans | Credit Cards   | Total            |
|--|--|----------------|----------------|------------------|
| 1 January  | 1.037.628                                | 52.762         | 301.869        | 1.392.259        |
| Allowance for impairment                             | 241.843                                  | 195.427        | 360.999        | 798.269          |
| Amount recovered during the period                   | (118.951)                                | (148.536)      | (171.159)      | (438.646)        |
| Loans written off during the period as uncollectible | (495.326)                                | (2.350)        | (185.345)      | (683.021)        |
| <b>31 December</b>                                   | <b>665.194</b>                           | <b>97.303</b>  | <b>306.364</b> | <b>1.068.861</b> |

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#### 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<br>receivables with<br>limited collectability | Loans and other<br>receivables<br>with doubtful<br>collectability | Uncollectible<br>loans and other<br>receivables |
| <b>31 December 2009</b>                             |   |   |   |
| <b>(Gross amounts before specific reserves)</b>     | <b>5.348</b>  | <b>47.329</b>   | <b>12.941</b>                                   |
| Restructured loans and other receivables            | 5.348   | 47.329  | 12.941  |
| Rescheduled loans and other receivables             | -   | -   | -   |
| <b>31 December 2008</b>                             |   |   |   |
| <b>(Gross amounts before the specific reserves)</b> | <b>-</b>  | <b>547</b>  | <b>8.927</b>                                    |
| Restructured loans and other receivables            | -   | 547   | 8.927   |
| 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<br>receivables with<br>limited collectability | Loans and other<br>receivables<br>with doubtful<br>collectability | Uncollectible<br>loans and other<br>receivables |
| <b>31 December 2008</b>                                     | <b>401.249</b>  | <b>424.195</b>  | <b>887.586</b>                                  |
| Additions (+)   | 2.346.116   | 206.791   | 161.539   |
| Transfers from other categories of non-performing loans (+) | -   | 1.540.554   | 1.135.886                                       |
| Transfer to other categories of non-performing loans (-)    | (1.540.554)   | (1.135.886)   | -   |
| Collections (-)   | (849.035)   | (355.429)   | (500.443)                                       |
| Write-offs(-)   | -   | -   | (141.564)                                       |
| Corporate and Commercial Loans                              | -   | -   | (27.276)  |
| Consumer Loans  | -   | -   | (24.189)  |
| Credit Cards  | -   | -   | (87.831)  |
| Other   | -   | -   | (2.268)   |
| <b>31 December 2009</b>                                     | <b>357.776</b>  | <b>680.225</b>  | <b>1.543.004</b>                                |
| Special Provision (-)                                       | (263.805)   | (609.948)   | (1.304.593)                                     |
| <b>Net Balance on Balance Sheet</b>                         | <b>93.971</b>   | <b>70.277</b>   | <b>238.411</b>                                  |

At the Board of Directors Meeting held on 27 May 2009; it has been decided to sell a non-performing loan portfolio amounting to TL77.424 thousand (excluding the write-offs) included in non-performing loan accounts at a price of TL26.525 thousand. This transaction has affected the financial statements as TL22.668 thousand of pretax income after legal expenses.

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11 (iii) Information on Non-performing loans granted as foreign currency loans:

|                                     | III. Group  | IV. Group   | V. Group  |
|-------------------------------------|---|---|---|
|                                     | Loans and other<br>receivables with<br>limited collectability | Loans and other<br>receivables<br>with doubtful<br>collectability | Uncollectible<br>loans and other<br>receivables |
| <b>31 December 2009</b>             |   |   |   |
| Period end balance                  | -   | 1.283   | 9.739   |
| Specific provision (-)              | -   | (184)   | (4.998)   |
| <b>Net Balance on-balance sheet</b> | <b>-</b>  | <b>1.099</b>  | <b>4.741</b>                                    |
| <b>31 December 2008</b>             |   |   |   |
| Period end balance                  | -   | 32.746  | 2.273   |
| Specific provision (-)              | -   | (29.471)  | (2.273)   |
| <b>Net Balance on-balance sheet</b> | <b>-</b>  | <b>3.275</b>  | <b>-</b>  |

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<br>receivables with<br>limited collectability | Loans and other<br>receivables<br>with doubtful<br>collectability | Uncollectible<br>loans and other<br>receivables |
| <b>31 December 2009 (Net)</b>                                |   |   |   |
| Loans granted to real persons and corporate entities (Gross) | 357.776   | 680.225   | 1.458.992                                       |
| Specific provision amount (-)                                | (263.805)   | (609.948)   | (1.220.581)                                     |
| Loans granted to real persons and corporate entities (Net)   | 93.971  | 70.277  | 238.411   |
| Banks (Gross)  | -   | -   | -   |
| Specific provision amount (-)                                | -   | -   | -   |
| Banks (Net)  | -   | -   | -   |
| Other loans and receivables (Gross)                          | -   | -   | 84.012  |
| Specific provision amount (-)                                | -   | -   | (84.012)  |
| Other loans and receivables (Net)                            | -   | -   | -   |
| <b>31 December 2008 (Net)</b>                                | <b>324.765</b>  | <b>203.534</b>  | <b>115.870</b>                                  |
| Loans granted to real persons and corporate entities (Gross) | 401.249   | 391.449   | 802.600   |
| Specific provision amount (-)                                | (76.484)  | (191.190)   | (686.730)                                       |
| Loans granted to real persons and corporate entities (Net)   | 324.765   | 200.259   | 115.870   |
| Banks (Gross)  | -   | -   | -   |
| Specific provision amount (-)                                | -   | -   | -   |
| Banks (Net)  | -   | -   | -   |
| Other loans and receivables (Gross)                          | -   | 32.746  | 84.986  |
| Specific provision amount (-)                                | -   | (29.471)  | (84.986)  |
| Other loans and receivables (Net)                            | -   | 3.275   | -   |

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#### 12. Policy followed-up for the collection of uncollectible loans and other receivables:

The loans and receivables classified as "Uncollectible loans and other receivables" in accordance with the provisioning communiqué, are liquidated through restructuring and/or the collection of collaterals by will or legal procedures as other follow-up accounts (i.e. the "Loans and other receivables with limited collectability" and "Loans and other receivables with doubtful collectability"). The policy of the Bank regarding the write-off of the loans under legal follow up is as write-off the ones that is proved as uncollectible by legal follow-up.

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

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

|                       | 31 December 2009  | 31 December 2008  |
|-----------------------|-------------------|-------------------|
| Government Bond       | 12.014.792        | 11.529.009        |
| Treasury Bill         | -                 | -                 |
| Other Debt Securities | -                 | -                 |
| <b>Total</b>          | <b>12.014.792</b> | <b>11.529.009</b> |

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

|   | 31 December 2009  | 31 December 2008  |
|---|-------------------|-------------------|
| Debt Securities                         | 12.082.289        | 11.573.300        |
| Quoted to Stock Exchange <sup>(1)</sup> | 12.082.289        | 11.573.300        |
| Not Quoted                              | -                 | -                 |
| Impairment Provision (-)                | (67.497)          | (44.291)          |
| <b>Total</b>                            | <b>12.014.792</b> | <b>11.529.009</b> |

<sup>(1)</sup> Eurobonds amounting to TL5.333.387 thousand have been classified under debt securities quoted on stock exchange even though they are not publicly traded. (2008: TL4.974.422 thousand).

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

|  | 31 December 2009  | 31 December 2008  |
|--|-------------------|-------------------|
| <b>Beginning balance</b>                                       | <b>11.529.009</b> | <b>12.042.986</b> |
| Foreign Currency differences on monetary assets <sup>(1)</sup> | (231.600)         | 1.342.689         |
| Purchases during year  | 1.442.567         | 404.365           |
| Disposals through sales and redemptions                        | (701.978)         | (2.244.415)       |
| Impairment provision (-)                                       | (23.206)          | (16.616)          |
| <b>Period end balance</b>                                      | <b>12.014.792</b> | <b>11.529.009</b> |

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

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

As of 31 December 2009, held-to-maturity investments given as collateral amount to TL919.450 thousand (2008: TL1.948.317 thousand). Held-to-maturity investments subject to repo transactions amount to TL1.054.305 thousand (2008: TL354.910 thousand).

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#### g. Information on investments in associates (Net):

##### 1. General information on unconsolidated investments in associates:

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

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

| No | Total<br>Assets | Shareholders'<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Income from<br>Marketable<br>Securities<br>Portfolio | Current<br>Period<br>Profit/Loss | Prior Period<br>Profit/Loss | Market value |
|----|-----------------|-------------------------|-----------------------|--------------------|--|----------------------------------|-----------------------------|--------------|
| 1  | 2.522.056       | 137.016                 | 5.448                 | 49.600             | 9.743  | 13.505                           | 11.593                      | -            |
| 2  | 29.833          | 22.673                  | 1.879                 | 2.412              | 9  | 9.103                            | 6.559                       | -            |
| 3  | 18.206          | 14.400                  | 6.640                 | 911                | -  | 1.607                            | 1.139                       | -            |

Financial statement information disclosed above shows 31 December 2009 results.

<sup>(1)</sup> Financial statement information is disclosed in thousands of CHF. As of 31 December 2009, the evaluation rate for CHF is TL1,4129 (2008: TL1,3942).

##### 3. Movement of unconsolidated investments in associates:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Balance at the beginning of the period        | 47.344           | 46.062           |
| Movements during the period                   | -                | 1.282            |
| Purchases                                     | -                | -                |
| Transfers                                     | -                | 1.282            |
| Bonus shares obtained                         | -                | -                |
| Dividends from current year income            | -                | -                |
| Sales   | -                | -                |
| Revaluation (decrease)/increase               | -                | -                |
| Impairment provision                          | -                | -                |
| Balance at the end of the period              | 47.344           | 47.344           |
| Capital Commitments                           | -                | -                |
| Share percentage at the end of the period (%) | -                | -                |

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

|                                    | 31 December 2009 | 31 December 2008 |
|------------------------------------|------------------|------------------|
| Banks                              | 43.404           | 43.404           |
| Insurance Companies                | -                | -                |
| Factoring Companies                | -                | -                |
| Leasing Companies                  | -                | -                |
| Finance Companies                  | -                | -                |
| Other Financial Investments        | 3.940            | 3.940            |
| <b>Total Financial Investments</b> | <b>47.344</b>    | <b>47.344</b>    |

#### 5. Valuation of unconsolidated investments in associates:

|                              | 31 December 2009 | 31 December 2008 |
|------------------------------|------------------|------------------|
| Valuation at cost            | 47.344           | 47.344           |
| Valuation at fair value      | -                | -                |
| Valuation with equity method | -                | -                |
| <b>Total</b>                 | <b>47.344</b>    | <b>47.344</b>    |

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

#### h. Information on subsidiaries (Net):

##### 1. Information on subsidiaries:

| No | Description   | Address (City/<br>Country)   | Bank's share<br>percentage if different<br>voting percentage | Banka Risk Grubu<br>Pay Oranı (%) |
|----|---|------------------------------|--|-----------------------------------|
| 1  | Yapı Kredi Portföy Yönetimi A.Ş. (Yapı Kredi Portföy) | Istanbul/Turkey              | 12,65  | 99,99                             |
| 2  | Yapı Kredi Holding B.V. <sup>(1)</sup>                | Amsterdam/The<br>Netherlands | 100,00   | 100,00                            |
| 3  | Yapı Kredi Yatırım Menkul Değerler A.Ş.               | Istanbul/Turkey              | 99,98  | 99,99                             |
| 4  | Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.    | Istanbul/Turkey              | 99,99  | 100,00                            |
| 5  | Yapı Kredi Faktoring A.Ş.                             | Istanbul/Turkey              | 99,95  | 100,00                            |
| 6  | Yapı Kredi Moscow <sup>(2)</sup>                      | Moscow/Russia                | 99,84  | 100,00                            |
| 7  | Yapı Kredi Sigorta A.Ş.                               | Istanbul/Turkey              | 74,01  | 93,94                             |
| 8  | Yapı Kredi Finansal Kiralama A.O.                     | Istanbul/Turkey              | 98,85  | 99,58                             |
| 9  | Yapı Kredi-Koray Gayrimenkul Yatırım Ortaklığı A.Ş.   | Istanbul/Turkey              | 30,45  | 30,45                             |
| 10 | Yapı Kredi Yatırım Ortaklığı A.Ş.                     | Istanbul/Turkey              | 11,09  | 56,07                             |
| 11 | Enternasyonal Turizm Yatırım A.Ş.                     | Istanbul/Turkey              | 99,96  | 99,99                             |
| 12 | Yapı Kredi Azerbaycan <sup>(3)</sup>                  | Baku/Azerbaijan              | 99,80  | 100,00                            |
| 13 | Yapı Kredi Netherland N.V. <sup>(1)</sup>             | Amsterdam/The<br>Netherlands | 67,24  | 100,00                            |

<sup>(1)</sup> Financial statement information is expressed in EUR thousands in Note 2.

<sup>(2)</sup> Financial statement information is expressed in USD thousands in Note 2.

<sup>(3)</sup> Financial statement information is expressed in AZM thousands in Note 2. As of 31 December 2009, the evaluation rate for AZM is TL1,8279 (2008: TL1,8407).

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

| No | Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Market value <sup>(1)</sup> |
|----|--------------|----------------------|--------------------|-----------------|---|----------------------------|--------------------------|-----------------------------|
| 1  | 90.698       | 82.262               | 641                | 9.885           | 2.868                                       | 52.530                     | 47.206                   | -                           |
| 2  | 45.430       | 44.374               | -                  | -               | -   | (1.106)                    | (5.387)                  | -                           |
| 3  | 425.651      | 239.971              | 15.403             | 27.592          | 17.971                                      | 71.216                     | 52.094                   | -                           |
| 4  | 10.681       | 8.412                | 207                | 47              | -   | 806                        | 759                      | -                           |
| 5  | 1.499.269    | 99.131               | 658                | 123.644         | -   | 27.365                     | 19.037                   | -                           |
| 6  | 207.828      | 55.484               | 5.874              | 18.892          | 1.975                                       | 7.332                      | 355                      | -                           |
| 7  | 752.854      | 289.990              | 25.065             | 46.897          | 14.553                                      | (11.930)                   | 54.384                   | 856.000                     |
| 8  | 2.346.846    | 700.503              | 1.557              | 256.926         | -   | (150.133)                  | 132.799                  | 1.076.200                   |
| 9  | 88.043       | 80.302               | 1.920              | 5.167           | 20  | 18.400                     | (11.648)                 | 77.200                      |
| 10 | 74.027       | 72.993               | 24                 | 3.848           | 1.122                                       | 19.115                     | (6.123)                  | 40.500                      |
| 11 | 15.954       | 21.679               | 4.045              | 280             | -   | 8.804                      | 1.361                    | -                           |
| 12 | 153.366      | 43.029               | 4.269              | 8.566           | 2.751                                       | 4.656                      | 5.292                    | -                           |
| 13 | 1.560.689    | 171.575              | 292                | 86.715          | 34.352                                      | 15.361                     | 14.535                   | -                           |

Financial statement information disclosed above shows 31 December 2009 results.

<sup>(1)</sup> Calculated with the ISE market prices as of 31 December 2009 considering the total number of shares.

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#### 3. Movement schedule of subsidiaries:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Balance at the beginning of the period        | 1.811.525        | 1.421.842        |
| Movements during the period                   | (4.985)          | 389.683          |
| Purchases <sup>(1)</sup>                      | -                | 389.683          |
| Transfers <sup>(2)</sup>                      | (1.432)          | -                |
| Bonus shares obtained                         | -                | -                |
| Dividends from current year income            | -                | -                |
| Sales   | -                | -                |
| Revaluation (decrease)/increase               | -                | -                |
| Impairment provision                          | (3.553)          | -                |
| Balance at the end of the period              | 1.806.540        | 1.811.525        |
| Capital commitments                           | -                | -                |
| Share percentage at the end of the period (%) | -                | -                |

<sup>(1)</sup> As of 31 December 2008, nominal share capital amount of TL34.897.132,53 (35,28% of the capital), owned by KFS in Yapı Kredi Yatırım Menkul Değerler A.Ş. was purchased by the Bank for USD158.754.689,63 and the cost of the share purchase has been paid to KFS as TL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.

The nominal share capital amount of EUR32.672.880,00 (67,24% of the capital), owned by KFS in Yapı Kredi NV was purchased by the Bank for EUR97.502.661,71 and the cost of the share purchase has been paid to KFS as TL165.063 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

In addition, the Bank has participated in the capital increase of its foreign subsidiary, Yapı Kredi Bank Azerbaycan Closed Joint Stock Company, where the share of the Bank is 99,80% amounting to TL36.003 thousand.

<sup>(2)</sup> As a result of the Extraordinary General Assembly Meetings, dated 30 June 2009, of Yapı Kredi Yatırım Menkul Değerler A.Ş. ("YK Yatırım"), and of Unicredit Menkul Değerler A.Ş. ("UCM") it has been decided that YK Yatırım's intermediary activities function, which serves corporate clients, was added to UCM's capital as capital in-kind through a partial spin-off over its book values at 31 December 2008. As a result of this operation, the share of YKB in YK Yatırım's capital did not change. According to the spin-off agreement, the Bank has acquired a share in UCM share capital (10,73%). The fair value of this business line was TL1.432 thousand and classified as share certificates under available for sale portfolio.

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

| Financial Subsidiaries       | 31 December 2009 | 31 December 2008 |
|------------------------------|------------------|------------------|
| Banks                        | 278.244          | 278.244          |
| Insurance Companies          | 148.019          | 148.019          |
| Factoring Companies          | 183.325          | 183.325          |
| Leasing Companies            | 722.491          | 722.491          |
| Finance Companies            | -                | -                |
| Other Financial Subsidiaries | 472.161          | 477.146          |
| Total Financial Subsidiaries | 1.804.240        | 1.809.225        |

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#### 5. Subsidiaries quoted to stock exchange:

|                                    | 31 December 2009 | 31 December 2008 |
|------------------------------------|------------------|------------------|
| Quoted to domestic stock exchanges | 900.687          | 904.240          |
| Quoted to foreign stock exchanges  | -                | -                |

#### i. Information on hedging derivative financial assets:

|                              | 31 December 2009 |            | 31 December 2008 |          |
|------------------------------|------------------|------------|------------------|----------|
|                              | TL               | FC         | TL               | FC       |
| Fair Value Hedge             | 127.678          | 953        | -                | -        |
| Cash Flow Hedge              | -                | -          | -                | -        |
| Foreign Net Investment Hedge | -                | -          | -                | -        |
| <b>Total</b>                 | <b>127.678</b>   | <b>953</b> | <b>-</b>         | <b>-</b> |

Starting from 1 March 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 using cross-currency interest rate swaps. The net fair value of hedging instruments at 31 December 2009 is a liability amounting to TL228.982 thousand. At 31 December 2009, the fair value difference of the hedging instruments starting from the inception date is TL147.649 thousand and the fair value difference of the hedged item is TL140.137 thousand.

#### j. Information on property and equipment: (Net)

|  | Immovables      | Leased Fixed Assets | Vehicles     | Other Tangible Fixed Assets | Total            |
|--|-----------------|---------------------|--------------|-----------------------------|------------------|
| <b>31 December 2008</b>                          |                 |                     |              |                             |                  |
| Cost   | 2.191.845       | 301.624             | 4.909        | 717.586                     | 3.215.964        |
| Accumulated depreciation (-)                     | (1.382.839)     | (174.950)           | (4.569)      | (510.930)                   | (2.073.288)      |
| <b>Net book value</b>                            | <b>809.006</b>  | <b>126.674</b>      | <b>340</b>   | <b>206.656</b>              | <b>1.142.676</b> |
| <b>31 December 2009</b>                          |                 |                     |              |                             |                  |
| <b>Net book value at beginning of the Period</b> | <b>809.006</b>  | <b>126.674</b>      | <b>340</b>   | <b>206.656</b>              | <b>1.142.676</b> |
| Additions  | 36.622          | 12.388              | -            | 65.677                      | 114.687          |
| Transfers from intangible assets                 | -               | -                   | -            | 281                         | 281              |
| Disposals (-), net                               | (34.354)        | (436)               | (3)          | (1.197)                     | (35.990)         |
| Reversal of impairment, net                      | 2.541           | -                   | -            | -                           | 2.541            |
| Impairment (-)                                   | -               | -                   | -            | -                           | -                |
| <b>Depreciation (-)</b>                          | <b>(43.530)</b> | <b>(40.283)</b>     | <b>(126)</b> | <b>(53.882)</b>             | <b>(137.821)</b> |
| <b>Net book value at beginning of the Period</b> | <b>770.285</b>  | <b>98.343</b>       | <b>211</b>   | <b>217.535</b>              | <b>1.086.374</b> |
| Cost at the end of the period                    | 2.090.170       | 312.504             | 4.215        | 735.800                     | 3.142.689        |
| Accumulated depreciation at the period end (-)   | (1.319.885)     | (214.161)           | (4.004)      | (518.265)                   | (2.056.315)      |
| <b>31 December 2009</b>                          | <b>770.285</b>  | <b>98.343</b>       | <b>211</b>   | <b>217.535</b>              | <b>1.086.374</b> |

As of 31 December 2009, the Bank had total provision for impairment on immovables amounting to TL597.904 thousand (2008: TL600.445 thousand) for the property and equipment.

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#### k. Information on intangible assets:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Balance at the beginning of the period     | 1.151.072        | 1.187.125        |
| Additions during the Period                | 77.816           | 33.547           |
| Unused and Disposed Items (-)              | (6.083)          | (289)            |
| Transfers                                  | (281)            | (30.524)         |
| Impairment Charges on Income Statement (-) | -                | -                |
| Amortisation Expenses (-)                  | (36.500)         | (38.787)         |
| <b>Balance at the end of the period</b>    | <b>1.186.024</b> | <b>1.151.072</b> |

#### l. Information on deferred tax asset:

|   | 31 December 2009   |                  | 31 December 2008 |                  |
|---|--------------------|------------------|------------------|------------------|
|   | Tax Base           | Deferred Tax     | Tax Base         | Deferred Tax     |
| Reserves for employment termination benefit                   | 149.789            | 29.958           | 138.307          | 27.661           |
| Provision for the actuarial deficit of the pension fund       | 864.059            | 172.812          | 774.366          | 154.873          |
| Derivative financial liabilities                              | 621.694            | 124.339          | 202.106          | 40.421           |
| Subsidiaries, investment in associates and share certificates | 122.647            | 24.530           | 119.094          | 23.819           |
| Other   | 353.990            | 70.798           | 214.181          | 42.838           |
| <b>Total deferred tax asset</b>                               | <b>2.112.179</b>   | <b>422.437</b>   | <b>1.448.054</b> | <b>289.612</b>   |
| Derivative financial assets                                   | (872.941)          | (174.588)        | (388.574)        | (77.715)         |
| Valuation difference of securities portfolio                  | (34.423)           | (6.886)          | (29.704)         | (5.941)          |
| Property, equipment and intangibles, net                      | (271.705)          | (29.293)         | (294.547)        | (33.832)         |
| Other   | -                  | -                | (1.884)          | (377)            |
| <b>Total deferred tax liability</b>                           | <b>(1.179.069)</b> | <b>(210.767)</b> | <b>(714.709)</b> | <b>(117.865)</b> |
| <b>Deferred Tax Asset, net</b>                                | <b>933.110</b>     | <b>211.670</b>   | <b>733.345</b>   | <b>171.747</b>   |

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Balance at the beginning of the period         | 88.332           | 108.363          |
| Additions                                      | 16.656           | 59.620           |
| Disposals (-), net <sup>(1)</sup>              | (21.381)         | (120.129)        |
| Impairment reversal                            | 6.986            | 44.579           |
| Impairment (-)                                 | (1.012)          | (515)            |
| Depreciation (-)                               | (2.615)          | (3.586)          |
| <b>Net Book Value at the end of the period</b> | <b>86.966</b>    | <b>88.332</b>    |
| Cost at the end of the period                  | 95.307           | 96.741           |
| Depreciation at the end of the period (-)      | (8.341)          | (8.409)          |
| <b>Net Book Value at the end of the period</b> | <b>86.966</b>    | <b>88.332</b>    |

<sup>(1)</sup> By the decision of the board of directors at 3 October 2007; shares of Yapı Kredi Bank (Deutschland), which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV, amounting to TL54.298 thousand is reclassified under assets held for sale according to the sale agreement with Avenue Europe Investment LP. The sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

As of 31 December 2009, the Bank booked impairment provision on assets held for resale with an amount of TL13.466 thousand (2008:TL19.440 thousand).

n. Information on other assets:

As of 31 December 2009, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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#### II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

##### a. Information on deposits:

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

##### 1 (i). 31 December 2009:

|                             | Demand           | Up to<br>1 Month  | 1-3<br>months     | 3-6<br>months    | 6 months-<br>1 year | 1 year<br>and over | Total             |
|-----------------------------|------------------|-------------------|-------------------|------------------|---------------------|--------------------|-------------------|
| Saving Deposits             | 1.440.221        | 3.879.871         | 9.369.577         | 166.126          | 181.555             | 171.049            | 15.208.399        |
| Foreign Currency Deposits   | 3.605.782        | 4.597.556         | 6.029.799         | 1.629.319        | 184.052             | 969.451            | 17.015.959        |
| Residents in Turkey         | 3.446.312        | 4.470.630         | 5.124.194         | 1.602.166        | 169.358             | 815.516            | 15.628.176        |
| Residents Abroad            | 159.470          | 126.926           | 905.605           | 27.153           | 14.694              | 153.935            | 1.387.783         |
| Public Sector Deposits      | 278.166          | 8.313             | 43.792            | 391              | 112                 | 2.810              | 333.584           |
| Commercial Deposits         | 1.722.633        | 2.517.774         | 2.684.370         | 103.796          | 32.449              | 24.470             | 7.085.492         |
| Other Institutions Deposits | 25.543           | 24.902            | 135.425           | 373              | 72                  | 1.599              | 187.914           |
| Gold Vault                  | 214.271          | -                 | 37.018            | 17.041           | 9.089               | 8.679              | 286.098           |
| Bank Deposits               | 371.059          | 154.804           | 38                | 2.028            | 187.962             | -                  | 715.891           |
| The CBRT                    | -                | -                 | -                 | -                | -                   | -                  | -                 |
| Domestic Banks              | 63.139           | 90.059            | -                 | 2.028            | 7.282               | -                  | 162.508           |
| Foreign Banks               | 179.141          | 64.745            | 38                | -                | 180.680             | -                  | 424.604           |
| Special Financial           |                  |                   |                   |                  |                     |                    |                   |
| Institutions                | 128.766          | -                 | -                 | -                | -                   | -                  | 128.766           |
| Other                       | 13               | -                 | -                 | -                | -                   | -                  | 13                |
| <b>Total</b>                | <b>7.657.675</b> | <b>11.183.220</b> | <b>18.300.019</b> | <b>1.919.074</b> | <b>595.291</b>      | <b>1.178.058</b>   | <b>40.833.337</b> |

##### 1 (ii). 31 December 2008:

|                               | Demand           | Up o<br>1 Month   | 1-3<br>months     | 3-6<br>months    | 6 months-<br>1 year | 1 year<br>and over | Total             |
|-------------------------------|------------------|-------------------|-------------------|------------------|---------------------|--------------------|-------------------|
| Saving Deposits               | 1.043.963        | 3.170.548         | 11.323.811        | 146.823          | 30.531              | 61.535             | 15.777.211        |
| Foreign Currency Deposits     | 2.886.468        | 5.920.008         | 6.391.203         | 676.108          | 165.502             | 562.436            | 16.601.725        |
| Residents in Turkey           | 2.796.741        | 5.802.897         | 5.891.909         | 637.966          | 151.402             | 492.943            | 15.773.858        |
| Residents Abroad              | 89.727           | 117.111           | 499.294           | 38.142           | 14.100              | 69.493             | 827.867           |
| Public Sector Deposits        | 250.889          | 63.322            | 98.567            | 336              | 661                 | 307                | 414.082           |
| Commercial Deposits           | 1.190.299        | 2.250.655         | 3.956.410         | 455.238          | 34.570              | 11.015             | 7.898.187         |
| Other Institutions Deposits   | 20.134           | 33.702            | 336.288           | 234              | 103                 | 365                | 390.826           |
| Gold Vault                    | 129.812          | 10.285            | 223               | 595              | 940                 | 2.335              | 144.190           |
| Bank Deposits                 | 234.850          | 54.567            | 43.084            | -                | 145.492             | 1.115              | 479.108           |
| The CBRT                      | 85.483           | -                 | -                 | -                | -                   | -                  | 85.483            |
| Domestic Banks                | 7.572            | 41.267            | 8.120             | -                | -                   | -                  | 56.959            |
| Foreign Banks                 | 43.053           | 13.300            | 34.964            | -                | 145.492             | 1.115              | 237.924           |
| Special FinancialInstitutions | 98.742           | -                 | -                 | -                | -                   | -                  | 98.742            |
| Other                         | -                | -                 | -                 | -                | -                   | -                  | -                 |
| <b>Total</b>                  | <b>5.756.415</b> | <b>11.503.087</b> | <b>22.149.586</b> | <b>1.279.334</b> | <b>377.799</b>      | <b>639.108</b>     | <b>41.705.329</b> |

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#### 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<br>deposit insurance |                     | Exceeding limit of the<br>deposit insurance |                     |
|--|---|---------------------|---|---------------------|
|  | 31 December<br>2009                         | 31 December<br>2008 | 31 December<br>2009                         | 31 December<br>2008 |
| <b>Saving Deposits</b>   |   |                     |   |                     |
| Saving Deposits  | 7.738.057                                   | 7.804.232           | 7.431.249                                   | 7.911.087           |
| Foreign Currency Savings Deposit   | 2.596.806                                   | 2.553.090           | 5.973.850                                   | 5.637.303           |
| Other Deposits in the Form of Savings deposits                           | 71.411                                      | 7.237               | 194.074                                     | 123.113             |
| 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 the saving deposits insurance fund:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Saving Deposits in Foreign Branches          | -                | -                |
| Saving Deposits in Off-shore Banking Regions | 88.283           | 142.047          |
| <b>Total</b>                                 | <b>88.283</b>    | <b>142.047</b>   |

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

|   | 31 December<br>2009 | 31 December<br>2008 |
|---|---------------------|---------------------|
| 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 | 23.864              | 18.747              |
| 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 Established in Turkey in Order to Engage in Off-shore Banking Activities Solely   | 88.283              | 142.047             |

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

|                      | 31 December 2009 |               | 31 December 2008 |               |
|----------------------|------------------|---------------|------------------|---------------|
|                      | TL               | FC            | TL               | FC            |
| Forward Transactions | 51.540           | 141           | 69.595           | 931           |
| Swap Transactions    | 166.185          | 17.699        | 107.785          | 23.274        |
| Futures Transactions | -                | -             | -                | -             |
| Options              | 4.366            | 27.446        | 4                | 517           |
| Other                | -                | -             | -                | -             |
| <b>Total</b>         | <b>222.091</b>   | <b>45.286</b> | <b>177.384</b>   | <b>24.722</b> |

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#### c. Information on borrowings:

##### 1. Information on borrowings:

|  | 31 December 2009 |                  | 31 December 2008 |                  |
|--|------------------|------------------|------------------|------------------|
|  | TL               | FC               | TL               | FC               |
| The CBRT Borrowings                        | -                | -                | -                | -                |
| From Domestic Banks and Institutions       | 108.822          | 123.661          | 216.788          | 125.668          |
| From Foreign Banks, Institutions and Funds | 648.714          | 4.427.342        | 946.171          | 4.875.209        |
| <b>Total</b>                               | <b>757.536</b>   | <b>4.551.003</b> | <b>1.162.959</b> | <b>5.000.877</b> |

##### 2. Information on maturity structure of borrowings:

|                      | 31 December 2009 |                  | 31 December 2008 |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | TL               | FC               | TL               | FC               |
| Short-term           | 240.630          | 2.335.168        | 266.592          | 939.805          |
| Medium and Long-term | 516.906          | 2.215.835        | 896.367          | 4.061.072        |
| <b>Total</b>         | <b>757.536</b>   | <b>4.551.003</b> | <b>1.162.959</b> | <b>5.000.877</b> |

##### 3. Repayment schedule of securitisation credits:

The Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to equivalent of TL1.743.760 thousand 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 interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

|                          | 31 December 2009 | 31 December 2008 |
|--------------------------|------------------|------------------|
| 2010                     | 334.875          | 369.495          |
| 2011                     | 356.560          | 399.927          |
| 2012                     | 356.560          | 399.927          |
| 2013                     | 356.560          | 399.927          |
| 2014                     | 314.722          | 357.538          |
| 2015                     | 21.685           | 30.431           |
| Interest Expense Accrual | 2.798            | 9.053            |
| <b>Total</b>             | <b>1.743.760</b> | <b>1.966.298</b> |

#### d. Information on other liabilities:

As of 31 December 2009, miscellaneous payables do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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#### e. Information on financial leasing agreements:

|                   | 31 December 2009 |              | 31 December 2008 |              |
|-------------------|------------------|--------------|------------------|--------------|
|                   | Gross            | Net          | Gross            | Net          |
| Less than 1 year  | 5.793            | 5.593        | 8.313            | 7.937        |
| Between 1-4 years | 7                | -            | 40               | 2            |
| More than 4 years | -                | -            | -                | -            |
| <b>Total</b>      | <b>5.800</b>     | <b>5.593</b> | <b>8.353</b>     | <b>7.939</b> |

#### f. Information on hedging derivative financial liabilities:

|                              | 31 December 2009 |            | 31 December 2008 |          |
|------------------------------|------------------|------------|------------------|----------|
|                              | TL               | FC         | TL               | FC       |
| Fair Value Hedge             | 357.513          | 100        | -                | -        |
| Cash Flow Hedge              | -                | -          | -                | -        |
| Foreign Net Investment Hedge | -                | -          | -                | -        |
| <b>Total</b>                 | <b>357.513</b>   | <b>100</b> | <b>-</b>         | <b>-</b> |

#### g. Information on provisions:

##### 1. Information on general provisions:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Provisions for Group I loans and receivables  | 551.067          | 444.508          |
| Provisions for Group II loans and receivables | 199.616          | 71.419           |
| Provisions for non cash loans                 | 100.860          | 111.410          |
| Other   | 40.370           | 28.095           |
| <b>Total</b>                                  | <b>891.913</b>   | <b>655.432</b>   |

##### 2. Information on reserve for employment termination benefits:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated over today's possible liability of the Bank in case of the retirement of employees. TAS 19 necessitates the actuarial valuation methods to calculate the liabilities of enterprises.

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

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Discount rate (%)                                   | 5,92             | 6,26             |
| The Rate Used Related to Retirement Expectation (%) | 94,78            | 95,53            |

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 maximum liability is revised semi-annually, the maximum amount of TL2.427,04 (1 January 2009: TL2.260,05) effective from 1 January 2010 has been taken into consideration in calculating the reserve for employment termination benefits.

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Movement of employment termination benefits liability in the balance sheet:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Prior period ending balance             | 85.025           | 88.549           |
| Changes during the period               | 16.994           | 12.512           |
| Paid during the period                  | (12.214)         | (16.036)         |
| <b>Balance at the end of the period</b> | <b>89.805</b>    | <b>85.025</b>    |

In addition, the Bank has accounted for unused vacation rights provision amounting to TL59.984 thousand as of 31 December 2009 (2008: TL53.282 thousand).

#### 3. Other provisions:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Pension fund provision   | 864.059          | 774.366          |
| Tax risk provision <sup>(1)</sup>  | 69.090           | 40.273           |
| Non-cash loan provision  | 78.250           | 62.288           |
| Provisions on credit cards and promotion campaigns related to banking services | 48.469           | 56.674           |
| Provision on export commitment estimated liability                             | 38.261           | 40.495           |
| Legal risk provision <sup>(1)</sup>  | 19.914           | 19.899           |
| Other  | 173.791          | 160.305          |
| <b>Total</b>   | <b>1.291.834</b> | <b>1.154.300</b> |

<sup>(1)</sup> Represents provisions for possible risks.

#### i) Pension Fund provision:

The Bank provided provision amounting to TL864.059 thousand 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. In the financial statements of the Bank prepared as of 31 December 2008, the provision for the technical deficit calculated using a technical interest rate 9,8% amounts to TL774.366 thousand.

|                         | 31 December 2009 | 31 December 2008 |
|-------------------------|------------------|------------------|
| Income statement charge | 89.693           | 170.088          |

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Present value of funded obligations                            | 1.239.133        | 1.063.181        |
| -Pension benefits transferable to SSI                          | 1.077.965        | 1.036.138        |
| -Post employment medical benefits transferable to SSI          | 161.168          | 27.043           |
| Fair value of plan assets                                      | (375.074)        | (288.815)        |
| <b>Provision for the actuarial deficit of the pension fund</b> | <b>864.059</b>   | <b>774.366</b>   |

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The principal actuarial assumptions used were as follows:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| 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 15 years for men and 19 years for women who retire at the age of 64 and 63, respectively.

Plan assets are comprised as follows:

|                                     | 31 December 2009 |            | 31 December 2008 |            |
|-------------------------------------|------------------|------------|------------------|------------|
|                                     | Amount           | %          | Amount           | %          |
| Government bonds and treasury bills | 180.519          | 48         | 144.207          | 50         |
| Premises and equipment              | 113.826          | 30         | 94.596           | 33         |
| Bank placements                     | 29.328           | 8          | 17.240           | 6          |
| Short term receivables              | 26.907           | 7          | 7.662            | 3          |
| Other                               | 24.494           | 7          | 25.110           | 8          |
| <b>Total</b>                        | <b>375.074</b>   | <b>100</b> | <b>288.815</b>   | <b>100</b> |

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

As of 31 December 2009, the provision related to the foreign currency differences on foreign indexed loans amounts to TL36.290 thousand (2008: TL10.498 thousand).

#### h. Information on taxes payable:

##### (i) Information on taxes payable:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Corporate Tax Payable                    | 52.269           | -                |
| Taxation of Marketable Securities        | 52.221           | 106.717          |
| Property Tax                             | 1.185            | 997              |
| Banking Insurance Transaction Tax (BITT) | 28.048           | 39.835           |
| Foreign Exchange Transaction Tax         | -                | -                |
| Value Added Tax Payable                  | 2.449            | 2.155            |
| Other                                    | 18.030           | 16.518           |
| <b>Total</b>                             | <b>154.202</b>   | <b>166.222</b>   |

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(ii) Information on premium payables:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Social Security Premiums - Employee            | -                | -                |
| Social Security Premiums - Employer            | -                | -                |
| Bank Pension Fund Premiums - Employee          | -                | -                |
| Bank Pension Fund Premiums - Employer          | -                | -                |
| Pension Fund Deposit and Provisions - Employee | 6.356            | 1.936            |
| Pension Fund Deposit and Provisions - Employer | 6.635            | 2.207            |
| Unemployment Insurance - Employee              | 453              | 423              |
| Unemployment Insurance - Employer              | 907              | 847              |
| Other  | -                | -                |
| <b>Total</b>                                   | <b>14.351</b>    | <b>5.413</b>     |

i. Information on subordinated loans:

|                                  | 31 December 2009 |                  | 31 December 2008 |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | TL               | FC               | TL               | FC               |
| From Domestic Banks              | -                | -                | -                | -                |
| From Other Domestic Institutions | -                | -                | -                | -                |
| From Foreign Banks               | -                | 2.224.023        | -                | 2.220.601        |
| From Other Foreign Institutions  | -                | -                | -                | -                |
| <b>Total</b>                     | <b>-</b>         | <b>2.224.023</b> | <b>-</b>         | <b>2.220.601</b> |

At 30 March 2006, Yapı Kredi obtained a subordinated loan amounting to EUR500 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 28 April 2006 amounting to EUR350 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 with decrees from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on 25 June 2007 amounting to EUR200 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 3 April 2006, 2 May 2006 and 19 June 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.

j. Information on shareholders' equity:

1. Presentation of paid-in capital (as nominal; inflation unadjusted balances):

|                 | 31 December 2009 | 31 December 2008 |
|-----------------|------------------|------------------|
| Common Stock    | 4.347.051        | 4.347.051        |
| Preferred Stock | -                | -                |

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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 (As nominal; inflation unadjusted balances):

The Bank's paid-in-capital is amounting to TL4.347.051 thousand and in accordance with the decision taken in the Ordinary General Assembly at 7 April 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL5.000.000 thousand.

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

There is no capital increase in the current period. In 2008, the Bank increased its issued capital by TL920.000.000 from TL3.427.051.284 to TL4.347.051.284 all in cash within the Bank's registered capital ceiling of TL5.000.000.000.

4. Information on transfers from revaluation funds 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 privileges given to shares representing the capital by considering the Bank's income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

7. Privilege on the corporate stock: None.

#### k. Information on marketable securities value increase fund:

|  | 31 December 2009 |               | 31 December 2008 |               |
|--|------------------|---------------|------------------|---------------|
|  | TL               | FC            | TL               | FC            |
| From Investments in Associates, Subsidiaries, and Joint Ventures | -                | -             | -                | -             |
| Valuation Difference   | 6.213            | 87.598        | 11.543           | 22.725        |
| Foreign Currency Difference                                      | -                | -             | -                | -             |
| <b>Total</b>   | <b>6.213</b>     | <b>87.598</b> | <b>11.543</b>    | <b>22.725</b> |

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#### III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

##### a. Information on interest income:

##### 1. Information on interest income on loans:

|  | 31 December 2009 |                | 31 December 2008 |                |
|--|------------------|----------------|------------------|----------------|
|  | TL               | FC             | TL               | FC             |
| Short-term Loans <sup>(1)</sup>                          | 2.752.236        | 380.279        | 3.048.339        | 291.733        |
| Medium/Long-term Loans <sup>(1)</sup>                    | 1.566.893        | 415.993        | 1.376.199        | 403.684        |
| Interest on Loans Under Follow-up                        | 62.295           | 474            | 80.483           | 6.152          |
| Premiums Received from Resource Utilisation Support Fund | -                | -              | -                | -              |
| <b>Total <sup>(1)</sup></b>                              | <b>4.381.424</b> | <b>796.746</b> | <b>4.505.021</b> | <b>701.569</b> |

<sup>(1)</sup> Includes fees and commissions received for cash loans.

##### 2. Information on interest income on banks:

|                                  | 31 December 2009 |               | 31 December 2008 |               |
|----------------------------------|------------------|---------------|------------------|---------------|
|                                  | TL               | FC            | TL               | FC            |
| From the CBRT <sup>(1)</sup>     | -                | -             | -                | -             |
| From Domestic Banks              | 6.588            | 341           | 8.351            | 3.876         |
| From Foreign Banks               | 4.618            | 14.506        | 6.074            | 48.769        |
| Headquarters and Branches Abroad | -                | -             | -                | -             |
| <b>Total</b>                     | <b>11.206</b>    | <b>14.847</b> | <b>14.425</b>    | <b>52.645</b> |

<sup>(1)</sup> Excludes interest received from reserve requirements.

##### 3. Information on interest income on marketable securities:

|  | 31 December 2009 |                | 31 December 2008 |                |
|--|------------------|----------------|------------------|----------------|
|  | TL               | FC             | TL               | FC             |
| From Trading Financial Assets                              | 12.378           | 11.473         | 3.124            | 14.174         |
| From Financial Assets At Fair Value Through Profit or Loss | -                | -              | -                | -              |
| From Available-for-sale Financial Assets                   | 55.540           | 45.265         | 34.129           | 14.501         |
| From Held-to-maturity investments                          | 769.263          | 415.352        | 1.025.831        | 400.319        |
| <b>Total</b>   | <b>837.181</b>   | <b>472.090</b> | <b>1.063.084</b> | <b>428.994</b> |

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Interests Received From Investments in Associates and Subsidiaries | 13.886           | 6.529            |

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#### b. Information on interest expense:

##### 1. Information on interest expense on borrowings:

|                                  | 31 December 2009 |                | 31 December 2008 |                |
|----------------------------------|------------------|----------------|------------------|----------------|
|                                  | TL               | FC             | TL               | FC             |
| Banks                            | 153.188          | 228.795        | 79.668           | 354.756        |
| The CBRT                         | -                | -              | 2                | -              |
| Domestic Banks                   | 23.167           | 5.882          | 27.330           | 6.025          |
| Foreign Banks                    | 130.021          | 222.913        | 52.336           | 348.731        |
| Headquarters and Branches Abroad | -                | -              | -                | -              |
| Other Institutions               | -                | 243            | -                | 38.176         |
| <b>Total <sup>(1)</sup></b>      | <b>153.188</b>   | <b>229.038</b> | <b>79.668</b>    | <b>392.932</b> |

<sup>(1)</sup> Includes fees and commissions related to borrowings.

##### 2. Information on interest expense given to investments in associates and subsidiaries:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Interests paid to Investments in Associates and Subsidiaries | 30.810           | 40.119           |

##### 3. Maturity structure of the interest expense on deposits:

| Account Name                     | Time Deposit   |                |                  |               |               |                  |                    | Total            | 31 December 2008 |
|----------------------------------|----------------|----------------|------------------|---------------|---------------|------------------|--------------------|------------------|------------------|
|                                  | Demand Deposit | Up to 1 Month  | Up to 3 Month    | Up to 6 Month | Up to 1 Year  | More Than 1 year | Cumulative Deposit |                  |                  |
| <b>TL</b>                        |                |                |                  |               |               |                  |                    |                  |                  |
| Bank Deposit                     | 1.900          | 6.335          | 6                | 318           | 794           | 318              | -                  | 9.671            | 16.940           |
| Saving Deposit                   | 999            | 406.449        | 1.148.895        | 25.322        | 12.167        | 16.277           | -                  | 1.610.109        | 2.213.068        |
| Public Sector Deposit            | -              | 1.867          | 3.780            | 93            | 3             | 610              | -                  | 6.353            | 14.849           |
| Commercial Deposit               | 14.288         | 240.042        | 353.723          | 32.898        | 3.543         | 3.394            | -                  | 647.888          | 1.184.621        |
| Other Deposit                    | -              | 4.371          | 30.847           | 6.466         | 264           | 170              | -                  | 42.118           | 67.859           |
| Deposit With 7 Days Notification | -              | -              | -                | -             | -             | -                | -                  | -                | -                |
| <b>Total</b>                     | <b>17.187</b>  | <b>659.064</b> | <b>1.537.251</b> | <b>65.097</b> | <b>16.771</b> | <b>20.769</b>    | <b>-</b>           | <b>2.316.139</b> | <b>3.497.337</b> |
| <b>FC</b>                        |                |                |                  |               |               |                  |                    |                  |                  |
| Foreign Currency Deposit         | 6.003          | 188.979        | 217.188          | 31.594        | 6.080         | 22.937           | -                  | 472.781          | 536.304          |
| Bank Deposit                     | -              | 2.798          | -                | -             | 4.383         | -                | -                  | 7.181            | 5.696            |
| Deposit With 7 Days Notification | -              | -              | -                | -             | -             | -                | -                  | -                | -                |
| Gold Vault                       | -              | 206            | 13               | 12            | 19            | 100              | -                  | 350              | 191              |
| <b>Total</b>                     | <b>6.003</b>   | <b>191.983</b> | <b>217.201</b>   | <b>31.606</b> | <b>10.482</b> | <b>23.037</b>    | <b>-</b>           | <b>480.312</b>   | <b>542.191</b>   |
| <b>Grand Total</b>               | <b>23.190</b>  | <b>851.047</b> | <b>1.754.452</b> | <b>96.703</b> | <b>27.253</b> | <b>43.806</b>    | <b>-</b>           | <b>2.796.451</b> | <b>4.039.528</b> |

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#### c. Information on dividend income:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Trading Financial Assets                              | -                | -                |
| Financial Assets at Fair Value Through Profit or Loss | -                | -                |
| Available-for-Sale Financial Assets                   | 229              | 38.298           |
| Subsidiaries and associates                           | 142.459          | 167.671          |
| <b>Total</b>  | <b>142.688</b>   | <b>205.969</b>   |

#### d. Information on trading loss/income (Net):

|   | 31 December 2009    | 31 December 2008    |
|---|---------------------|---------------------|
| <b>Income</b>                           | <b>13.189.437</b>   | <b>10.870.296</b>   |
| Income from Capital Market Transactions | 158.220             | 53.664              |
| Derivative Financial Transactions       | 8.198.825           | 5.312.097           |
| Foreign Exchange Gains                  | 4.832.392           | 5.504.535           |
| <b>Loss(-)</b>                          | <b>(12.849.347)</b> | <b>(10.875.460)</b> |
| Loss from Capital Market Transactions   | (21.519)            | (18.129)            |
| Derivative Financial Transactions       | (7.898.662)         | (5.043.398)         |
| Foreign Exchange Loss                   | (4.929.166)         | (5.813.933)         |
| <b>Net Gain/Loss</b>                    | <b>340.090</b>      | <b>(5.164)</b>      |

#### e. Information on loss/income from derivative financial operations:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Effect of the change in foreign exchange on loss/income | 634.092          | 193.394          |
| Effect of the change in interest rate on loss/income    | (333.929)        | 75.305           |
| <b>Total</b>  | <b>300.163</b>   | <b>268.699</b>   |

#### f. Information on other operating income:

Other operating income mainly consists of collections from provisions recorded as expense in the previous years and sale of loans under follow-up.

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#### g. Provision expenses related to loans and other receivables of the Bank:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Specific provisions for loans and other receivables                                    | 1.266.759        | 378.512          |
| III. Group Loans and Receivables   | 153.715          | 46.376           |
| IV. Group Loans and Receivables  | 455.531          | 99.979           |
| V. Group Loans and Receivables   | 657.513          | 232.157          |
| General Provision Expenses   | 237.642          | 133.357          |
| Provision Expense for Possible Risks   | 33.330           | 40.714           |
| Marketable Securities Impairment Expenses  | 616              | 193              |
| Financial Assets at Fair Value Through Profit or Loss                                  | -                | -                |
| Available-for-Sale Financial Assets  | 616              | 193              |
| Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease | 26.759           | 16.616           |
| Investments in Associates  | -                | -                |
| Subsidiaries   | 3.553            | -                |
| Joint Ventures   | -                | -                |
| Held-to-maturity Investments   | 23.206           | 16.616           |
| Other  | -                | -                |
| <b>Total</b>   | <b>1.565.106</b> | <b>569.392</b>   |

#### h. Information related to other operational expenses:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Personnel Expenses  | 882.564          | 873.717          |
| Reserve For Employee Termination Benefits                                       | 4.780            | 913              |
| Provision Expense for Pension Fund  | 89.693           | 170.088          |
| Impairment Expenses of Fixed Assets   | -                | 1.895            |
| Depreciation Expenses of Fixed Assets   | 137.821          | 117.757          |
| Impairment Expenses of Intangible Assets  | -                | -                |
| Goodwill Impairment Expenses  | -                | -                |
| Amortisation Expenses of Intangible Assets                                      | 36.500           | 38.787           |
| Impairment Expenses of Equity Participations for which Equity Method<br>Applied | -                | -                |
| Impairment Expenses of Assets Held For Resale                                   | 1.012            | 515              |
| Depreciation Expenses of Assets Held for Resale                                 | 2.615            | 3.586            |
| Impairment Expenses of Fixed Assets Held for Sale                               | -                | -                |
| Other Operating Expenses  | 753.231          | 747.466          |
| Operational Lease Expenses  | 106.672          | 87.213           |
| Maintenance Expenses  | 25.744           | 33.184           |
| Advertising Expenses  | 59.052           | 85.009           |
| Other Expense   | 561.763          | 542.060          |
| Loss on Sales of Assets   | 284              | 606              |
| Other   | 404.977          | 403.260          |
| <b>Total</b>  | <b>2.313.477</b> | <b>2.358.590</b> |

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#### i. Explanations on profit and loss from continuing operations before tax:

Profit and loss before tax consists of net interest income amounting to TL3.478.325 thousand (2008: TL2.431.926 thousand), net fee and commission income amounting to TL1.436.423 thousand (2008: TL1.262.736 thousand) and total other operating expense amounting TL2.313.477 thousand (2008: TL2.358.590 thousand).

#### j. Provision for taxes on income from continuing operations:

As of 31 December 2009, the Bank has current tax expense amounting to TL397.268 thousand (2008: TL207.854 thousand) and deferred tax income amounting to TL38.142 thousand (2008: TL84.210 thousand deferred tax expense).

In 2008, the Bank made an agreement with local tax authorities in relation to the corporate tax declarations for the periods 2003/2005 and gave up the legal process against Boğaziçi Kurumlar Vergi Dairesi according to Law Numbered 5736 which came into force on 27 February 2008 and published in the Official Gazette numbered 26800. In relation to the agreement, a payment amounting to TL49.064 thousand was made to the related tax office and has been accounted under deferred tax expense account in 2008.

#### 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 to understand the Bank's current period performance (2008: Other than provision expense for the actuarial deficit of the Pension Fund amounting to TL170 million, tax expense amounting to TL49 million related to the compromise with the tax office and provision reversal income amounting to TL185 million related with the revised general loan loss provision calculation 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 consequent periods: None

#### l. Other items in income statement do not exceed 10% of the total.

## IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

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

1. The amount and type of non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments:

|                                    | 31 December 2009  | 31 December 2008  |
|------------------------------------|-------------------|-------------------|
| Commitments on credit cards limits | 10.952.962        | 11.244.536        |
| Loan granting commitments          | 3.069.928         | 2.457.100         |
| Commitments for cheque books       | 1.468.823         | 1.391.826         |
| <b>Total</b>                       | <b>15.491.713</b> | <b>15.093.462</b> |

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#### 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".

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

|                                  | 31 December 2009 | 31 December 2008 |
|----------------------------------|------------------|------------------|
| Bank acceptance loans            | 151.669          | 211.367          |
| Letter of credits                | 2.591.164        | 2.635.922        |
| Other guarantees and collaterals | 399.410          | 444.717          |
| <b>Total</b>                     | <b>3.142.243</b> | <b>3.292.006</b> |

#### 2 (ii). Revocable, irrevocable guarantees, contingencies and other similar commitments:

|                                       | 31 December 2009  | 31 December 2008  |
|---------------------------------------|-------------------|-------------------|
| Temporary letter of guarantees        | 563.652           | 565.241           |
| Definite letter of guarantees         | 9.596.903         | 9.215.573         |
| Advance letter of guarantees          | 1.887.521         | 2.244.072         |
| Letter of guarantees given to customs | 653.319           | 599.021           |
| Other letter of guarantees            | 302.275           | 393.938           |
| <b>Total</b>                          | <b>13.003.670</b> | <b>13.017.845</b> |

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

|  | 31 December 2009  | 31 December 2008  |
|--|-------------------|-------------------|
| Non-cash Loans Given Against Cash Loans              | 166.263           | 249.928           |
| With Original Maturity of 1 Year or Less Than 1 Year | 52.974            | 69.564            |
| With Original Maturity of More Than 1 Year           | 113.289           | 180.364           |
| Other Non-cash Loans                                 | 15.979.650        | 16.059.923        |
| <b>Total</b>   | <b>16.145.913</b> | <b>16.309.851</b> |

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

|                               | 31 December 2009 |               |                  |               | 31 December 2008 |               |                   |               |
|-------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|-------------------|---------------|
|                               | TL               | (%)           | FC               | (%)           | TL               | (%)           | FC                | (%)           |
| <b>Agricultural</b>           | <b>112.666</b>   | <b>1,81</b>   | <b>352.875</b>   | <b>3,56</b>   | <b>78.450</b>    | <b>1,30</b>   | <b>163.120</b>    | <b>1,59</b>   |
| Farming and Raising Livestock | 78.469           | 1,26          | 348.639          | 3,51          | 53.093           | 0,88          | 154.492           | 1,50          |
| Forestry                      | 27.409           | 0,44          | 3.684            | 0,04          | 19.613           | 0,32          | 7.369             | 0,07          |
| Fishing                       | 6.788            | 0,11          | 552              | 0,01          | 5.744            | 0,10          | 1.259             | 0,01          |
| <b>Manufacturing</b>          | <b>2.680.123</b> | <b>43,06</b>  | <b>4.498.204</b> | <b>45,34</b>  | <b>2.426.845</b> | <b>40,17</b>  | <b>4.481.042</b>  | <b>43,64</b>  |
| Mining                        | 149.203          | 2,40          | 637.763          | 6,43          | 116.861          | 1,93          | 91.652            | 0,89          |
| Production                    | 2.151.742        | 34,57         | 3.221.177        | 32,47         | 2.060.256        | 34,10         | 3.857.760         | 37,57         |
| Electric, Gas and Water       | 379.178          | 6,09          | 639.264          | 6,44          | 249.728          | 4,13          | 531.630           | 5,18          |
| <b>Construction</b>           | <b>1.633.745</b> | <b>26,25</b>  | <b>2.689.845</b> | <b>27,11</b>  | <b>1.610.566</b> | <b>26,66</b>  | <b>2.774.448</b>  | <b>27,02</b>  |
| <b>Services</b>               | <b>1.699.781</b> | <b>27,31</b>  | <b>1.885.471</b> | <b>19,00</b>  | <b>1.804.141</b> | <b>29,86</b>  | <b>1.875.687</b>  | <b>18,27</b>  |
| Wholesale and Retail          |                  |               |                  |               |                  |               |                   |               |
| Trade                         | 860.116          | 13,82         | 241.168          | 2,43          | 894.521          | 14,81         | 312.625           | 3,04          |
| Hotel, Food and Beverage      |                  |               |                  |               |                  |               |                   |               |
| Services                      | 69.689           | 1,12          | 108.175          | 1,09          | 68.778           | 1,14          | 83.354            | 0,81          |
| Transportation and            |                  |               |                  |               |                  |               |                   |               |
| Telecommunication             | 218.483          | 3,51          | 239.090          | 2,41          | 238.312          | 3,94          | 324.751           | 3,16          |
| Financial Institutions        | 329.371          | 5,29          | 837.160          | 8,44          | 358.538          | 5,93          | 630.361           | 6,14          |
| Real Estate and Leasing       |                  |               |                  |               |                  |               |                   |               |
| Services                      | 55.102           | 0,89          | 100.495          | 1,01          | 92.220           | 1,53          | 168.488           | 1,64          |
| Self-Employment               |                  |               |                  |               |                  |               |                   |               |
| Services                      | -                | -             | -                | -             | -                | -             | -                 | -             |
| Education Services            | 14.001           | 0,22          | 14.497           | 0,15          | 10.017           | 0,17          | 2.894             | 0,03          |
| Health and Social             |                  |               |                  |               |                  |               |                   |               |
| Services                      | 153.019          | 2,46          | 344.886          | 3,48          | 141.755          | 2,35          | 353.214           | 3,44          |
| <b>Other</b>                  | <b>98.122</b>    | <b>1,58</b>   | <b>495.081</b>   | <b>4,99</b>   | <b>121.329</b>   | <b>2,01</b>   | <b>974.223</b>    | <b>9,49</b>   |
| <b>Total</b>                  | <b>6.224.437</b> | <b>100,00</b> | <b>9.921.476</b> | <b>100,00</b> | <b>6.041.331</b> | <b>100,00</b> | <b>10.268.520</b> | <b>100,00</b> |

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

| 31 December 2009                    | Group I          |                  | Group II       |               |
|-------------------------------------|------------------|------------------|----------------|---------------|
|                                     | TL               | FC               | TL             | FC            |
| <b>Non-cash Loans</b>               |                  |                  |                |               |
| Letters of Guarantee                | 6.119.383        | 6.739.738        | 100.203        | 44.346        |
| Bank Acceptances                    | -                | 151.616          | -              | 53            |
| Letters of Credit                   | 1.410            | 2.589.468        | -              | 286           |
| Endorsements                        | -                | -                | -              | -             |
| Underwriting Commitments            | -                | -                | -              | -             |
| Factoring Guarantees                | -                | -                | -              | -             |
| Other Commitments and Contingencies | 3.441            | 390.095          | -              | 5.874         |
| <b>Total</b>                        | <b>6.124.234</b> | <b>9.870.917</b> | <b>100.203</b> | <b>50.559</b> |

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| 31 December 2008                    | Group I          |                  | Group II      |                |
|-------------------------------------|------------------|------------------|---------------|----------------|
|                                     | TL               | FC               | TL            | FC             |
| <b>Non-cash Loans</b>               |                  |                  |               |                |
| Letters of Guarantee                | 5.940.501        | 6.723.077        | 97.226        | 257.041        |
| Bank Acceptances                    | -                | 211.367          | -             | -              |
| Letters of Credit                   | 547              | 2.620.571        | -             | 14.804         |
| Endorsements                        | -                | -                | -             | -              |
| Underwriting Commitments            | -                | -                | -             | -              |
| Factoring Guarantees                | -                | -                | -             | -              |
| Other Commitments and Contingencies | 3.057            | 415.122          | -             | 26.538         |
| <b>Total</b>                        | <b>5.944.105</b> | <b>9.970.137</b> | <b>97.226</b> | <b>298.383</b> |

#### 3 (iv). Maturity distribution of non cash loans:

| 31 December 2009 <sup>(1)</sup> | Indefinite       | Up to 1<br>year  | 1-5<br>Years     | Above 5<br>years | Total             |
|---------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Letter of Credit                | 1.395.290        | 796.931          | 398.943          | -                | 2.591.164         |
| Letter of Guarantee             | 7.204.048        | 2.030.731        | 3.061.366        | 707.525          | 13.003.670        |
| Bank Acceptances                | 151.669          | -                | -                | -                | 151.669           |
| Other                           | 100.362          | 77.980           | 200.309          | 20.759           | 399.410           |
| <b>Total</b>                    | <b>8.851.369</b> | <b>2.905.642</b> | <b>3.660.618</b> | <b>728.284</b>   | <b>16.145.913</b> |

| 31 December 2008 <sup>(1)</sup> | Indefinite       | Up to 1<br>year  | 1-5<br>Years     | Above 5<br>years | Total             |
|---------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Letter of Credit                | 1.418.078        | 758.646          | 459.198          | -                | 2.635.922         |
| Letter of Guarantee             | 7.081.551        | 1.920.125        | 3.313.023        | 703.146          | 13.017.845        |
| Bank Acceptances                | 211.367          | -                | -                | -                | 211.367           |
| Other                           | 27.379           | 34.442           | 327.493          | 55.403           | 444.717           |
| <b>Total</b>                    | <b>8.738.375</b> | <b>2.713.213</b> | <b>4.099.714</b> | <b>758.549</b>   | <b>16.309.851</b> |

<sup>(1)</sup> The distribution is based on the original maturities.

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#### b. Information on derivative financial instruments:

|  | 31 December 2009  | 31 December 2008  |
|--|-------------------|-------------------|
| Types of Trading Transactions                              |                   |                   |
| Foreign currency related derivative transactions (I)       | 22.027.642        | 12.301.254        |
| FC trading forward transactions                            | 4.942.396         | 4.085.608         |
| Trading swap transactions                                  | 13.453.376        | 7.445.832         |
| Futures transactions                                       | -                 | -                 |
| Trading option transactions                                | 3.631.870         | 769.814           |
| Interest related derivative transactions (II)              | 10.901.079        | 4.976.839         |
| Forward interest rate agreements                           | -                 | -                 |
| Interest rate swaps  | 9.107.091         | 4.710.399         |
| Interest rate options                                      | 1.793.988         | 266.440           |
| Interest rate futures                                      | -                 | -                 |
| Other trading derivative transactions (III)                | 771.933           | 46.462            |
| <b>A. Total trading derivative transactions (I+II+III)</b> | <b>33.700.654</b> | <b>17.324.555</b> |
| Types of hedging transactions                              |                   |                   |
| Transactions for fair value hedge                          | 3.968.893         | -                 |
| Cash flow hedges   | -                 | -                 |
| Transactions for foreign net investment hedge              | -                 | -                 |
| <b>B. Total hedging related derivatives</b>                | <b>3.968.893</b>  | <b>-</b>          |
| <b>Total derivative transactions (A+B)</b>                 | <b>37.669.547</b> | <b>17.324.555</b> |

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

| 31 December 2009 <sup>(1)</sup>        | Up to 1<br>month   | 1-3<br>Months      | 3-12<br>Months     | 1-5<br>Years       | Above 5<br>years   | Total               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Derivatives held for trading</b>    |                    |                    |                    |                    |                    |                     |
| Foreign exchange derivatives           | 32.385             | 368.149            | 7.317              | 86.184             | -                  | 494.035             |
| - Inflow                               | 7.680.490          | 2.705.019          | 645.040            | 353.728            | 262.528            | 11.646.805          |
| - Outflow                              | (7.648.105)        | (2.336.870)        | (637.723)          | (267.544)          | (262.528)          | (11.152.770)        |
| Interest rate derivatives              | (4.266)            | (4.283)            | (109.391)          | (268.337)          | (35.527)           | (421.804)           |
| - Inflow                               | 94.622             | 893.260            | 358.828            | 3.266.780          | 987.070            | 5.600.560           |
| - Outflow                              | (98.888)           | (897.543)          | (468.219)          | (3.535.117)        | (1.022.597)        | (6.022.364)         |
| <b>Derivatives held for hedging</b>    |                    |                    |                    |                    |                    |                     |
| Foreign exchange derivatives           | -                  | -                  | -                  | -                  | -                  | -                   |
| - Inflow                               | -                  | -                  | -                  | -                  | -                  | -                   |
| - Outflow                              | -                  | -                  | -                  | -                  | -                  | -                   |
| Interest rate derivatives              | (9.395)            | (12.904)           | (131.221)          | (259.909)          | (22.295)           | (435.724)           |
| - Inflow                               | 452                | 865                | 8.057              | 1.806.284          | 213.395            | 2.029.053           |
| - Outflow                              | (9.847)            | (13.769)           | (139.278)          | (2.066.193)        | (235.690)          | (2.464.777)         |
| <b>Total inflow</b>                    | <b>7.775.564</b>   | <b>3.599.144</b>   | <b>1.011.925</b>   | <b>5.426.792</b>   | <b>1.462.993</b>   | <b>19.276.418</b>   |
| <b>Total outflow</b>                   | <b>(7.756.840)</b> | <b>(3.248.182)</b> | <b>(1.245.220)</b> | <b>(5.868.854)</b> | <b>(1.520.815)</b> | <b>(19.639.911)</b> |
| <b>31 December 2008 <sup>(1)</sup></b> |                    |                    |                    |                    |                    |                     |
| <b>Derivatives held for trading</b>    |                    |                    |                    |                    |                    |                     |
| Foreign exchange derivatives           | (2.560)            | (11.416)           | 273.631            | (405)              | -                  | 259.250             |
| - Inflow                               | 3.146.772          | 526.737            | 2.588.476          | 41.498             | -                  | 6.303.483           |
| - Outflow                              | (3.149.332)        | (538.153)          | (2.314.845)        | (41.903)           | -                  | (6.044.233)         |
| Interest rate derivatives              | 12.896             | 2.124              | 43.213             | 22.332             | -                  | 80.565              |
| - Inflow                               | 101.717            | 2.392              | 329.646            | 2.121.945          | -                  | 2.555.700           |
| - Outflow                              | (88.821)           | (268)              | (286.433)          | (2.099.613)        | -                  | (2.475.135)         |
| <b>Derivatives held for hedging</b>    |                    |                    |                    |                    |                    |                     |
| Foreign exchange derivatives           | -                  | -                  | -                  | -                  | -                  | -                   |
| - Inflow                               | -                  | -                  | -                  | -                  | -                  | -                   |
| - Outflow                              | -                  | -                  | -                  | -                  | -                  | -                   |
| Interest rate derivatives              | -                  | -                  | -                  | -                  | -                  | -                   |
| - Inflow                               | -                  | -                  | -                  | -                  | -                  | -                   |
| - Outflow                              | -                  | -                  | -                  | -                  | -                  | -                   |
| <b>Total inflow</b>                    | <b>3.248.489</b>   | <b>529.129</b>     | <b>2.918.122</b>   | <b>2.163.443</b>   | <b>-</b>           | <b>8.859.183</b>    |
| <b>Total outflow</b>                   | <b>(3.238.153)</b> | <b>(538.421)</b>   | <b>(2.601.278)</b> | <b>(2.141.516)</b> | <b>-</b>           | <b>(8.519.368)</b>  |

<sup>(1)</sup> In table above no amortisation of the notional amount has been taken into consideration.

#### d. Information on contingent liabilities:

Outstanding legal cases against the Bank have been considered as contingent liabilities and an TL19.914 thousand (2008: TL19.899 thousand) provision against these legal cases has been accounted for in the financial statements under the "Other provisions" account.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## **YAPI VE KREDİ BANKASI A.Ş.** **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009**

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

### e. Information on services in the name of others' names and accounts:

The Bank's activities of saving and depositing in the name of real and legal persons are not considered as material.

## **V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY**

### a. Information on dividends:

None.

### b. 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 profit and loss statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

### c. Information on increase/decrease amounts result from the merger:

None.

### d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

## **VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

### a. Information on cash and cash 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"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

#### 2. Effect of a change on 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

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Cash</b>                            | <b>2.545.161</b> | <b>1.330.660</b> |
| Cash and Effectives                    | 597.600          | 439.766          |
| Demand Deposits in Banks               | 1.947.561        | 890.894          |
| <b>Cash Equivalents</b>                | <b>1.114.863</b> | <b>353.628</b>   |
| Interbank Money Market                 | 40.000           | -                |
| Deposits in Bank                       | 1.074.863        | 353.628          |
| <b>Total Cash and Cash Equivalents</b> | <b>3.660.024</b> | <b>1.684.288</b> |

The total amount from the operations occurring in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Cash</b>                            | <b>1.756.111</b> | <b>2.545.161</b> |
| Cash and Effectives                    | 637.571          | 597.600          |
| Demand Deposits in Banks               | 1.118.540        | 1.947.561        |
| <b>Cash equivalents</b>                | <b>2.701.693</b> | <b>1.114.863</b> |
| Interbank Money Market                 | 1.530.000        | 40.000           |
| Time Deposits in Banks                 | 1.171.693        | 1.074.863        |
| <b>Total Cash and Cash Equivalents</b> | <b>4.457.804</b> | <b>3.660.024</b> |

#### b. Information on cash and cash equivalents that are not in use due to legal limitations and other reasons:

None.

#### c. The effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in "Other Account" amounting to TL2.974.351 thousand (2008: TL3.257.417 thousand) which is classified under "Operating profit before changes in operating assets and liabilities" basically includes Fee and Commissions, Other Operating Expenses excluding Personnel Expenses, Foreign Exchange Gains/Losses as well as Provision and Depreciation that does not cause cash in/outflow.

Decrease in "Net increase/decrease in other liabilities" amounting to TL144.580 thousand (2008: TL906.003 thousand increase) which is classified under "Operating profit before changes in operating assets and liabilities" includes Miscellaneous Payables, Other Liabilities, Taxes Payable, Charges, Duties and Premiums.

The effects of the change in foreign exchange rates on cash and cash equivalents is calculated approximately TL26.118 thousand as of 31 December 2009.

To conform to changes in presentation of financial statements as of 31 December 2009, the effects of the change in foreign exchange rates on cash and cash equivalents has been calculated as TL517.235 thousand and related reclassifications have been made on comparative figures as of 31 December 2008.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
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## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

#### 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. 31 December 2009:

| Banks' Risk Group <sup>(1), (2)</sup>   | Associates, subsidiaries and joint ventures |          | Direct and indirect shareholders of the Bank |          | Other real and legal persons that have been included in the risk group |          |
|---|---|----------|--|----------|--|----------|
|   | Cash  | Non-Cash | Cash   | Non-Cash | Cash   | Non-Cash |
| Loans and Other Receivables             |   |          |  |          |  |          |
| Balance at the Beginning of the Period  | 172.412                                     | 42.608   | 210.162                                      | 64.690   | 524.365  | 567.881  |
| Balance at the End of the Period        | 115.865                                     | 31.375   | 59.325                                       | 54.926   | 470.383  | 550.070  |
| Interest and Commission Income Received | 13.886                                      | 648      | 13.347                                       | 1.187    | 49.292   | 2.981    |

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

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

31 December 2008:

| Banks' Risk Group <sup>(1), (2)</sup>   | Associates, subsidiaries and joint ventures |          | Direct and indirect shareholders of the Bank |          | Other real and legal persons that have been included in the risk group |          |
|---|---|----------|--|----------|--|----------|
|   | Cash  | Non-Cash | Cash   | Non-Cash | Cash   | Non-Cash |
| Loans and Other Receivables             |   |          |  |          |  |          |
| Balance at the Beginning of the Period  | 68.445                                      | 114.701  | 4.875  | 48.446   | 353.576  | 626.500  |
| Balance at the End of the Period        | 172.412                                     | 42.608   | 210.162                                      | 64.690   | 524.365  | 567.881  |
| Interest and Commission Income Received | 6.529                                       | 474      | 19.040                                       | 614      | 63.653   | 1.960    |

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

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

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

| Banks' Risk Group <sup>(1), (2)</sup> | Associates, subsidiaries and joint ventures |                  | Direct and indirect shareholders of the Bank |                  | Other real and legal persons that have been included in the risk group |                  |
|---------------------------------------|---|------------------|--|------------------|--|------------------|
|                                       | 31 December 2009                            | 31 December 2008 | 31 December 2009                             | 31 December 2008 | 31 December 2009   | 31 December 2008 |
| Deposit                               |   |                  |  |                  |  |                  |
| Beginning of the Period               | 219.118                                     | 195.652          | 3.191.069                                    | 1.213.219        | 1.565.139  | 1.657.176        |
| End of the Period                     | 384.711                                     | 219.118          | 2.131.632                                    | 3.191.069        | 2.343.771  | 1.565.139        |
| Interest Expense on Deposits          | 30.810                                      | 40.119           | 172.096                                      | 209.217          | 139.045  | 219.445          |

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

<sup>(2)</sup> The information in table above includes borrowings as well as deposits.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

(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:

| Banks' Risk Group <sup>(1)</sup>  | Associates, subsidiaries<br>and joint ventures |                     | Direct and indirect<br>shareholders of the Bank |                     | Other real and legal persons<br>that have been included in<br>the risk group |                     |
|---|--|---------------------|---|---------------------|--|---------------------|
|   | 31 December<br>2009                            | 31 December<br>2008 | 31 December<br>2009                             | 31 December<br>2008 | 31 December<br>2009  | 31 December<br>2008 |
| <b>Transactions at Fair Value Through<br/>Profit or Loss <sup>(2)</sup></b> |  |                     |   |                     |  |                     |
| Beginning of the Period <sup>(3)</sup>                                      | 659.622  | 844.729             | 171.366   | 45.124              | 540.506  | 216.171             |
| End of the Period <sup>(3)</sup>  | 1.002.431                                      | 659.622             | 378.174   | 171.366             | 710.040  | 540.506             |
| <b>Total Profit/(Loss)</b>  | <b>(10.721)</b>                                | <b>(6.031)</b>      | <b>(3.395)</b>                                  | <b>(285)</b>        | <b>19.959</b>  | <b>(6.842)</b>      |
| <b>Transactions for hedging purposes</b>                                    |  |                     |   |                     |  |                     |
| Beginning of the Period   | -  | -                   | -   | -                   | -  | -                   |
| End of the Period   | -  | -                   | -   | -                   | -  | -                   |
| <b>Total Profit/(Loss)</b>  | <b>-</b>                                       | <b>-</b>            | <b>-</b>  | <b>-</b>            | <b>-</b>   | <b>-</b>            |

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

<sup>(2)</sup> The Bank's derivative instruments are classified as "Financial Assets at Fair Value Through Profit or Loss" according to TAS 39.

<sup>(3)</sup> The balances at the beginning and end of the periods are disclosed as the total of purchase 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 realised with market prices.

##### 2. Type of transaction and the amount:

| Total Risk Group                        | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Loans                                   | 617.147          | 567.716          |
| Banks                                   | 6.067            | 262.925          |
| Marketable Securities                   | 22.359           | 76.298           |
| Interest Income Received                | 76.525           | 89.222           |
| Non-Cash Loans                          | 636.371          | 675.179          |
| Commission Income Received              | 4.816            | 3.048            |
| Deposit                                 | 4.357.994        | 4.202.808        |
| Borrowings                              | 502.120          | 772.518          |
| Interest Expense Paid                   | 341.951          | 468.781          |
| Trading Transactions                    | 2.090.645        | 1.371.494        |
| Trading Transactions (Loss)/Income, net | 5.843            | (13.158)         |

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

#### 3. Information regarding benefits provided to the Bank's key management:

Salaries paid to the Bank's key management amount to TL25.684 thousand as of 31 December 2009 (2008: TL25.471 thousand).

#### VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

|                                 | Number | Employee number |                          |             |                         |
|---------------------------------|--------|-----------------|--------------------------|-------------|-------------------------|
| Domestic Branch                 | 837    | 14.328          |                          |             |                         |
|                                 |        |                 | Country of Incorporation |             |                         |
| Foreign Rep. Office             | -      | -               | -                        |             |                         |
|                                 |        |                 |                          | Total Asset | Statutory Share capital |
| Foreign Branch                  | -      | -               |                          | -           | -                       |
| Off-Shore Banking Region Branch | 1      | 5               | 1-Bahrain                | 10.240.963  | -                       |

#### IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

#### SECTION SIX OTHER EXPLANATIONS AND NOTES

##### I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

#### SECTION SEVEN EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the period ended 31 December 2009 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

(a member of PricewaterhouseCoopers). The independent auditor's report dated 2 March 2010 is presented prior to the unconsolidated financial statements.

##### II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

## 2009 DIVIDEND DISTRIBUTION TABLE

### Yapı ve Kredi Bankası A.Ş. 2009 Profit Distribution Table (TL)

|  |  |                  |
|--|--|------------------|
| 1.   | Paid-in Capital  | 4.347.051.284,00 |
| 2.   | Legal Reserves (per Legal Book)  | 96.219.623,73    |
| Information on whether Articles of Association has any privilege regarding profit distribution |  | None             |
|  |  | per Legal Book   |
| 3.   | Gross Profit   | 1.713.902.651,23 |
| 4.   | Reserve for Taxes ( - )  | 359.125.972,62   |
| 5.   | Net Profit ( = )   | 1.354.776.678,61 |
| 6.   | Prior Years' Losses ( - )  | 0,00             |
| 7.   | 1st Legal reserves ( - )   | 67.738.833,93    |
| 8.   | NET DISTRIBUTABLE PROFIT (=)   | 1.287.037.844,68 |
| 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   | 18.153.530,36    |
| 19.  | EXTRAORDINARY RESERVES   | 1.268.884.314,32 |
| 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                       | 0,0000              | 0,00      |
| NET   | 0,00                       | 0,0000              | 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(%)

## SUMMARY FINANCIAL HIGHLIGHTS

|                      | 2005        | 2006       | 2007       | 2008       | 2009       |
|----------------------|-------------|------------|------------|------------|------------|
| Total Assets         | 23.839.660  | 49.016.638 | 50.140.590 | 63.723.133 | 64.560.412 |
| Deposits             | 17.079.186  | 31.127.271 | 32.165.953 | 41.705.329 | 40.833.337 |
| Loans                | 11.420.852  | 22.504.146 | 28.508.881 | 38.672.952 | 37.857.816 |
| Shareholder's Equity | 1.578.615   | 3.425.163  | 4.903.749  | 6.853.047  | 8.267.367  |
| Net Profit / (Loss)  | (1.543.010) | 513.908    | 709.185    | 1.042.601  | 1.354.777  |
| Total Employees      | 10.211      | 13.478     | 14.249     | 14.795     | 14.333     |
| Total Branches       | 416         | 608        | 676        | 861        | 838        |

(Based on unconsolidated BRSA financials. Thousand TL)

## RISK MANAGEMENT POLICIES

Yapı Kredi adopted, as a risk management policy, the principle of full employee participation in risk management. In addition, this directive reconstituted the responsibilities of the Board of Directors and the senior management as well as the responsibilities and functions of the audit committee and the Executive committee. In accordance with this directive, any breach of limits and policies were reported to the Bank's management and the Executive committee in a timely manner.

The credit policy directive reflecting the Bank's risk appetite was updated, approved by the Board of Directors and became operational in 2009. The credit policy directive currently in effect includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve asset quality, as well as supporting effective risk management and complying with legal practices.

The main policies to be pursued throughout 2010 in the credit risk management area will continue to be focused on properly assessing potential risk, calculating the cost of credit risk for each customer segment, in compliance with Basel II principles.

The main strategies to be followed throughout 2010 are:

- Effective implementation of the credit policy directive to reinforce common risk management approach throughout the Bank
- Re-design of underwriting and monitoring processes
- Diversification of the loan portfolio toward 'less risky' sectors and customers to ensure Asset Quality

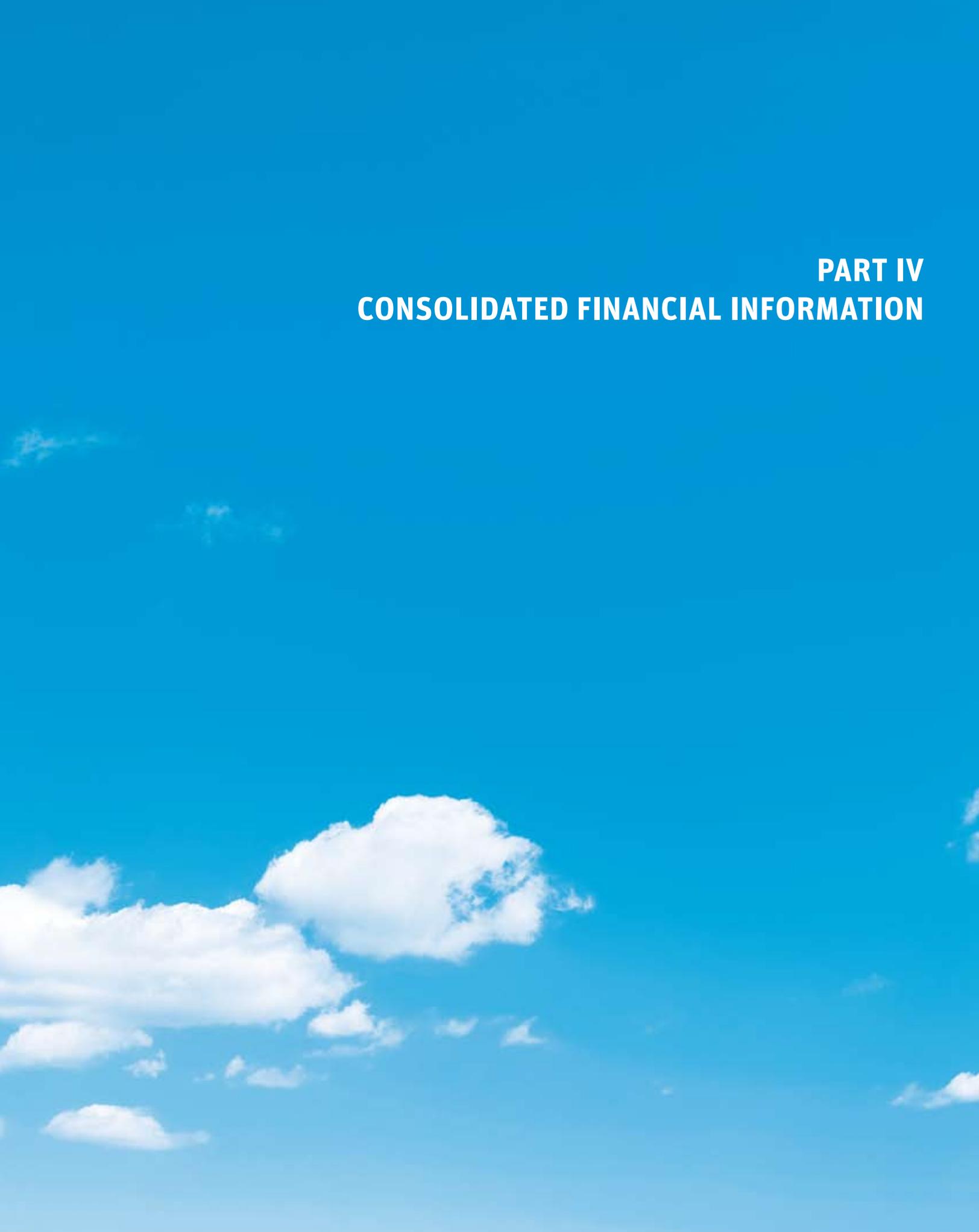
- Avoid excessive concentration in Group exposures while strictly obeying statutory limits
- Avoid transactions bearing high credit risk and reputation risk
- Measurement of cost of risk by business segments while applying generic provisioning in line with cost of risk
- Selective approach in lending practices through proactive channels
- Focus on collection of non-performing loans
- Timely delivery of credit risk information to the senior management in order to ensure an effective Risk Management.
- Improvement of rating and scoring systems to measure, monitor and manage the credit portfolio in a better way
- Continuation of Basel II programme to respect the previously defined deadline in terms of advanced approaches.

The market risk department's function is to measure the impact of fluctuations in interest rates, foreign exchange rates and stock prices on the Bank's trading portfolio, monitoring of the risk limits stipulated by risk management policies and reporting of the findings to the senior management. With regard to market risk policies, which are revised every year in light of the budget and expectations, risk to which the Bank is exposed is defined in detail and the processes regarding the management of this risk as well as the job descriptions of the related units are stipulated. It includes measurement methods to be employed on the basis of related risk as well as the risk limits as revised in light of the budget. In addition, functions and authorities of units involved in the risk control process and of the committees were stipulated in the policies. The Executive committee has an active role in the risk management process.

Yapı Kredi's goal is to implement the advanced measurement approaches of Basel II and related measurement systems in operational risk management. As part of the Basel II Operational Risk Project, the Bank has been collecting data on internal operational risk since 2004. Data on internal losses are being collected from various departments and branches using web-based systems. Scenario analysis studies for measuring and managing the impacts of unrealised potential operational risk have been performed since 2008. Key risk indicator analyses have been performed to monitor the current and potential operational risk exposure of the Bank since 2007. A dedicated database was established for monitoring the trends of more than 500 key risk indicators. Moreover, a risk-based insurance management approach was used for minimising the main operational risk that the Bank is exposed to. Additionally, potential risk evaluations were made before launching new products and services and the findings were shared with related departments so that necessary measures could be taken. Loss Prevention Programme aiming to decrease Internet fraud have been finalised in 2009. In addition, on both the IT and Logistics side, Business Continuity Management (BCM) activities and investments have been accomplished and the necessary tests have been performed. Business continuity management plans including pandemic management plans were approved by the Board of Directors.







**PART IV**  
**CONSOLIDATED FINANCIAL INFORMATION**



**Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.**  
a member of  
**PricewaterhouseCoopers**  
BJK Plaza, Süleyman Seba Caddesi  
No:48 B Blok Kat 9 Akaretler  
Beşiktaş 34357 İstanbul-Turkey  
www.pwc.com/tr  
Telephone +90 (212) 326 6060  
Facsimile +90 (212) 326 6050

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

**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 at 31 December 2009 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Disclosure for the Responsibility of the Bank's Board of Directors:**

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the consolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

**Disclosure for the Responsibility of the Authorized Audit Firm:**

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

**Independent Auditors' 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 of 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

**Additional Paragraph for Convenience Translation:**

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
**PricewaterhouseCoopers**



**Zeynep Uras, SMMM**  
Partner

Istanbul, 2 March 2010

# THE CONSOLIDATED FINANCIAL REPORT OF YAPI VE KREDİ BANKASI A.Ş. AS OF 31 DECEMBER 2009

Yapı ve Kredi Bankası A.Ş.  
Head Quarters  
Yapı Kredi Plaza D Blok  
Levent 34330 İstanbul  
Tel: (0212) 339 70 00  
Fax: (0212) 339 60 00  
www.yapikredi.com.tr  
E-Mail : financialreports@yapikredi.com.tr

The consolidated financial report includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **Section one** -GENERAL INFORMATION ABOUT THE GROUP
- **Section two** -CONSOLIDATED FINANCIAL STATEMENTS
- **Section three** -EXPLANATIONS ON ACCOUNTING POLICIES
- **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

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

| Subsidiaries                               | Associates                                  |
|--|---|
| 1. Yapı Kredi Sigorta A.Ş.                 | 1. Banque de Commerce et de Placements S.A. |
| 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 Yatırım Ortaklığı A.Ş.       |   |
| 7. Yapı Kredi Portföy Yönetimi A.Ş.        |   |
| 8. Yapı Kredi Invest LLC                   |   |
| 9. Yapı Kredi Holding B.V.                 |   |
| 10. Yapı Kredi Bank Nederland N.V.         |   |
| 11. Yapı Kredi Bank Moscow                 |   |
| 112. Stishing Custody Services YKB         |   |
| 13. Yapı Kredi Bank Azerbaijan CJSC        |   |

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

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira**, have been prepared and presented based on the accounting books of the Bank in accordance with Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendix and interpretations on these, and have been independently audited.



**Tayfun BAYAZIT**  
Chairman of the  
Board of Directors



**H. Faik AÇIKALIN**  
Chief Executive Officer



**Marco CRAVARIO**  
Chief Financial Officer  
Accounting Vice President



**M. Gökmen UÇAR**  
Financial Reporting and



**Federico GHIZZONI**  
President of Audit Committee



**Vittorio G. M. OGLIENGO**  
Member of Audit Committee



**Füsün 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 / Consolidation Supervisor  
**Telephone Number** : 0212 339 63 22  
**Fax Number** : 0212 339 61 05

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

(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 on 9 September 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 OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE PARENT BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO:

The Parent Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 31 December 2009 18,20% shares of the Bank are publicly traded (2008: 18,20%). The Bank's publicly traded shares are traded in ISE and the representatives of these shares, Global Depository Receipts, are quoted to London Stock Exchange. The remaining 81,80% being 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. As of 22 October 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. During the same year, all rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been realised.

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

| Merging Entities  |                         | Merger Date      | Merged Entity        |
|---|-------------------------|------------------|----------------------|
| Yapı Kredi  | Koçbank                 | 2 October 2006   | Yapı Kredi           |
| Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")      | Koç Leasing             | 25 December 2006 | Yapı Kredi Leasing   |
| Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")            | Koç Faktoring           | 29 December 2006 | Yapı Kredi Faktoring |
| Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")       | Koç Portföy             | 29 December 2006 | Yapı Kredi Portföy   |
| Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul") | Koç Yatırım             | 12 January 2007  | Yapı Kredi Menkul    |
| Yapı Kredi Netherland N.V. ("Yapı Kredi NV")                  | Koçbank Netherland N.V. | 2 July 2007      | Yapı Kredi NV        |

After the merger and the share transfer procedures in 2007 and the capital increase by TL920 million in 2008, KFS owns 81,80% of the shares of the Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

#### III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS:

As of 31 December 2009, the Parent Bank's Board of Directors, Members of the Audit Committee and Executive President and Vice Presidents are as follows.

##### Board of Directors Members:

| Name                    | Responsibility                 |
|-------------------------|--------------------------------|
| Tayfun BAYAZIT          | Chairman                       |
| Federico GHIZZONI       | Vice Chairman                  |
| H. Faik AÇIKALIN        | Chief Executive Officer        |
| Alessandro M. DECIO     | Deputy Chief Executive Officer |
| Ahmet F. ASHABOĞLU      | Member                         |
| Füsun Akkal BOZOK       | Member                         |
| Carlo VIVALDI           | Member                         |
| Vittorio G. M. OGLIENGO | Member                         |
| O. Turgay DURAK         | Member                         |
| Stephan WINKELMEIER     | Member                         |

##### General Manager and Vice General Managers:

| Name                      | Responsibility                                   |
|---------------------------|--|
| H. Faik AÇIKALIN          | General Manager                                  |
| Alessandro M. DECIO       | Deputy General Manager                           |
| Mehmet Güray ALPKAYA      | Corporate and Commercial Sales Management        |
| Marco CRAVARIO            | Financial Planning and Administration Management |
| Yakup DOĞAN               | Alternative Distribution Channels                |
| Mehmet Murat ERMERT       | Corporate Communication Management               |
| Massimiliano FOSSATI      | Risk Management                                  |
| Mert GÜVENEN              | Corporate and Commercial Banking Management      |
| Süleyman Cihangir KAVUNCU | Human Resources Management                       |
| Fahri ÖBEK <sup>(1)</sup> | Information Technology Management                |
| Erhan ÖZÇELİK             | Private Banking and Asset Management             |
| Mehmet Erkan ÖZDEMİR      | Compliance Officer                               |
| Muzaffer ÖZTÜRK           | Retail Sales Management                          |
| Stefano PERAZZINI         | Internal Audit                                   |
| Yüksel RİZELİ             | Information Systems and Operation Management     |
| Luca RUBAGA               | Organisation and Logistics Management            |
| Cemal Aybars SANAL        | Legal Activities Management                      |
| Zeynep Nazan SOMER        | Retail Banking Management                        |
| Feza TAN                  | Corporate and Commercial Credit Management       |
| Selim Hakkı TEZEL         | Consumer and SME Credit Management               |
| Mert YAZICIOĞLU           | Treasury Management                              |

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

#### Audit Committee Members:

| Name                    | Responsibility |
|-------------------------|----------------|
| Federico GHIZZONI       | Chairman       |
| Fusun Akkal BOZOK       | Member         |
| Vittorio G. M. OGLIENGO | Member         |

#### Statutory auditors:

| Name             | Responsibility |
|------------------|----------------|
| Abdullah GEÇER   | Auditor        |
| Adil G. ÖZTOPRAK | Auditor        |

<sup>(1)</sup> As of 30 January 2010, Fahri Öbek has resigned from his duty as vice president of Information Technology Management.

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

#### IV. INFORMATION ON QUALIFIED SHAREHOLDERS:

| Name/Commercial title       | Share Amounts<br>(Nominal) | Share<br>Percentage | Paid-in<br>Capital (Nominal) | Unpaid<br>Portion |
|-----------------------------|----------------------------|---------------------|------------------------------|-------------------|
| Koç Finansal Hizmetler A.Ş. | 3.555.712.396,07           | 81,80%              | 3.555.712.396,07             | -                 |

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

### V. SUMMARY INFORMATION ON THE PARENT BANK'S ACTIVITIES AND SERVICES:

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; includes:

- all banking activities
- all economic and financial activities which are allowed by law and regulation
- the execution of representation, attorney and agency activities related to the subjects referred to above
- purchase and sale of share certificates, bonds and all the capital market instruments, as part of Capital Market Law and regulations

In case of necessity to perform 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 obtainment of the authorizations required by law.

As of 31 December 2009, the Bank has 837 branches operating in Turkey, 1 branch in off-shore region (2008: 860 branches operating in Turkey, 1 branch in off-shore region) and 14.333 employees (2008: 14.795 employees). The parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of 31 December 2009, the Group has 16.713 employees (2008: 17.359 employees).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009 AND 2008

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

#### SECTION TWO

#### CONSOLIDATED FINANCIAL STATEMENTS

## I. BALANCE SHEET

|  | Note<br>(Section Five) | (31/12/2009)      |                   |                   | (31/12/2008)      |                   |                   |
|--|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  |                        | TL                | FC                | Total             | TL                | FC                | Total             |
| <b>I. ASSETS</b>   |                        |                   |                   |                   |                   |                   |                   |
| I. CASH BALANCES WITH CENTRAL BANK   | I-a                    | 1.784.273         | 2.445.062         | 4.229.335         | 1.854.700         | 2.862.316         | 4.717.016         |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)          | I-b                    | 802.452           | 181.175           | 983.627           | 591.644           | 238.471           | 830.115           |
| 2.1 Trading Financial Assets   |                        | 802.452           | 181.175           | 983.627           | 591.644           | 238.471           | 830.115           |
| 2.1.1 Government Debt Securities   |                        | 164.476           | 109.402           | 273.878           | 137.764           | 162.544           | 300.308           |
| 2.1.2 Share Certificates   |                        | 38.963            | -                 | 38.963            | 17.587            | -                 | 17.587            |
| 2.1.3 Trading Derivative Financial Assets                                  |                        | 546.121           | 71.583            | 617.704           | 393.269           | 40.382            | 433.651           |
| 2.1.4 Other Marketable Securities  |                        | 52.892            | 190               | 53.082            | 43.024            | 35.545            | 78.569            |
| 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                    | 545.079           | 1.849.569         | 2.394.648         | 121.848           | 3.280.234         | 3.402.082         |
| IV. MONEY MARKETS  |                        | 1.581.459         | -                 | 1.581.459         | 131.377           | 96.585            | 227.962           |
| 4.1 Interbank Money Market Placements                                      |                        | 1.500.271         | -                 | 1.500.271         | 68.318            | 96.585            | 164.903           |
| 4.2 Receivables from Istanbul Stock Exchange Money Market                  |                        | 30.015            | -                 | 30.015            | 40.358            | -                 | 40.358            |
| 4.3 Receivables from Reverse Repurchase Agreements                         |                        | 51.173            | -                 | 51.173            | 22.701            | -                 | 22.701            |
| V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)                               | I-d                    | 934.109           | 1.089.706         | 2.023.815         | 819.732           | 1.029.233         | 1.848.965         |
| 5.1 Share Certificates   |                        | 18.978            | 2.193             | 21.171            | 14.389            | 22.102            | 36.491            |
| 5.2 Government Debt Securities   |                        | 867.008           | 1.018.499         | 1.885.507         | 754.836           | 794.680           | 1.549.516         |
| 5.3 Other Marketable Securities  |                        | 48.123            | 69.014            | 117.137           | 50.507            | 212.451           | 262.958           |
| VI. LOANS AND RECEIVABLES  | I-e                    | 24.960.975        | 14.309.544        | 39.270.519        | 25.444.113        | 14.110.672        | 39.554.785        |
| 6.1 Loans  |                        | 24.564.156        | 14.298.626        | 38.862.782        | 24.803.219        | 14.107.269        | 38.910.488        |
| 6.1.1 Bank's risk group  |                        | 414.041           | 181.577           | 595.618           | 232.823           | 262.157           | 494.980           |
| 6.1.2 Government Debt Securities   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 6.1.3 Other  |                        | 24.150.115        | 14.117.049        | 38.267.164        | 24.570.396        | 13.845.112        | 38.415.508        |
| 6.2 Loans under Follow-up  |                        | 2.569.983         | 52.675            | 2.622.658         | 1.678.011         | 67.732            | 1.745.743         |
| 6.3 Specific Provisions (-)  |                        | (2.173.164)       | (41.757)          | (2.214.921)       | (1.037.117)       | (64.329)          | (1.101.446)       |
| VII. FACTORING RECEIVABLES   |                        | 1.027.290         | 404.041           | 1.431.331         | 654.060           | 392.320           | 1.046.380         |
| VIII. HELD-TO-MATURITY SECURITIES (Net)                                    | I-f                    | 6.056.097         | 7.262.622         | 13.318.719        | 5.883.067         | 6.822.714         | 12.705.781        |
| 8.1 Government Debt Securities   |                        | 6.056.097         | 7.262.622         | 13.318.719        | 5.883.067         | 6.818.590         | 12.701.657        |
| 8.2 Other Marketable Securities  |                        | -                 | -                 | -                 | -                 | 4.124             | 4.124             |
| IX. INVESTMENTS IN ASSOCIATES (Net)  | I-g                    | 3.940             | 58.939            | 62.879            | 3.940             | 55.593            | 59.533            |
| 9.1 Consolidated Based on Equity Method                                    |                        | -                 | 58.939            | 58.939            | -                 | 55.593            | 55.593            |
| 9.2 Unconsolidated   |                        | 3.940             | -                 | 3.940             | 3.940             | -                 | 3.940             |
| 9.2.1 Financial Investments in Associates                                  |                        | 3.940             | -                 | 3.940             | 3.940             | -                 | 3.940             |
| 9.2.2 Non-financial Investments in Associates                              |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| X. SUBSIDIARIES (Net)  | I-h                    | 26.890            | -                 | 26.890            | 30.443            | -                 | 30.443            |
| 10.1 Unconsolidated Financial Subsidiaries                                 |                        | 24.590            | -                 | 24.590            | 28.143            | -                 | 28.143            |
| 10.2 Unconsolidated Non-financial Subsidiaries                             |                        | 2.300             | -                 | 2.300             | 2.300             | -                 | 2.300             |
| XI. JOINT VENTURES (Net)   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 11.1 Accounted Based on Equity Method                                      |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 11.2 Unconsolidated  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 11.2.1 Financial Joint Ventures  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 11.2.2 Non-financial Joint Ventures  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| XII. FINANCIAL LEASE RECEIVABLES   |                        | 398.762           | 1.786.448         | 2.185.210         | 533.957           | 2.170.338         | 2.704.295         |
| 12.1 Financial Lease Receivables   |                        | 493.872           | 2.104.050         | 2.597.922         | 679.617           | 2.536.173         | 3.215.790         |
| 12.2 Operating Lease Receivables   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 12.3 Other   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 12.4 Unearned Income (-)   |                        | (95.110)          | (317.602)         | (412.712)         | (145.660)         | (365.835)         | (511.495)         |
| XIII. HEDGING DERIVATIVE FINANCIAL ASSETS                                  | I-i                    | 127.678           | 953               | 128.631           | -                 | -                 | -                 |
| 13.1 Fair Value Hedge  |                        | 127.678           | 953               | 128.631           | -                 | -                 | -                 |
| 13.2 Cash Flow Hedge   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 13.3 Foreign Net Investment Hedge  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| XIV. PROPERTY AND EQUIPMENT (Net)  |                        | 1.130.617         | 16.930            | 1.147.547         | 1.189.368         | 15.765            | 1.205.133         |
| XV. INTANGIBLE ASSETS (Net)  | I-j                    | 1.194.538         | 111               | 1.194.649         | 1.157.701         | 124               | 1.157.825         |
| 15.1 Goodwill  | I-k                    | 979.493           | -                 | 979.493           | 979.493           | -                 | 979.493           |
| 15.2 Other   |                        | 215.045           | 111               | 215.156           | 178.208           | 124               | 178.332           |
| XVI. INVESTMENT PROPERTY (Net)   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| XVII. TAX ASSET  |                        | 307.991           | 3.366             | 311.357           | 197.733           | 7.786             | 205.519           |
| 17.1 Current Tax Asset   |                        | -                 | 236               | 236               | 15.159            | 71                | 15.230            |
| 17.2 Deferred Tax Asset  | I-l                    | 307.991           | 3.130             | 311.121           | 182.574           | 7.715             | 190.289           |
| XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net) | I-m                    | 88.680            | -                 | 88.680            | 90.046            | -                 | 90.046            |
| 18.1 Held for sale Purposes  |                        | 88.680            | -                 | 88.680            | 90.046            | -                 | 90.046            |
| 18.2 Related to Discontinued Operations                                    |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| XIX. OTHER ASSETS  | I-n                    | 836.513           | 518.675           | 1.355.188         | 733.543           | 352.804           | 1.086.347         |
| <b>TOTAL ASSETS</b>  |                        | <b>41.807.343</b> | <b>29.927.141</b> | <b>71.734.484</b> | <b>39.437.272</b> | <b>31.434.955</b> | <b>70.872.227</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009 AND 2008

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

## I. BALANCE SHEET

| LIABILITIES  | Note<br>(Section Five) | (31/12/2009)      |                   |                   | (31/12/2008)      |                   |                   |
|--|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  |                        | TL                | FC                | Total             | TL                | FC                | Total             |
| <b>I. DEPOSITS</b>   | II-a                   | 23.232.276        | 20.142.609        | 43.374.885        | 24.804.314        | 19.473.383        | 44.277.697        |
| 1.1 Deposits of Bank's risk group  |                        | 1.617.242         | 2.648.296         | 4.265.538         | 1.504.397         | 2.860.570         | 4.364.967         |
| 1.2 Other  |                        | 21.615.034        | 17.494.313        | 39.109.347        | 23.299.917        | 16.612.813        | 39.912.730        |
| <b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>  | II-b                   | 212.626           | 55.889            | 268.515           | 172.405           | 48.377            | 220.782           |
| <b>III. BORROWINGS</b>   | II-c                   | 1.417.155         | 4.943.071         | 6.360.226         | 1.572.647         | 5.658.011         | 7.230.658         |
| <b>IV. MONEY MARKETS</b>   |                        | 130.100           | 1.155.467         | 1.285.567         | 173.624           | 624.978           | 798.602           |
| 4.1 Funds from Interbank Money Market  |                        | -                 | 46.886            | 46.886            | -                 | -                 | -                 |
| 4.2 Funds from Istanbul Stock Exchange Money Market  |                        | -                 | -                 | -                 | 13.175            | -                 | 13.175            |
| 4.3 Funds Provided Under Repurchase Agreements   |                        | 130.100           | 1.108.581         | 1.238.681         | 160.449           | 624.978           | 785.427           |
| <b>V. MARKETABLE SECURITIES ISSUED (Net)</b>   | II-d                   | -                 | 1.744.478         | 1.744.478         | -                 | 1.966.298         | 1.966.298         |
| 5.1 Bills  |                        | -                 | 718               | 718               | -                 | -                 | -                 |
| 5.2 Asset Backed Securities  |                        | -                 | 1.743.760         | 1.743.760         | -                 | 1.966.298         | 1.966.298         |
| 5.3 Bonds  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>VI. FUNDS</b>   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 6.1 Borrower funds   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 6.2 Other  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>VII. MISCELLANEOUS PAYABLES</b>   |                        | 2.828.474         | 417.351           | 3.245.825         | 2.466.471         | 302.888           | 2.769.359         |
| <b>VIII. OTHER LIABILITIES</b>   | II-e                   | 509.530           | 397.055           | 906.585           | 474.130           | 1.014.311         | 1.488.441         |
| <b>IX. FACTORING PAYABLES</b>  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>X. FINANCIAL LEASE PAYABLES (Net)</b>   |                        | 1                 | 112               | 113               | 48                | 232               | 280               |
| 10.1 Financial Lease Payables  | II-f                   | 1                 | 113               | 114               | 52                | 232               | 284               |
| 10.2 Operational Lease Payables  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 10.3 Other   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 10.4 Deferred Lease Expenses (-)   |                        | -                 | (1)               | (1)               | (4)               | -                 | (4)               |
| <b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>  | II-g                   | 357.513           | 100               | 357.613           | -                 | -                 | -                 |
| 11.1 Fair Value Hedge  |                        | 357.513           | 100               | 357.613           | -                 | -                 | -                 |
| 11.2 Cash Flow Hedge   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 11.3 Foreign Net Investment Hedge  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>XII. PROVISIONS</b>   | II-h                   | 2.541.836         | 731.445           | 3.273.281         | 2.214.680         | 620.688           | 2.835.368         |
| 12.1 General Loan Loss Provision   |                        | 557.129           | 352.501           | 909.630           | 409.894           | 249.124           | 659.018           |
| 12.2 Restructuring Provisions  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 12.3 Reserve for Employee Rights   |                        | 164.049           | 2.150             | 166.199           | 152.300           | 1.794             | 154.094           |
| 12.4 Insurance Technical Provisions (Net)  |                        | 546.356           | 320.448           | 866.804           | 503.458           | 331.742           | 835.200           |
| 12.5 Other Provisions  |                        | 1.274.302         | 56.346            | 1.330.648         | 1.149.028         | 38.028            | 1.187.056         |
| <b>XIII. TAX LIABILITY</b>   | II-i                   | 204.945           | 2.288             | 207.233           | 192.494           | 7.966             | 200.460           |
| 13.1 Current Tax Liability   |                        | 204.444           | 653               | 205.097           | 191.496           | 1.546             | 193.042           |
| 13.2 Deferred Tax Liability  |                        | 501               | 1.635             | 2.136             | 998               | 6.420             | 7.418             |
| <b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>        |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 14.1 Held for sale purpose   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 14.2 Related to discontinued operations  |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>XV. SUBORDINATED LOANS</b>  | II-j                   | -                 | 2.224.023         | 2.224.023         | -                 | 2.220.601         | 2.220.601         |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | II-k                   | 8.427.563         | 58.577            | 8.486.140         | 6.877.455         | (13.774)          | 6.863.681         |
| 16.1 Paid-in Capital   |                        | 4.347.051         | -                 | 4.347.051         | 4.347.051         | -                 | 4.347.051         |
| 16.2 Capital Reserves  |                        | 651.479           | 58.577            | 710.056           | 610.144           | (13.774)          | 596.370           |
| 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-l                   | 45.629            | 58.577            | 104.206           | 47.750            | (13.774)          | 33.976            |
| 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)   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.2.9 Value increase in property and equipment held for sale and related to discontinued operations |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.2.10 Other capital reserves   |                        | 61.969            | -                 | 61.969            | 18.513            | -                 | 18.513            |
| 16.3 Profit Reserves   |                        | 1.865.878         | -                 | 1.865.878         | 866.733           | -                 | 866.733           |
| 16.3.1 Legal Reserves  |                        | 96.220            | -                 | 96.220            | 44.089            | -                 | 44.089            |
| 16.3.2 Status Reserves   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.3.3 Extraordinary Reserves  |                        | 1.769.658         | -                 | 1.769.658         | 822.644           | -                 | 822.644           |
| 16.3.4 Other Profit Reserves   |                        | -                 | -                 | -                 | -                 | -                 | -                 |
| 16.4 Income or (Loss)  |                        | 1.505.894         | -                 | 1.505.894         | 1.005.547         | -                 | 1.005.547         |
| 16.4.1 Prior Years' Income or (Loss)   |                        | (37.054)          | -                 | (37.054)          | (255.848)         | -                 | (255.848)         |
| 16.4.2 Current Year Income or (Loss)   |                        | 1.542.948         | -                 | 1.542.948         | 1.261.395         | -                 | 1.261.395         |
| 16.5 Minority Interest   | II-m                   | 57.261            | -                 | 57.261            | 47.980            | -                 | 47.980            |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                        | <b>39.862.019</b> | <b>31.872.465</b> | <b>71.734.484</b> | <b>38.948.268</b> | <b>31.923.959</b> | <b>70.872.227</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009 AND 2008

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

| II. INCOME STATEMENTS   |                     |                  |                  |  |
|---|---------------------|------------------|------------------|--|
| INCOME AND EXPENSE ITEMS  | Note (Section Five) | 01/01-31/12/2009 | 01/01-31/12/2008 |  |
| <b>I. INTEREST INCOME</b>   | III-a               | 7.378.943        | 7.764.493        |  |
| 1.1 Interest on Loans   | III-a-1             | 5.271.062        | 5.284.850        |  |
| 1.2 Interest Received from Reserve Requirements   |                     | 114.668          | 218.706          |  |
| 1.3 Interest Received from Banks  | III-a-2             | 66.803           | 133.831          |  |
| 1.4 Interest Received from Money Market Transactions                                      |                     | 89.198           | 43.782           |  |
| 1.5 Interest Received from Marketable Securities Portfolio                                | III-a-3             | 1.453.143        | 1.639.514        |  |
| 1.5.1 Trading Financial Assets  |                     | 29.676           | 23.314           |  |
| 1.5.2 Financial Assets classified as at Fair Value through Profit or (Loss)               |                     | -                | -                |  |
| 1.5.3 Available-for-sale Financial Assets   |                     | 148.989          | 99.069           |  |
| 1.5.4 Held to Maturity Investments  |                     | 1.274.478        | 1.517.131        |  |
| 1.6 Financial Lease Income  |                     | 254.671          | 297.227          |  |
| 1.7 Other Interest Income   |                     | 129.398          | 146.583          |  |
| <b>II. INTEREST EXPENSE</b>   | III-b               | (3.482.088)      | (4.923.393)      |  |
| 2.1 Interest on Deposits  | III-b-3             | (2.894.618)      | (4.137.899)      |  |
| 2.2 Interest on Funds Borrowed  | III-b-1             | (477.259)        | (577.838)        |  |
| 2.3 Interest Expense on Money Market Transactions   |                     | (64.152)         | (124.571)        |  |
| 2.4 Interest on Securities Issued   |                     | (44.863)         | (82.530)         |  |
| 2.5 Other Interest Expenses   |                     | (1.196)          | (555)            |  |
| <b>III. NET INTEREST INCOME (I+II)</b>  |                     | 3.896.855        | 2.841.100        |  |
| <b>IV. NET FEES AND COMMISSIONS INCOME</b>  |                     | 1.569.115        | 1.388.044        |  |
| 4.1 Fees and Commissions Received   |                     | 1.912.286        | 1.715.509        |  |
| 4.1.1 Non-cash Loans  |                     | 200.305          | 154.097          |  |
| 4.1.2 Other   |                     | 1.711.981        | 1.561.412        |  |
| 4.2 Fees and Commissions Paid   |                     | (343.171)        | (327.465)        |  |
| 4.2.1 Non-cash Loans  |                     | (3.028)          | (154)            |  |
| 4.2.2 Other   |                     | (340.143)        | (327.311)        |  |
| <b>V. DIVIDEND INCOME</b>   | III-c               | 3.402            | 41.553           |  |
| <b>VI. TRADING INCOME/(LOSS) (Net)</b>  | III-d               | 371.002          | 49.577           |  |
| 6.1 Trading Gains/(Losses) on Securities  |                     | 161.618          | 27.158           |  |
| 6.2 Derivative Financial Transactions Gains/(Losses)                                      | III-e               | 326.390          | 228.598          |  |
| 6.3 Foreign Exchange Gains/(Losses)   |                     | (117.006)        | (206.179)        |  |
| <b>VII. OTHER OPERATING INCOME</b>  | III-f               | 225.170          | 477.561          |  |
| <b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>                                     |                     | 6.065.544        | 4.797.835        |  |
| <b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                            | III-g               | (1.652.281)      | (626.885)        |  |
| <b>X. OTHER OPERATING EXPENSES (-)</b>  | III-h               | (2.510.242)      | (2.560.149)      |  |
| <b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>  |                     | 1.903.021        | 1.610.801        |  |
| <b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>                                 |                     | -                | -                |  |
| <b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |                     | 5.417            | 3.667            |  |
| <b>XIII. INCOME/(LOSS) ON NET MONETARY POSITION</b>                                       |                     | -                | -                |  |
| <b>XIV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>           | III-i               | 1.908.438        | 1.614.468        |  |
| <b>XV. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>                   | III-j               | (355.260)        | (349.351)        |  |
| 16.1 Current Tax Provision  |                     | (480.911)        | (255.320)        |  |
| 16.2 Deferred Tax Provision   |                     | 125.651          | (94.031)         |  |
| <b>XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>                        |                     | 1.553.178        | 1.265.117        |  |
| <b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>   |                     | -                | -                |  |
| 18.1 Income from Non-current Assets Held for Resale                                       |                     | -                | -                |  |
| 18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners) |                     | -                | -                |  |
| 18.3 Other Income From Discontinued Operations  |                     | -                | -                |  |
| <b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>                                     |                     | -                | -                |  |
| 19.1 Expenses for Non-current Assets Held for Resale                                      |                     | -                | -                |  |
| 19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)   |                     | -                | -                |  |
| 19.3 Other Expenses From Discontinued Operations  |                     | -                | -                |  |
| <b>XX. PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>           |                     | -                | -                |  |
| <b>XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>                   |                     | -                | -                |  |
| 21.1 Current tax provision  |                     | -                | -                |  |
| 21.2 Deferred tax provision   |                     | -                | -                |  |
| <b>XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>                      |                     | -                | -                |  |
| <b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>   | III-k               | 1.553.178        | 1.265.117        |  |
| 23.1 Group's Profit/Loss  |                     | 1.542.948        | 1.261.395        |  |
| 23.2 Minority Shares Profit/Losses (-)  | III-m               | 10.230           | 3.722            |  |
| Earnings/(Loss) per share (in TL full)  |                     | 0.0035           | 0.0036           |  |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009 AND 2008

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

## III. OFF-BALANCE SHEET COMMITMENTS

|   | Note<br>(Section five) | (31/12/2009)       |                   |                    | (31/12/2008)      |                   |                    |
|---|------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|   |                        | TL                 | FC                | Total              | TL                | FC                | Total              |
| <b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>                       |                        | <b>33.280.612</b>  | <b>40.993.912</b> | <b>74.274.524</b>  | <b>28.415.943</b> | <b>26.601.265</b> | <b>55.017.208</b>  |
| <b>I. GUARANTEES AND WARRANTIES</b>                                     | <b>IV-a-2, 3</b>       | <b>6.256.478</b>   | <b>10.329.577</b> | <b>16.586.055</b>  | <b>6.065.846</b>  | <b>10.734.145</b> | <b>16.799.991</b>  |
| 1.1 Letters of Guarantee  |                        | 6.251.627          | 7.045.114         | 13.296.741         | 6.062.242         | 7.300.101         | 13.362.343         |
| 1.1.1 Guarantees Subject to State Tender Law                            |                        | 476.948            | 441.239           | 918.187            | 440.744           | 533.824           | 974.568            |
| 1.1.2 Guarantees Given for Foreign Trade Operations                     |                        | 683.494            | 6.342.845         | 7.026.339          | 662.959           | 6.467.702         | 7.130.661          |
| 1.1.3 Other Letters of Guarantee  |                        | 5.091.185          | 261.030           | 5.352.215          | 4.958.539         | 298.575           | 5.257.114          |
| 1.2 Bank Acceptances  |                        | -                  | 151.669           | 151.669            | -                 | 211.367           | 211.367            |
| 1.2.1 Import Letter of Acceptance                                       |                        | -                  | 151.669           | 151.669            | -                 | 211.367           | 211.367            |
| 1.2.2 Other Bank Acceptances  |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 1.3 Letters of Credit   |                        | 1.410              | 2.736.825         | 2.738.235          | 547               | 2.781.017         | 2.781.564          |
| 1.3.1 Documentary Letters of Credit                                     |                        | 1.410              | 2.709.285         | 2.710.695          | 547               | 2.715.139         | 2.715.686          |
| 1.3.2 Other Letters of Credit   |                        | -                  | 27.540            | 27.540             | -                 | 65.878            | 65.878             |
| 1.4 Prefinancing Given as Guarantee                                     |                        | 143                | 2.008             | 2.151              | 143               | 2.017             | 2.160              |
| 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  |                        | 2.398              | 197.374           | 199.772            | 2.914             | 250.224           | 253.138            |
| 1.9 Other Collaterals   |                        | 900                | 196.587           | 197.487            | -                 | 189.419           | 189.419            |
| <b>II. COMMITMENTS</b>  | <b>IV-a-1</b>          | <b>16.411.945</b>  | <b>3.043.563</b>  | <b>19.455.508</b>  | <b>16.525.969</b> | <b>3.317.974</b>  | <b>19.843.943</b>  |
| 2.1 Irrevocable Commitments   |                        | 16.411.945         | 3.043.563         | 19.455.508         | 16.525.969        | 3.317.974         | 19.843.943         |
| 2.1.1 Asset Purchase and Sale Commitments                               |                        | -                  | 517.280           | 517.280            | -                 | 446.310           | 446.310            |
| 2.1.2 Deposit Purchase and Sales Commitments                            |                        | 5.419              | -                 | 5.419              | 62.765            | 58.976            | 121.741            |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries          |                        | 2.000              | -                 | 2.000              | -                 | -                 | -                  |
| 2.1.4 Loan Granting Commitments   |                        | 2.693.259          | 422.894           | 3.116.153          | 1.914.608         | 570.675           | 2.485.283          |
| 2.1.5 Securities Issue Brokerage Commitments                            |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 2.1.6 Commitments for Reserve Deposit Requirements                      |                        | 1.209.983          | 2.088.453         | 3.297.936          | 1.815.920         | 2.234.068         | 4.049.988          |
| 2.1.7 Commitments for Cheques   |                        | 1.468.823          | -                 | 1.468.823          | 1.391.826         | -                 | 1.391.826          |
| 2.1.8 Tax and Fund Liabilities from Export Commitments                  |                        | 38.261             | -                 | 38.261             | 40.495            | -                 | 40.495             |
| 2.1.9 Commitments for Credit Card Limits                                |                        | 10.952.962         | 1.306             | 10.954.268         | 11.244.536        | -                 | 11.244.536         |
| 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                                    |                        | 41.738             | 13.630            | 55.368             | 55.819            | 7.945             | 63.764             |
| 2.2 Revocable Commitments   |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 2.2.1 Revocable Loan Granting Commitments                               |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 2.2.2 Other Revocable Commitments                                       |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                            | <b>IV-b,c</b>          | <b>10.612.189</b>  | <b>27.620.772</b> | <b>38.232.961</b>  | <b>5.824.128</b>  | <b>12.549.146</b> | <b>18.373.274</b>  |
| 3.1 Hedging Derivative Financial Instruments                            |                        | 1.957.152          | 2.011.741         | 3.968.893          | -                 | -                 | -                  |
| 3.1.1 Transactions for Fair Value Hedge                                 |                        | 1.957.152          | 2.011.741         | 3.968.893          | -                 | -                 | -                  |
| 3.1.2 Transactions for Cash Flow Hedge                                  |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.1.3 Transactions for Foreign Net Investment Hedge                     |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2 Trading Transactions  |                        | 8.655.037          | 25.609.031        | 34.264.068         | 5.824.128         | 12.549.146        | 18.373.274         |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions                    |                        | 1.763.364          | 2.312.832         | 4.076.196          | 1.171.587         | 2.703.776         | 3.875.363          |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy                       |                        | 854.121            | 1.182.108         | 2.036.229          | 447.000           | 1.495.261         | 1.942.261          |
| 3.2.1.2 Forward Foreign Currency Transactions-Sell                      |                        | 909.243            | 1.130.724         | 2.039.967          | 724.587           | 1.208.515         | 1.933.102          |
| 3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates  |                        | 5.428.414          | 18.078.075        | 23.506.489         | 4.217.395         | 9.197.800         | 13.415.195         |
| 3.2.2.1 Foreign Currency Swap-Buy                                       |                        | 3.654.273          | 3.507.729         | 7.162.002          | 3.185.007         | 980.400           | 4.165.407          |
| 3.2.2.2 Foreign Currency Swap-Sell                                      |                        | 306.425            | 6.346.921         | 6.653.346          | 311.016           | 3.571.081         | 3.882.097          |
| 3.2.2.3 Interest Rate Swap-Buy  |                        | 185.118            | 4.646.368         | 4.831.486          | 33.375            | 2.691.136         | 2.724.511          |
| 3.2.2.4 Interest Rate Swap-Sell   |                        | 1.282.598          | 3.577.057         | 4.859.655          | 687.997           | 1.955.183         | 2.643.180          |
| 3.2.3 Foreign Currency, Interest rate and Securities Options            |                        | 1.463.259          | 4.693.069         | 6.156.328          | 435.146           | 642.300           | 1.077.446          |
| 3.2.3.1 Foreign Currency Options-Buy                                    |                        | 530.200            | 1.432.885         | 1.963.085          | 118.700           | 265.772           | 384.472            |
| 3.2.3.2 Foreign Currency Options-Sell                                   |                        | 653.793            | 1.321.654         | 1.975.447          | 156.254           | 229.088           | 385.342            |
| 3.2.3.3 Interest Rate Options-Buy                                       |                        | 16.194             | 880.800           | 896.994            | 119.000           | 147.440           | 266.440            |
| 3.2.3.4 Interest Rate Options-Sell                                      |                        | 16.194             | 880.800           | 896.994            | -                 | -                 | -                  |
| 3.2.3.5 Securities Options-Buy  |                        | 129.092            | 88.465            | 217.557            | 17.816            | -                 | 17.816             |
| 3.2.3.6 Securities Options-Sell   |                        | 117.786            | 88.465            | 206.251            | 23.376            | -                 | 23.376             |
| 3.2.4 Foreign Currency Futures  |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.4.1 Foreign Currency Futures-Buy                                    |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.4.2 Foreign Currency Futures-Sell                                   |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.5 Interest Rate Futures   |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.5.1 Interest Rate Futures-Buy                                       |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.5.2 Interest Rate Futures-Sell                                      |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 3.2.6 Other   |                        | -                  | 525.055           | 525.055            | -                 | 5.270             | 5.270              |
| <b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                        |                        | <b>75.768.203</b>  | <b>17.689.193</b> | <b>93.457.396</b>  | <b>66.145.540</b> | <b>14.761.121</b> | <b>80.906.661</b>  |
| <b>IV. ITEMS HELD IN CUSTODY</b>  |                        | <b>48.319.294</b>  | <b>3.636.594</b>  | <b>51.955.888</b>  | <b>42.691.090</b> | <b>1.718.351</b>  | <b>44.409.441</b>  |
| 4.1 Customer Fund and Portfolio Balances                                |                        | 5.337              | 1.107             | 6.444              | 6.431             | 106               | 6.537              |
| 4.2 Investment Securities Held in Custody                               |                        | 41.864.639         | 3.337.576         | 45.202.215         | 35.981.144        | 1.449.768         | 37.430.912         |
| 4.3 Checks Received for Collection                                      |                        | 4.993.095          | 39.960            | 5.033.055          | 5.312.429         | 38.203            | 5.350.632          |
| 4.4 Commercial Notes Received for Collection                            |                        | 1.456.124          | 237.166           | 1.693.290          | 1.391.002         | 208.649           | 1.599.651          |
| 4.5 Other Assets Received for Collection                                |                        | -                  | 21.785            | 21.785             | -                 | 21.625            | 21.625             |
| 4.6 Assets Received for Public Offering                                 |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 4.7 Other Items Under Custody   |                        | 99                 | -                 | 99                 | 84                | -                 | 84                 |
| 4.8 Custodians  |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| <b>V. PLEDGES RECEIVED</b>  |                        | <b>26.604.251</b>  | <b>13.446.313</b> | <b>40.050.564</b>  | <b>22.453.712</b> | <b>12.365.927</b> | <b>34.819.639</b>  |
| 5.1 Marketable Securities   |                        | 199.083            | 163               | 199.246            | 183.456           | 184               | 183.640            |
| 5.2 Guarantee Notes   |                        | 303.643            | 355.528           | 659.171            | 330.692           | 352.168           | 682.860            |
| 5.3 Commodity   |                        | 11.329             | -                 | 11.329             | 11.280            | -                 | 11.280             |
| 5.4 Warranty  |                        | -                  | -                 | -                  | -                 | -                 | -                  |
| 5.5 Immovable   |                        | 17.764.131         | 9.292.461         | 27.056.592         | 14.200.107        | 8.152.065         | 22.352.172         |
| 5.6 Other Pledged Items   |                        | 8.326.065          | 3.795.462         | 12.121.527         | 7.728.177         | 3.858.803         | 11.586.980         |
| 5.7 Pledged Items-Depository  |                        | -                  | 2.699             | 2.699              | -                 | 2.707             | 2.707              |
| <b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>               |                        | <b>844.658</b>     | <b>606.286</b>    | <b>1.450.944</b>   | <b>1.000.738</b>  | <b>676.843</b>    | <b>1.677.581</b>   |
| <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>                        |                        | <b>109.048.815</b> | <b>58.683.105</b> | <b>167.731.920</b> | <b>94.561.483</b> | <b>41.362.386</b> | <b>135.923.869</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009 AND 2008

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

## IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY

| INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY |   | (31/12/2009) | (31/12/2008) |
|---|---|--------------|--------------|
| I.  | ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS                 | 82.572       | (4.567)      |
| II.   | PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES  | -            | -            |
| III.  | INTANGIBLE ASSETS REVALUATION DIFFERENCES   | -            | -            |
| IV.   | CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS  | 220          | 115.225      |
| V.  | PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)              | -            | -            |
| VI.   | PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)              | (2.942)      | (68.553)     |
| VII.  | EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS  | -            | -            |
| VIII.   | OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS                                      | -            | (1.844)      |
| IX.   | DEFERRED TAX RELATED TO VALUATION DIFFERENCES   | 1.682        | 10.286       |
| X.  | NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)  | 81.532       | 50.547       |
| XI.   | CURRENT YEAR PROFIT/LOSS  | 10.813       | 22.939       |
| 11.1  | Net change in fair value of marketable securities (transfer to profit-loss)   | 10.813       | 24.799       |
| 11.2  | Reclassification of cash flow hedge transactions and presentation of the related part under income statement              | -            | -            |
| 11.3  | Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement | -            | (1.860)      |
| 11.4  | Other   | -            | -            |
| XII.  | TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)  | 70.719       | 27.608       |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2008

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

| I.                           | Notes (Section Five)   | Paid-in Capital | Adjustment to Share Capital | Share Premium | Share Cancellation | Share Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Income/ (Loss) | Prior Period Income/ (Loss) | Marketable Valuation Difference | PPE and Intangible Revaluation | Shares From Investment in Associate and Subsidiaries | Bonus From Investment in Associate and Subsidiaries | Hedges/ Transactions Funds | Discontinued Revaluation Fund. | Asset Reuse/ Resale/ | Total Minority Interest | Total Shareholders' Equity |                  |                  |           |
|------------------------------|--|-----------------|-----------------------------|---------------|--------------------|---------------|----------------|-----------------|------------------------|----------------|-------------------------------|-----------------------------|---------------------------------|--------------------------------|--|---|----------------------------|--------------------------------|----------------------|-------------------------|----------------------------|------------------|------------------|-----------|
|                              |  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 31 December 2008 | 31 December 2007 |           |
|                              |  | 3.427.051       |                             | 541.633       |                    | 17.159        |                | 326.025         | 5.298                  | 869.744        | (480.805)                     | 2.699                       |                                 |                                |  |   |                            |                                |                      | - 4.708.804             | 295.034                    | 5.003.838        |                  |           |
| <b>Changes in the period</b> |  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| II.                          | Increase/Decrease due to the Merger  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| III.                         | Marketable Securities Valuation Differences                                    |                 |                             |               |                    |               |                |                 |                        |                |                               |                             | 82.194                          |                                |  |   |                            |                                |                      |                         | 82.194                     | 240              | 82.434           |           |
| IV.                          | Hedging Transactions ( Effective Part)   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             | (54.842)                        |                                |  |   |                            |                                |                      |                         | (54.842)                   |                  | (54.842)         |           |
| 4.1                          | Cash Flow Hedging transactions   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| 4.2                          | Foreign Investment Hedge   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 | (54.842)                       |  |   |                            |                                |                      |                         | (54.842)                   |                  | (54.842)         |           |
| V.                           | Valuation Differences due to Revaluation of the Property and Equipment         |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| VI.                          | Valuation Differences due to Revaluation of Intangible Assets                  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| VII.                         | Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| VIII.                        | Foreign Exchange Differences   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| IX.                          | Changes due to the Disposal of Assets  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 1.860            | 1.860            |           |
| X.                           | Changes due to the Reclassification of Assets                                  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| XI.                          | Effect of the Changes in Investment in Associates' Equity to the Bank's Equity |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| XII.                         | Capital Increase   | 920.000         |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 920.000          | 920.000          |           |
| 12.1                         | Cash increase  | 920.000         |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 920.000          | 920.000          |           |
| 12.2                         | Internal Resources   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| XIII.                        | Share Premium  |                 |                             | 2.248         |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 2.248            | 2.248            |           |
| XIV.                         | Share Cancellation Profits   |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| XV.                          | Paid in-capital Adjustment Difference  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| XVI.                         | Other  |                 |                             |               |                    |               |                |                 |                        | (1.844)        |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | (1.844)          | (1.844)          |           |
| XVII.                        | Current Year Income or Loss  |                 |                             |               |                    |               |                |                 | 1.261.395              |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 1.261.395        | 1.261.395        |           |
| XVIII.                       | Profit Distribution  |                 |                             |               |                    | 26.930        |                | 496.619         | 15.059                 | (869.744)      | 331.136                       |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | (1.450)          | (1.450)          |           |
| 18.1                         | Dividend Paid  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| 18.2                         | Transfers to Reserves  |                 |                             |               |                    | 26.930        |                | 496.619         | 15.059                 | (869.744)      | 331.136                       |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | (1.450)          | (1.450)          |           |
| 18.3                         | Other  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            |                  |                  |           |
| XIX.                         | Purchase from minority interest  |                 |                             | 543.881       |                    | 44.089        |                | 822.644         | 18.513                 | 1.261.395      | (255.848)                     | 2.065                       |                                 |                                |  |   |                            |                                |                      |                         | (104.114)                  | (249.566)        | (353.680)        |           |
|                              | *XIII+XVIII+XIX)   | 4.347.051       |                             | 543.881       |                    | 44.089        |                | 822.644         | 18.513                 | 1.261.395      | (255.848)                     | 2.065                       |                                 |                                |  |   |                            |                                |                      |                         | (104.114)                  | (249.566)        | (353.680)        |           |
|                              | Period end balance (I+II+III+...+XIX)  |                 |                             |               |                    |               |                |                 |                        |                |                               |                             |                                 |                                |  |   |                            |                                |                      |                         |                            | 6.815.701        | 47.980           | 6.863.681 |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2009

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

| V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | Note (Section Five)  | Part-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) | Minority Shareholders' Valuation Difference | PPE and Intangible Assets Revaluation | Shares From Investment Associates and Subsidiaries | Hedging Transactions Funds | Asset Held for Resale/ Operations Revolutions Fund | Total Equity Except Minority Interest | Minority Interest | Total Shareholders' Equity |
|---|--|-----------------|-----------------------------|---------------|----------------------------|----------------|-----------------|------------------------|----------------|----------------------------------|--------------------------------|---|---------------------------------------|--|----------------------------|--|---------------------------------------|-------------------|----------------------------|
|   |  |                 |                             |               |                            |                |                 |                        |                |                                  |                                |   |                                       |  |                            |  |                                       |                   |                            |
| I.  | Period Opening Balance (31 December 2007)                                      | 4,347,051       | -                           | 543,881       | -                          | 44,089         | -               | 822,644                | 18,513         | 1,261,395                        | (255,848)                      | 33,976                                      | -                                     | -  | -                          | -  | 6,815,701                             | 47,980            | 6,863,681                  |
| II.   | Changes in Accounting Policies according to IAS 8                              | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 | -                          |
| 2.1   | Effects of Errors  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 | -                          |
| 2.2   | Effects of the Changes in Accounting Policies                                  | 4,347,051       | -                           | 543,881       | -                          | 44,089         | -               | 822,644                | 18,513         | 1,261,395                        | (255,848)                      | 33,976                                      | -                                     | -  | -                          | -  | 6,815,701                             | 47,980            | 6,863,681                  |
| III.  | New Balance (+/-)  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 | -                          |
| IV.   | Increase/Decrease due to the Merger  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 | -                          |
| V.  | Marketable Securities Valuation Differences                                    | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | 72,584                                      | -                                     | -  | -                          | -  | -                                     | -                 | 72,584                     |
| VI.   | Hedging Transactions (Effective part)  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | (2,354)                                     | -                                     | -  | -                          | -  | -                                     | (2,354)           |                            |
| 6.1   | Cash Flow Hedge  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | (2,354)                                     | -                                     | -  | -                          | -  | -                                     | (2,354)           |                            |
| 6.2   | Foreign Investment Hedge   | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | (2,354)                                     | -                                     | -  | -                          | -  | -                                     | (2,354)           |                            |
| VII.  | Property and Equipment Revaluation Differences                                 | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| VIII.   | Intangible Fixed Assets Revaluation Differences                                | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| IX.   | Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures   | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| X.  | Foreign Exchange Differences   | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| XI.   | Changes due to the Disposal of Assets  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| XII.  | Changes due to the Reclassification of Assets                                  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| XIII.   | Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| 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  | -               | -                           | -             | -                          | -              | -               | -                      | -              | 1,542,948                        | -                              | -   | -                                     | -  | -                          | -  | 1,542,948                             | 10,230            | 1,553,178                  |
| XIX.  | Current Year Income or Loss  | -               | -                           | -             | -                          | 52,131         | -               | 947,014                | 43,456         | (1,261,395)                      | 218,794                        | -   | -                                     | -  | -                          | -  | -                                     | (1,438)           | (1,438)                    |
| XX.   | Profit Distribution  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | (1,438)           | (1,438)                    |
| 201   | Dividend Paid  | -               | -                           | -             | -                          | 52,131         | -               | 947,014                | 43,456         | (1,261,395)                      | 218,794                        | -   | -                                     | -  | -                          | -  | -                                     | -                 | -                          |
| 202   | Transfers to Reserves  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 | -                          |
| 203   | Other  | -               | -                           | -             | -                          | -              | -               | -                      | -              | -                                | -                              | -   | -                                     | -  | -                          | -  | -                                     | -                 |                            |
| XXI.  | Purchase from minority interest  | 4,347,051       | -                           | 543,881       | -                          | 96,220         | -               | 1,769,658              | 61,969         | 1,542,948                        | (37,054)                       | 104,206                                     | -                                     | -  | -                          | -  | 8,428,879                             | 57,261            | 8,486,140                  |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009 AND 2008

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

## VI. STATEMENT OF CASH FLOWS

|  | Notes<br>(Section Five)   | (31/12/2009)       | (31/12/2008)     |
|--|---|--------------------|------------------|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |   |                    |                  |
| 1.1  | Operating profit before changes in operating assets and liabilities                             | 3.679.454          | (717.419)        |
| 1.1.1  | Interest received   | 8.076.524          | 7.253.434        |
| 1.1.2  | Interest paid   | (3.717.239)        | (4.788.084)      |
| 1.1.3  | Dividend received   | 3.402              | 41.553           |
| 1.1.4  | Fees and commissions received   | 1.910.870          | 1.704.757        |
| 1.1.5  | Other income  | 618.075            | 394.330          |
| 1.1.6  | Collections from previously written-off loans and other receivables                             | 1.708.090          | 841.602          |
| 1.1.7  | Payments to personnel and service suppliers   | (2.324.990)        | (2.265.247)      |
| 1.1.8  | Taxes paid  | (531.252)          | (579.455)        |
| 1.1.9  | Other   | (2.064.026)        | (3.320.309)      |
| 1.2  | Changes in operating assets and liabilities   | (1.749.038)        | (200.961)        |
| 1.2.1  | Net (increase)/decrease in trading securities   | 7.900              | (91.796)         |
| 1.2.2  | Net (increase)/decrease in fair value through profit/loss financial assets                      | -                  | -                |
| 1.2.3  | Net (increase)/decrease in banks  | 993.231            | (1.031.096)      |
| 1.2.4  | Net (increase)/decrease in loans  | (1.555.263)        | (10.981.765)     |
| 1.2.5  | Net decrease/(increase) in other assets   | (381.112)          | 108.084          |
| 1.2.6  | Net (decrease)/increase in bank deposits  | 1.092.544          | (1.553.752)      |
| 1.2.7  | Net (increase)/decrease in other deposits   | (1.348.668)        | 10.371.232       |
| 1.2.8  | Net (increase)/decrease in funds borrowed   | (797.838)          | 2.894.963        |
| 1.2.9  | Net increase/(decrease) in payables   | -                  | -                |
| 1.2.10   | Net increase / (decrease) in other liabilities  | 240.168            | 83.169           |
| I.   | <b>Net cash provided from banking operations</b>  | <b>1.930.416</b>   | <b>(918.380)</b> |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b> |   |                    |                  |
| II.  | <b>Net cash provided from investing activities</b>  | <b>(1.102.359)</b> | <b>1.119.411</b> |
| 2.1  | Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships)   | -                  | (353.680)        |
|  | Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships) | -                  | -                |
| 2.2  | Purchases of property and equipment   | (203.691)          | (282.316)        |
| 2.3  | Disposals of property and equipment   | 43.942             | 122.432          |
| 2.4  | Cash paid for purchase of investments available-for-sale  | (1.479.806)        | (1.907.491)      |
| 2.5  | Cash obtained from sale of investments available-for -sale                                      | 1.331.397          | 1.113.120        |
| 2.6  | Cash paid for purchase of investment securities   | (1.943.058)        | (549.812)        |
| 2.7  | Cash obtained from sale of investment securities  | 1.139.115          | 2.014.971        |
| 2.8  | Other   | 9.742              | 962.187          |
| 2.9  |   |                    |                  |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b> |   |                    |                  |
| III.   | <b>Net cash provided from financing activities</b>  | <b>(1.605)</b>     | <b>920.977</b>   |
| 3.1  | Cash obtained from funds borrowed and securities issued   | -                  | -                |
| 3.2  | Cash used for repayment of funds borrowed and securities issued                                 | -                  | -                |
| 3.3  | Issued capital instruments  | -                  | 922.248          |
| 3.4  | Dividends paid  | (1.438)            | (1.450)          |
| 3.5  | Payments for finance leases   | (167)              | 179              |
| 3.6  | Other   | -                  | -                |
| IV.  | <b>Effect of change in foreign exchange rate on cash and cash equivalents</b>                   | <b>32.709</b>      | <b>632.517</b>   |
| V.   | <b>Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>                       | <b>859.161</b>     | <b>1.754.525</b> |
| VI.  | <b>Cash and cash equivalents at beginning of the period</b>                                     | <b>VI-a</b>        | <b>4.188.682</b> |
| VII.   | <b>Cash and cash equivalents at end of the period</b>   | <b>VI-a</b>        | <b>5.047.843</b> |
|  |   |                    | <b>4.188.682</b> |

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## PROFIT APPROPRIATION STATEMENT

### AT 31 DECEMBER 2009 AND 2008

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

| VII. PROFIT APPROPRIATION STATEMENT <sup>(1), (2)</sup> |  | (31/12/2009)     | (31/12/2008)     |
|---|--|------------------|------------------|
| <b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>           |  |                  |                  |
| 1.1   | Current Year Income  | 1.713.903        | 1.334.665        |
| 1.2   | Taxes And Duties Payable (-)                                     | (359.126)        | (292.064)        |
| 1.2.1   | Corporate Tax (Income tax)                                       | (397.268)        | (207.854)        |
| 1.2.2   | Income withholding tax   | -                | -                |
| 1.2.3   | Other taxes and duties   | 38.142           | (84.210)         |
| <b>A.</b>   | <b>NET INCOME FOR THE YEAR (1.1-1.2)</b>                         | <b>1.354.777</b> | <b>1.042.601</b> |
| 1.3   | Prior Year Losses (-)  | -                | -                |
| 1.4   | First Legal Reserves (-)   | -                | 52.131           |
| 1.5   | Other Statutory Reserves (-)                                     | -                | -                |
| <b>B.</b>   | <b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5))]</b> | <b>1.354.777</b> | <b>990.470</b>   |
| 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   | -                | 947.014          |
| 1.13  | Other Reserves   | -                | -                |
| 1.14  | Special Funds  | -                | 43.456           |
| <b>II. DISTRIBUTION OF RESERVES</b>                     |  |                  |                  |
| 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 (-)                              | -                | -                |
| <b>III. EARNINGS PER SHARE</b>                          |  |                  |                  |
| 3.1   | To Owners Of Ordinary Shares                                     | 0,0031           | 0,0030           |
| 3.2   | To Owners Of Ordinary Shares ( % )                               | -                | -                |
| 3.3   | To Owners Of Privileged Shares                                   | -                | -                |
| 3.4   | To Owners Of Privileged Shares ( % )                             | -                | -                |
| <b>IV. DIVIDEND PER SHARE</b>                           |  |                  |                  |
| 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 ( % )                             | -                | -                |

<sup>(1)</sup> Authorised body for profit appropriation of the current period is General Assembly. On 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 2009 has not been prepared by the Board of Directors, only net profit related to the year 2009, 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 TL18.153 thousand which are not going to be distributed and are going to be held in reserves according to the article 5.e of Corporate Tax Law No. 5520.

<sup>(2)</sup> Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

#### SECTION THREE

#### EXPLANATIONS ON ACCOUNTING POLICIES

##### I. BASIS OF PRESENTATION:

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks" Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the 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, 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 "Communiqués 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 10 February 2007. 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 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

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 consolidated 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 financial assets and liabilities carried at fair value.

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 of the balance sheet and contingent issues as of the balance sheet date. These estimates are being audited regularly and, when necessary, suitable corrections are made and the effect of these corrections is reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with the TAS. Those accounting policies and valuation principles are explained in Notes II. to XXVIII below.

##### 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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, the 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 of 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 high quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by asset-liability strategy. The currency, interest and liquidity risks 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 held in minimum levels and exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

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# YAPI VE KREDİ BANKASI A.Ş.

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Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date and are recognised in the income statement under the account of "Foreign exchange gains or losses", except for foreign currency investments, subsidiaries and non-performing loans valuation differences. 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 rate at the date of transfer to non-performing loans accounts.

### III. INFORMATION ON CONSOLIDATION PRINCIPALS:

#### a. Consolidation principals applied:

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

#### 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 using 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 outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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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 subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

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

| Title   | Incorporation<br>(City/ Country) | Main<br>Activities         | Effective Rates (%) |        |
|---|----------------------------------|----------------------------|---------------------|--------|
|   |                                  |                            | 2009                | 2009   |
| 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 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 Bank Holding B.V.  | Amsterdam/<br>Netherlands        | Financial Holding          | 100,00              | 100,00 |
| Yapı Kredi Bank N.V.  | Amsterdam/<br>Netherlands        | Banking                    | 100,00              | 100,00 |
| Yapı Kredi Bank Moscow  | Moscow/Russia                    | Banking                    | 100,00              | 100,00 |
| Yapı Kredi Azerbaijan   | Baku /Azerbaijan                 | Banking                    | 100,00              | 100,00 |
| Stiching Custody Services YKB   | Amsterdam/<br>Netherlands        | Custody services           | 100,00              | 100,00 |
| Yapı Kredi Invest LLC   | Baku/Azerbaijan                  | Portfolio Management       | 100,00              | 100,00 |
| Yapı Kredi Diversified Payment<br>Rights Finance Company <sup>(1)</sup> | George Town/<br>Cayman Islands   | Special Purpose<br>Company | -                   | -      |

<sup>(1)</sup> It is a special purpose company established for securitization transactions and is included in the consolidation although the Bank or any of its affiliates does not have any shareholding interest in this company.

#### 2. Consolidation principles of associates:

Associate is a partnership which the Parent Bank participates in its capital and has significant effect on it although it 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 in accordance with materiality principle.

Significant effect 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, as long as otherwise is not proved, it will be accepted that the Parent Bank has significant effect on that associate.

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Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount occurred in the participated associate's shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

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

| Title                                    | Main<br>(City/ Country) | Activities | Effective<br>Rates (%)<br>31 December 2009 | Direct and<br>Indirect Rates (%)<br>31 December 2009 |
|--|-------------------------|------------|--|--|
| Banque de Commerce et de Placements S.A. | Geneva/ Switzerland     | Banking    | 30,67                                      | 30,67  |

3. Consolidation principles of joint ventures: None.

4. Principles applied during share transfer, merger and acquisition:

It is explained in more detail in Note VII. of Section Five.

5. 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 portion 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 and associates in consolidated financial statements:

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

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

When the cost of investments, associates and share certificates 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 TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-valued at their fair values. 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.

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

At the transaction date, the Group documents the relation between hedge 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.

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 "Marketable securities valuation differences" in equity.

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. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the hedge accounting is in charge, are shown with the related assets and liabilities. If the underlying hedge does not conform to the hedge accounting requirements, the corrections in the hedged item for which the effective interest rate is considered, is discounted within the time to maturity and recognised under the profit and loss accounts.

Certain derivative transactions, even though they provide effective economic hedges under the Group's risk management position, 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 assets at fair value through profit or loss".

"Financial assets 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 "Trading Derivative Financial Assets" and if the fair value difference is negative, it is disclosed under "Trading Derivative Financial Liabilities". Differences in the fair value of trading derivative instruments are accounted under "Derivative Financial Transactions Gains/(Losses)" in the income statement. Differences in the fair value of fair value hedge derivative instruments are accounted 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.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

#### **V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognised in the income statement on accrual basis by using the effective interest method. The Group ceases accrued interest income on non-performing loans and, any interest income accruals from such receivables are reversed and no any income 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 recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded using the effective interest method. Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised as income at the time of collection.

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#### 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". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". The appropriate classification of financial assets is determined at the time of purchase by the Group management, taking into consideration the purpose of holding the investment.

##### 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, or 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 recognised at fair value and are subsequently re-measured at their fair value. However, if fair values can not be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at "amortised cost" using the effective interest method. All gains and losses arising from these evaluations are recognised 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 not 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 that are not classified under loans and receivables and are not held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortized cost" using the "effective interest method" after their recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued values is recorded in "Provision for Loan Losses 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 the contradiction of classification principles.

##### c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, service or goods to debtor. Loans and receivables are carried initially at cost and subsequently recognised at the amortised cost value calculated using "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised 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 1 November 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.

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General provisions are determined in accordance with the "incurred loss" model taking into consideration of the factors listed above and the principles of TAS 39. As of 31 March 2008, as a result of the studies performed, the Parent Bank revised the general loan loss provisions by considering new loss detection periods, which were formerly set as 1 year, differentiating them by segment/type of products. 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, the recovery amount is classified under "other operating income". Uncollectible receivables are written-off after all the legal procedures are finalised.

#### 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 asset at fair value through profit or loss".

Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. "unrealised gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders' equity as "marketable securities value increase fund", until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

#### VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective interest method", or the fair value if one exists, is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in details 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 "fair value difference 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.

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Funds given against securities purchased under agreements ("Reverse Repo") to resell 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:

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 1 November 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. Business combinations and 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 (i.e. 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 depreciation, but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. The Parent Bank allocated its goodwill to Retail Banking, Private Banking, Corporate Banking and Credit Card operations.

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#### 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 depreciation and the provision for value decreases.

When the book value of an other intangible asset exceeds the recoverable amount, the related asset is meant to be impaired. Some indicators of a possible loss out of impairment can be identified. If any of these indicators exists, The Bank develops a recoverable amount expectation. If not, there is no need to forecast the recoverable amount.

Intangibles are amortised over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological or other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset. The rates 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 value decrease.

Depreciation is calculated over of the cost of property and equipment using the straight-line method. The expected useful lives 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 an 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 the diminution in value is charged to the income statement.

Property and equipment has 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 revenue.

Expenditures for the repair and renewal 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.

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### XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Group performs financial leasing operations in the capacity of 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 or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities part. Financing costs arising due to leasing are spread through the lease period forming a fixed interest ratio. In addition, fixed assets that are obtained by the way of financial leasing are subject to amortization when their given useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. 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 operating lease. Payments that are made as operating leases, are accounted in income statements with linear method during the lease period.

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

Asset that is subject to financial leasing is reflected as a receivable which is equal to net leasing amount in consolidated balance sheet. Interest income is set to create a fixed periodical gain rate on net investment amount of the related leased asset by the lessor and the portion which is not in that period 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. Provision for contingent liabilities arisen from past events should be recognised in the same 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, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the consolidated 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 in which the change occurs.

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#### XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

##### a. Employee Termination Benefit

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 reserve for the future probable obligation arising from this liability.

##### 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 dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the published date of the article.

Law article related to the transfer was cancelled (pursuant application by the President on 2 November 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article stopped 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 15 December 2007, numbered 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" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA and SDIF representing the Fund and one member representing the Fund members. This committee 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 the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds.

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

The main opposition party has applied to the Constitutional Court at 19 June 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalised. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation. The Bank provided provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

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#### 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.

"Corporate Tax Law"("New Tax Law") No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate is calculated on the total income of the Bank 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 5 years. Losses cannot be carried back to offset profits from previous periods.

According to the Constitutional Court meeting held on October 15th 2009, abolishment of the investment allowance application has been abolished with the claim of being unconstitutional by Constitutional Court. This decision is published in Official Gazette dated January 8, 2010.

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 taking current tax regulations in every country into consideration as of 31 December 2009 are as follows:

|            |        |
|------------|--------|
| Netherland | 25,50% |
| Russia     | 20,00% |
| Azerbaijan | 20,00% |

Tax provisions that are reflected to consolidated financial statements, are calculated separately for every company in the scope of consolidation.

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#### b. Deferred Tax:

The Group calculates and accounts for deferred income taxes for all 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 the related decrees of the BRSA concerning income taxes. 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 it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS 12. The deferred tax asset and deferred tax liability are presented as separate in these financial statements.

#### 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.

#### XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

At capital increases, the Parent Bank accounts the difference between the issued value and nominal value as share issue premium under shareholders' equity, in the case 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 ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

#### XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2009 and 2008, the Group has no government grants.

#### 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 Turkish Commercial Code ("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.

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#### 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.

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Group's Profit   | 1.542.948        | 1.261.395        |
| Weighted Average Number of Issued Ordinary Shares (Thousand) | 434.705.128      | 346.538.433      |
| Earnings Per Share (Disclosed in full TL)                    | 0,0035           | 0,0036           |

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

During 2009, no bonus shares were issued (2008: None).

#### XXIV. RELATED PARTIES:

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies 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.

#### XXV. CASH AND CASH EQUIVALENTS:

For the purposes of cash flow statement "Cash" include cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements, 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 the "Turkish Accounting Standard about the Segment Reporting" ("TAS 14") together with organisational and internal reporting structure of the Group, are disclosed in Note X. of in Section Four.

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#### XXVII. RECLASSIFICATIONS:

Reclassifications have been made on comparative figures as of 31 December 2008, to conform to changes in presentation of the consolidated financial statements as of 31 December 2009.

#### XXVIII. TRANSACTIONS UNDER COMMON CONTROL:

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combination 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 interest" 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".

## SECTION FOUR

### INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP

#### I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Group is 16,52% (2008: 14,24%).
- 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 Regarding Capital Adequacy"). The following tables show the details of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

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## c. Information related to capital adequacy ratio:

|  | Risk Weights <sup>(1)</sup> |                  |                  |                   |                |               |
|--|-----------------------------|------------------|------------------|-------------------|----------------|---------------|
|  | The Parent Bank             |                  |                  |                   |                |               |
|  | 0%                          | 20%              | 50%              | 100%              | 150%           | 200%          |
| <b>Amount subject to credit risk</b>                                 |                             |                  |                  |                   |                |               |
| <b>Balance sheet items (Net)</b>                                     | <b>21.128.149</b>           | <b>2.307.216</b> | <b>5.994.695</b> | <b>32.327.459</b> | <b>316.733</b> | <b>26.319</b> |
| Cash   | 807.169                     | 183              | -                | -                 | -              | -             |
| Matured marketable securities  | -                           | -                | -                | -                 | -              | -             |
| The Central Bank of the Republic of Turkey                           | 1.963.677                   | -                | -                | -                 | -              | -             |
| Domestic, foreign banks, foreign head offices and branches           | -                           | 1.639.604        | -                | 8.702             | -              | -             |
| Interbank Money Market Placements                                    | 1.530.000                   | -                | -                | -                 | -              | -             |
| Receivables from reverse repurchase transactions                     | -                           | -                | -                | -                 | -              | -             |
| Reserve Requirements with the Central Bank of the republic of Turkey | 1.356.548                   | -                | -                | -                 | -              | -             |
| Loans  | 1.987.136                   | 599.415          | 5.876.694        | 27.918.339        | 316.733        | 26.319        |
| Non-Performing receivables (Net)                                     | -                           | -                | -                | 402.659           | -              | -             |
| Lease receivables  | -                           | -                | -                | -                 | -              | -             |
| Available-for-sale financial assets                                  | 1.063.441                   | 45.053           | -                | 46.232            | -              | -             |
| Held-to-Maturity investments   | 11.767.728                  | -                | -                | -                 | -              | -             |
| Receivables from the disposal of assets                              | -                           | -                | -                | 12.805            | -              | -             |
| Miscellaneous receivables  | -                           | 204              | -                | 306.828           | -              | -             |
| Interest and income accruals   | 428.099                     | 13.369           | 118.001          | 561.053           | -              | -             |
| Investments in associates, subsidiaries and joint ventures (Net)     | -                           | -                | -                | 1.781.951         | -              | -             |
| Fixed assets   | -                           | -                | -                | 1.065.938         | -              | -             |
| Other assets   | 224.351                     | 9.388            | -                | 222.952           | -              | -             |
| <b>Off-balance sheet items</b>                                       | <b>927.111</b>              | <b>1.381.135</b> | <b>369.635</b>   | <b>10.519.021</b> | <b>-</b>       | <b>-</b>      |
| Non-cash loans and commitments                                       | 927.111                     | 635.575          | 369.635          | 10.426.301        | -              | -             |
| Derivative financial instruments                                     | -                           | 745.560          | -                | 92.720            | -              | -             |
| Non-risk weighted accounts   | -                           | -                | -                | -                 | -              | -             |
| <b>Total Risk Weighted Assets</b>                                    | <b>22.055.260</b>           | <b>3.688.351</b> | <b>6.364.330</b> | <b>42.846.480</b> | <b>316.733</b> | <b>26.319</b> |

<sup>(1)</sup> There are no assets weighted with 10% risk.

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|  | Risk Weights <sup>(1)</sup> |                  |                  |                   |                |               |
|--|-----------------------------|------------------|------------------|-------------------|----------------|---------------|
|  | Consolidated                |                  |                  |                   |                |               |
|  | 0%                          | 20%              | 50%              | 100%              | 150%           | 200%          |
| <b>Amount subject to credit risk</b>                                 |                             |                  |                  |                   |                |               |
| <b>Balance sheet items (Net)</b>                                     | <b>24.267.923</b>           | <b>2.991.880</b> | <b>6.292.451</b> | <b>35.217.745</b> | <b>316.733</b> | <b>26.319</b> |
| Cash   | 1.047.144                   | 183              | -                | 14.295            | -              | -             |
| Matured marketable securities  | -                           | -                | -                | -                 | -              | -             |
| The Central Bank of the Republic of Turkey                           | 1.963.677                   | -                | -                | -                 | -              | -             |
| Domestic, foreign banks, foreign head offices and branches           | 1.167                       | 2.213.887        |                  | 167.455           |                |               |
| Interbank Money Market Placements                                    | 1.530.000                   | -                | -                | -                 | -              | -             |
| Receivables from reverse repurchase transactions                     | 51.173                      | -                | -                | -                 | -              | -             |
| Reserve Requirements with the Central Bank of the republic of Turkey | 1.356.548                   | -                | -                | -                 | -              | -             |
| Loans  | 2.456.494                   | 696.892          | 5.974.867        | 30.057.017        | 316.733        | 26.319        |
| Non-Performing receivables (Net)                                     | -                           | -                | -                | 407.737           | -              | -             |
| Lease receivables  | 9.299                       | 1.272            | 195.689          | 1.939.764         | -              | -             |
| Available-for-sale financial assets                                  | 1.823.921                   | 48.729           | -                | 89.576            | -              | -             |
| Held-to-Maturity investments   | 12.908.798                  | -                | -                | -                 | -              | -             |
| Receivables from the disposal of assets                              | -                           | -                | -                | 12.805            | -              | -             |
| Miscellaneous receivables  | 228.973                     | 204              | -                | 512.511           | -              | -             |
| Interest and income accruals   | 554.951                     | 21.325           | 121.895          | 619.356           | -              | -             |
| Investments in associates, subsidiaries and joint ventures (Net)     | -                           | -                | -                | 2.300             | -              | -             |
| Fixed assets   | -                           | -                | -                | 1.122.144         | -              | -             |
| Other assets   | 335.778                     | 9.388            | -                | 272.785           | -              | -             |
| <b>Off-balance sheet items</b>                                       | <b>946.815</b>              | <b>1.461.479</b> | <b>393.678</b>   | <b>10.905.849</b> | <b>-</b>       | <b>-</b>      |
| Non-cash loans and commitments                                       | 946.815                     | 696.326          | 393.678          | 10.809.477        | -              | -             |
| Derivative financial instruments                                     | -                           | 765.153          | -                | 96.372            | -              | -             |
| Non-risk weighted accounts   | -                           | -                | -                | -                 | -              | -             |
| <b>Total Risk Weighted Assets</b>                                    | <b>25.214.738</b>           | <b>4.453.359</b> | <b>6.686.129</b> | <b>46.123.594</b> | <b>316.733</b> | <b>26.319</b> |

<sup>(1)</sup> There are no assets weighted with 10% risk.**d. Summary information about capital adequacy ratio:**

|  | The Parent Bank  |                  | Consolidated     |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31 December 2009 | 31 December 2008 | 31 December 2009 | 31 December 2008 |
| Amount subject to credit risk (ASCR)             | 47.294.053       | 47.773.374       | 50.885.068       | 51.093.393       |
| Amount subject to market risk (ASMR)             | 1.029.475        | 290.150          | 1.865.338        | 972.600          |
| Amount subject to operational risk (ASOR)        | 6.209.003        | 4.839.316        | 7.695.259        | 6.418.028        |
| <b>Shareholder's Equity</b>                      | <b>9.697.491</b> | <b>8.329.495</b> | <b>9.983.350</b> | <b>8.327.424</b> |
| <b>Shareholder's Equity/(ASCR+ASMR+ASOR)*100</b> | <b>17,78</b>     | <b>15,74</b>     | <b>16,52</b>     | <b>14,24</b>     |

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## e. Information about shareholders' equity items:

|  | 31 December 2009 | 31 December 2008 <sup>(1)</sup> |
|--|------------------|---------------------------------|
| <b>CORE CAPITAL</b>  |                  |                                 |
| Paid-in capital  | 4.347.051        | 4.347.051                       |
| Nominal capital  | 4.347.051        | 4.347.051                       |
| Capital commitments (-)  | -                | -                               |
| Inflation adjustment to share capital  | -                | -                               |
| Share Premium  | 543.881          | 543.881                         |
| Share cancellation profits   | -                | -                               |
| Legal reserves   | 96.220           | 44.089                          |
| First legal reserve (Turkish Commercial Code 466/1)  | 96.220           | 44.089                          |
| Second legal reserve (Turkish Commercial Code 466/2)   | -                | -                               |
| Other legal reserve per special legislation  | -                | -                               |
| Status reserves  | -                | -                               |
| Extraordinary reserves   | 1.769.658        | 822.644                         |
| Reserves allocated by the General Assembly   | 1.769.658        | 822.644                         |
| Retained earnings  | -                | -                               |
| Accumulated loss   | -                | -                               |
| Foreign currency share capital exchange difference   | -                | -                               |
| Inflation adjustment of legal reserves, status reserves, extraordinary reserves                  | -                | -                               |
| Profit   | 1.542.948        | 1.261.395                       |
| Current period profit (net)  | 1.542.948        | 1.261.395                       |
| Prior period profit  | -                | -                               |
| Provisions for possible risks up to 25% of core capital  | 96.616           | 63.775                          |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital | 61.969           | 18.513                          |
| Primary Subordinated Loans (up to 15% of core capital)   | -                | -                               |
| Minority interests   | 57.261           | 47.980                          |
| Uncovered portion of loss with reserves (-)  | (37.054)         | (255.848)                       |
| Current period loss (net)  | -                | -                               |
| Prior period loss  | (37.054)         | (255.848)                       |
| Special costs (-) <sup>(1)</sup>   | 97.938           | -                               |
| Prepaid expenses (-) <sup>(1)</sup>  | 109.837          | 167.762                         |
| Intangible Assets (-) <sup>(1)</sup>   | 1.194.649        | 1.157.825                       |
| Deferred tax asset amount exceeding 10% of core capital (-) <sup>(1)</sup>                       | -                | -                               |
| Limit exceeding amount regarding the third clause of the article 56 of the Law (-)               | -                | -                               |
| <b>Total Core Capital</b>  | <b>7.076.126</b> | <b>5.567.893</b>                |

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| SUPPLEMENTARY CAPITAL   | 31 December 2009  | 31 December 2008 <sup>(1)</sup> |
|---|-------------------|---------------------------------|
| General provisions  | 755.571           | 659.018                         |
| 45% of the movables revaluation fund  | -                 | -                               |
| 45% of the immovables revaluation fund  | -                 | -                               |
| Bonus shares of investment in associates, subsidiaries and joint ventures   | -                 | -                               |
| Primary Subordinated Loans that are not considered in the calculation of core capital   | -                 | -                               |
| Secondary Subordinated Loans <sup>(2)</sup>   | 2.208.374         | 2.172.900                       |
| 45 % of Marketable Securities valuation fund  | 46.893            | 15.289                          |
| From investments in associates and subsidiaries   | -                 | -                               |
| Available-for-Sale financial assets   | 46.893            | 15.289                          |
| Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)   | -                 | -                               |
| <b>Total Supplementary Capital</b>  | <b>3.010.838</b>  | <b>2.847.207</b>                |
| <b>TIER III CAPITAL</b>   | <b>-</b>          | <b>-</b>                        |
| <b>CAPITAL</b>  | <b>10.086.964</b> | <b>8.415.100</b>                |
| <b>DEDUCTIONS FROM THE CAPITAL <sup>(2)</sup></b>   | <b>103.614</b>    | <b>87.676</b>                   |
| Investments in Unconsolidated Financial Institutions and Banks  | 28.530            | 32.083                          |
| 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  | 58.939            | 55.593                          |
| Loans extended as contradictory to the articles 50 and 51 of the Law  | -                 | -                               |
| The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date. | 16.145            | -                               |
| Other   | -                 | -                               |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>9.983.350</b>  | <b>8.327.424</b>                |

<sup>(1)</sup> According to the temporary article 1. of Regulation Regarding Capital Adequacy; "Special Costs", "Prepaid Expenses", "Intangible Assets" and "Amount of deferred tax asset exceeding 10% of core capital" will be considered as "Deductions from the Capital" until 1 January 2009. After this date, the aforementioned amounts will be deducted from "Core Capital".

<sup>(2)</sup> In accordance with the Regulation, the balance is disclosed net of the related bank receivables.

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#### II. EXPLANATIONS ON 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 and Fund 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 (excluding construction companies and financial institutions which are monitored separately) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management - Risk Monitoring Department.

In case of SME, risk scores generated by the credit rating system are used in the SME loans rating approval authorization system. By this system, high graded clients are approved by the branches 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 concentration of the corporate and commercial loans that are rated by the Parent Bank's internal rating system are disclosed below:

|                       | 31 December 2009 | 31 December 2008 |
|-----------------------|------------------|------------------|
| Above average (1-4)   | 30,3%            | 32,7%            |
| Average (5+ -6)       | 47,9%            | 48,3%            |
| Below Average (7+ -9) | 21,8%            | 19,0%            |

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 Regulation on provisions, if the cash risk of a customer 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 monitored and their principle and interest payments are followed up with a restructured repayment schedule and the necessary precautions are taken.

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.

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- f. 1. The proportion of the Group's top 100 cash loan balances in total cash loans is 22% (2008: 22%).
2. The proportion of the Group's top 100 non-cash loan balances in total non-cash loans is 45% (2008: 44%).
3. The proportion of the Group's cash and non-cash loan balances with the first 100 customers comprises of 22% of total cash loans and non-cash loans (2008: 22%).
- g. The Group provided a general loan loss provision amounting to TL909.630 thousand (2008: TL659.018 thousand).
- 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 <sup>(1)</sup> |                   | Other Loans <sup>(2)</sup> |                  | Off Balance Sheet Liabilities <sup>(2)</sup> |                   |
|---|--|-------------------|---|------------------|--------------------------------------|-------------------|----------------------------|------------------|--|-------------------|
|   | 31 December 2009                                     | 31 December 2008  | 31 December 2009  | 31 December 2008 | 31 December 2009                     | 31 December 2008  | 31 December 2009           | 31 December 2008 | 31 December 2009                             | 31 December 2008  |
| <b>Loans concentration according to the type of borrowers</b> |  |                   |   |                  |                                      |                   |                            |                  |  |                   |
| Private Sector  | 25.614.522   | 26.596.498        | 1.029.335   | 703.293          | 99.257                               | 37.296            | 840.137                    | 339.030          | 17.065.974                                   | 20.907.801        |
| Public Sector   | 1.234.148  | 1.380.437         | -   | -                | 14.979.268                           | 14.551.481        | 51.053                     | -                | 3.075.773                                    | 2.471.665         |
| Banks   | -  | -                 | 446.493   | 624.876          | 569.798                              | 308.355           | 4.467.856                  | 3.847.321        | 4.898.938                                    | 1.941.767         |
| Individual Customers  | 14.562.562   | 14.000.356        | -   | -                | -                                    | -                 | 269.887                    | 847              | 11.000.878                                   | 11.322.701        |
| Share certificates  | -  | -                 | -   | -                | 60.134                               | 54.078            | 89.769                     | 89.976           | -  | -                 |
| <b>Total</b>  | <b>41.411.232</b>                                    | <b>41.977.291</b> | <b>1.475.828</b>  | <b>1.328.169</b> | <b>15.708.457</b>                    | <b>14.951.210</b> | <b>5.718.702</b>           | <b>4.277.174</b> | <b>36.041.563</b>                            | <b>36.643.934</b> |
| <b>Information according to geographical concentration</b>    |  |                   |   |                  |                                      |                   |                            |                  |  |                   |
| Domestic  | 40.346.948   | 41.136.770        | 1.464.697   | 1.014.013        | 15.392.795                           | 14.493.807        | 3.615.691                  | 1.158.162        | 34.317.385                                   | 34.764.639        |
| European Union Countries                                      | 327.703  | 356.875           | 3.665   | 299.304          | 164.095                              | 184.837           | 1.778.516                  | 1.713.901        | 793.459                                      | 1.096.798         |
| OECD Countries <sup>(3)</sup>                                 | 45.141   | 26.234            | -   | -                | 12.884                               | 12.742            | 8.966                      | 243.897          | 294.193                                      | 339.043           |
| Off-shore banking regions                                     | 3.067  | -                 | -   | -                | 27.916                               | 76.298            | 143                        | 91               | 10.636                                       | 6.996             |
| USA, Canada   | 23.742   | 20.950            | -   | -                | 16.890                               | 38.002            | 206.868                    | 594.077          | 124.319                                      | 34.479            |
| Other Countries   | 664.631  | 436.462           | 7.466   | 14.852           | 93.877                               | 145.524           | 108.518                    | 567.046          | 501.571                                      | 401.979           |
| <b>Total</b>  | <b>41.411.232</b>                                    | <b>41.977.291</b> | <b>1.475.828</b>  | <b>1.328.169</b> | <b>15.708.457</b>                    | <b>14.951.210</b> | <b>5.718.702</b>           | <b>4.277.174</b> | <b>36.041.563</b>                            | <b>36.643.934</b> |

<sup>(1)</sup> Contains Trading Financial Assets, Available-for-sale Financial Assets and Held-to-maturity Investments.

<sup>(2)</sup> 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").

<sup>(3)</sup> OECD countries other than EU countries, USA and Canada.

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Balance sheet items that are exposed to credit risk:</b>      |                  |                  |
| Bank placements  | 2.394.648        | 3.402.082        |
| Loans and advances to customers                                  | 42.887.060       | 43.305.460       |
| - Credit Cards   | 7.522.124        | 7.633.005        |
| - Consumer loans   | 7.040.438        | 6.367.351        |
| - Corporate, commercial and other loans                          | 24.707.957       | 25.554.429       |
| - Financial Leasing  | 2.185.210        | 2.704.295        |
| - Factoring  | 1.431.331        | 1.046.380        |
| Trading securities   | 983.627          | 830.115          |
| - Government securities  | 273.878          | 300.308          |
| - Share certificates   | 38.963           | 17.587           |
| - Other marketable securities                                    | 53.082           | 78.569           |
| - Derivative financial instruments                               | 617.704          | 433.651          |
| Investment securities  | 15.342.534       | 14.554.746       |
| - Government debt securities                                     | 15.204.226       | 14.251.173       |
| - Share certificates   | 21.171           | 36.491           |
| - Other marketable securities                                    | 117.137          | 267.082          |
| Other assets   | 1.355.188        | 1.086.347        |
| <b>Credit risk exposures relating to off-balance sheet items</b> |                  |                  |
| Financial guarantees   | 16.034.976       | 16.143.907       |
| Loan commitments and other credit related liabilities            | 551.079          | 656.084          |

## j. Debt securities, treasury bills and other eligible bills:

| 31 December 2009      |   |   |                                    |                   |
|-----------------------|---|---|------------------------------------|-------------------|
| 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                   | -   | 14.974                                    | 75.549                             | 90.523            |
| Aa2                   | 190   | 11.282                                    | 17.336                             | 28.808            |
| A                     | -   | -   | -                                  | -                 |
| Baa                   | -   | 28.357                                    | 72.544                             | 100.901           |
| Ba2 <sup>(1)</sup>    | 227.149   | 1.157.582                                 | 12.014.792                         | 13.399.523        |
| Ba3                   | 46.729  | 735.853                                   | 1.138.498                          | 1.921.080         |
| Unrated               | 52.892  | 54.596                                    | -                                  | 107.488           |
| <b>Total</b>          | <b>326.960</b>  | <b>2.002.644</b>                          | <b>13.318.719</b>                  | <b>15.648.323</b> |

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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### AT 31 DECEMBER 2009

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

**31 December 2008**

| 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                   | -   | 16.173                                    | 19.985                             | 36.158            |
| Aa2                   | -   | 147.683                                   | 17.169                             | 164.852           |
| A                     | -   | -   | -                                  | -                 |
| Baa                   | 35.364  | 62.121                                    | 520                                | 98.005            |
| Ba3 <sup>(1)</sup>    | 300.308   | 1.512.156                                 | 12.663.983                         | 14.476.447        |
| Unrated               | 43.205  | 74.341                                    | 4.124                              | 121.670           |
| <b>Total</b>          | <b>378.877</b>  | <b>1.812.474</b>                          | <b>12.705.781</b>                  | <b>14.897.132</b> |

<sup>(1)</sup> Securities consist of Republic of Turkey government bonds and treasury bills.**k. Information according to geographical concentration:**

|  | Assets            | Liabilities <sup>(2)</sup> | Non-Cash Loans    | Capital Expenditures | Net profit <sup>(3)</sup> |
|--|-------------------|----------------------------|-------------------|----------------------|---------------------------|
| <b>31 December 2009</b>                                    |                   |                            |                   |                      |                           |
| Domestic   | 67.905.094        | 49.124.229                 | 14.861.877        | 200.249              | 1.553.178                 |
| European Union Countries                                   | 2.446.335         | 11.586.983                 | 793.459           | 51                   | -                         |
| OECD Countries <sup>(1)</sup>                              | 50.753            | 744.962                    | 294.193           | -                    | -                         |
| Off-shore banking regions                                  | 31.126            | 25.538                     | 10.636            | -                    | -                         |
| USA, Canada  | 261.576           | 840.292                    | 124.319           | -                    | -                         |
| Other Countries  | 949.831           | 926.340                    | 501.571           | 3.391                | -                         |
| Investments in associates, subsidiaries and joint ventures | 89.769            | -                          | -                 | -                    | -                         |
| Unallocated Assets/Liabilities                             | -                 | -                          | -                 | -                    | -                         |
| <b>Total</b>   | <b>71.734.484</b> | <b>63.248.344</b>          | <b>16.586.055</b> | <b>203.691</b>       | <b>1.553.178</b>          |
| <b>31 December 2008</b>                                    |                   |                            |                   |                      |                           |
| Domestic   | 65.737.586        | 49.518.267                 | 14.948.880        | 220.701              | 1.265.117                 |
| European Union Countries                                   | 2.650.540         | 12.498.011                 | 1.096.797         | 783                  | -                         |
| OECD Countries <sup>(1)</sup>                              | 260.183           | 472.864                    | 339.043           | -                    | -                         |
| Off-shore banking regions                                  | 77.801            | 87.926                     | 6.996             | -                    | -                         |
| USA, Canada  | 652.876           | 438.233                    | 34.479            | -                    | -                         |
| Other Countries  | 1.403.265         | 993.245                    | 373.796           | 5.598                | -                         |
| Investments in associates, subsidiaries and joint ventures | 89.976            | -                          | -                 | -                    | -                         |
| Unallocated Assets/Liabilities                             | -                 | -                          | -                 | -                    | -                         |
| <b>Total</b>   | <b>70.872.227</b> | <b>64.008.546</b>          | <b>16.799.991</b> | <b>227.082</b>       | <b>1.265.117</b>          |

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.<sup>(2)</sup> Shareholders' Equity is not included.<sup>(3)</sup> The net profit could not be distributed according to geographical concentration.

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

## I. Sectoral concentrations for cash loans:

|                            | 31 December 2009  |               |                   |               | 31 December 2008  |               |                   |               |
|----------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                            | TL                | (%)           | FC                | (%)           | TL                | (%)           | FC                | (%)           |
| <b>Agricultural</b>        | <b>649.935</b>    | <b>2,65</b>   | <b>171.991</b>    | <b>1,20</b>   | <b>410.199</b>    | <b>1,65</b>   | <b>160.955</b>    | <b>1,15</b>   |
| Farming and Raising        |                   |               |                   |               |                   |               |                   |               |
| Livestock                  | 579.470           | 2,36          | 142.843           | 1,00          | 328.387           | 1,32          | 129.842           | 0,92          |
| Forestry                   | 53.172            | 0,22          | 4.366             | 0,03          | 68.300            | 0,28          | 6.378             | 0,05          |
| Fishing                    | 17.293            | 0,07          | 24.782            | 0,17          | 13.512            | 0,05          | 24.735            | 0,18          |
| <b>Manufacturing</b>       | <b>4.713.903</b>  | <b>19,18</b>  | <b>7.154.713</b>  | <b>50,04</b>  | <b>4.573.763</b>  | <b>18,44</b>  | <b>7.255.307</b>  | <b>51,42</b>  |
| Mining                     | 81.687            | 0,33          | 702.445           | 4,91          | 109.180           | 0,44          | 354.700           | 2,51          |
| Production                 | 4.506.059         | 18,34         | 5.042.183         | 35,27         | 4.371.969         | 17,63         | 6.003.044         | 42,55         |
| Electric, Gas and Water    | 126.157           | 0,51          | 1.410.085         | 9,86          | 92.614            | 0,37          | 897.563           | 6,36          |
| <b>Construction</b>        | <b>1.020.844</b>  | <b>4,16</b>   | <b>1.163.126</b>  | <b>8,13</b>   | <b>934.361</b>    | <b>3,77</b>   | <b>1.157.668</b>  | <b>8,21</b>   |
| <b>Services</b>            | <b>3.787.458</b>  | <b>15,42</b>  | <b>3.795.757</b>  | <b>26,55</b>  | <b>3.084.339</b>  | <b>12,45</b>  | <b>3.543.185</b>  | <b>25,11</b>  |
| Wholesale and Retail Trade | 1.430.268         | 5,82          | 468.455           | 3,28          | 1.457.709         | 5,88          | 598.675           | 4,24          |
| Hotel Food and Beverage    |                   |               |                   |               |                   |               |                   |               |
| Services                   | 205.506           | 0,84          | 695.412           | 4,86          | 170.680           | 0,69          | 669.662           | 4,75          |
| Transportation and         |                   |               |                   |               |                   |               |                   |               |
| Telecommunication          | 551.146           | 2,24          | 2.047.654         | 14,33         | 527.678           | 2,13          | 1.591.328         | 11,28         |
| Financial Institutions     | 1.081.663         | 4,40          | 394.165           | 2,76          | 554.391           | 2,24          | 461.607           | 3,27          |
| Real Estate and Leasing    |                   |               |                   |               |                   |               |                   |               |
| Services                   | 228.202           | 0,93          | 137.596           | 0,96          | 131.356           | 0,53          | 133.523           | 0,95          |
| Self Employment Services   | -                 | -             | -                 | -             | -                 | -             | -                 | -             |
| Education Services         | 35.831            | 0,15          | 3.369             | 0,02          | 22.909            | 0,09          | 3.436             | 0,02          |
| Health and Social Services | 254.842           | 1,04          | 49.106            | 0,34          | 219.616           | 0,89          | 84.954            | 0,60          |
| <b>Other</b>               | <b>14.392.016</b> | <b>58,59</b>  | <b>2.013.039</b>  | <b>14,08</b>  | <b>15.800.557</b> | <b>63,69</b>  | <b>1.990.154</b>  | <b>14,11</b>  |
| <b>Total</b>               | <b>24.564.156</b> | <b>100,00</b> | <b>14.298.626</b> | <b>100,00</b> | <b>24.803.219</b> | <b>100,00</b> | <b>14.107.269</b> | <b>100,00</b> |

## 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. Notwithstanding, 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 Asset and Liability Committee. The below table represents the details of market risk calculation as of 31 December 2009 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 1 November 2006, namely the "Calculation of Market Risk with Standard Method".

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### a. Information on Market Risk:

|  | 31 December<br>2009 | 31 December<br>2008 |
|--|---------------------|---------------------|
| (I) Capital to be Employed for General Market Risk - Standard Method                         | 107.626             | 52.026              |
| (II) Capital to be Employed for Specific Risk –Standard Method                               | 14.694              | 11.490              |
| (III) Capital to be Employed for Currency Risk - Standard Method                             | 26.772              | 14.168              |
| (IV)Capital to be Employed for Commodity Risk  | -                   | 123                 |
| (V) Capital to be Employed for Exchange Risk-Standard Method                                 | -                   | -                   |
| (VI) Capital to be Employed for Market Risk Due to Options-Standard Method                   | 135                 | 1                   |
| (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)                   | 149.227             | 77.808              |
| <b>(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)</b>                           | <b>1.865.338</b>    | <b>972.600</b>      |

#### b. Average Market Risk Table of Calculated Market Risk At the Period Ends:

|                                     | 31 December 2009 |                  |                  | 31 December 2008 |                |                |
|-------------------------------------|------------------|------------------|------------------|------------------|----------------|----------------|
|                                     | Average          | Maximum          | Minimum          | Average          | Maximum        | Minimum        |
| Interest Rate Risk                  | 77.405           | 100.096          | 54.634           | 30.813           | 35.050         | 23.031         |
| Share Premium Risk                  | 17.756           | 22.224           | 14.120           | 14.165           | 14.030         | 10.925         |
| Currency Risk                       | 21.547           | 26.907           | 17.705           | 24.998           | 28.838         | 23.957         |
| Commodity Risk                      | -                | -                | -                | 106              | -              | 88             |
| Exchange Risk                       | -                | -                | -                | -                | -              | -              |
| Option Risk                         | -                | -                | -                | -                | -              | -              |
| <b>Total Amount Subject to Risk</b> | <b>1.458.850</b> | <b>1.865.338</b> | <b>1.080.738</b> | <b>876.025</b>   | <b>973.975</b> | <b>725.013</b> |

#### IV. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2008, 2007 and 2006 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 1 June 2007, published in the Official Gazette No. 26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of 31 December 2009, the total amount subject to operational risk is TL7.695.259 thousand (2008: TL6.418.028 thousand) and the amount of the related capital requirement is TL615.621 thousand (31 December 2008: TL513.442 thousand).

#### V. EXPLANATIONS ON CURRENCY RISK:

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

The Parent Bank keeps the amount of exposed currency risk within the related legal limits and the following of exchange position realized is followed on a daily/momentary basis. Notwithstanding this, even the internal exchange position limit is the minimal required in terms of when compared to the related legal limit, during the year internal position limits are not exceeded. As a tool of currency risk management, futures such as swap and forward are used to abstain from risk whenever needed. In order to guard against extreme volatility during the year Stress tests are applied. All these applications signalizes the sensitivity of the Bank Management regarding the currency risk, meaning minimum influence from the exchange rate fluctuations caused by the recent global crisis.

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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:

|                                       | USD              | EUR              | Yen              |
|---------------------------------------|------------------|------------------|------------------|
| <b>Balance Sheet Evaluation Rate:</b> | <b>TL1,46800</b> | <b>TL2,10620</b> | <b>TLO,01589</b> |
| 30 December 2009 bid rate             | TL1,46500        | TL2,11380        | TLO,01595        |
| 29 December 2009 bid rate             | TL1,46880        | TL2,11430        | TLO,01602        |
| 28 December 2009 bid r ate            | TL1,46750        | TL2,11590        | <b>TLO,01605</b> |
| 25 December 2009 bid rate             | TL1,46930        | TL2,11380        | TLO,01606        |
| 24 December 2009 bid rate             | TL1,48060        | TL2,11120        | TLO,01610        |

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 : TL1,46155

Euro : TL2,13935

Yen : TLO,01629

As of 31 December 2008;

|                                       | USD              | EUR              | Yen              |
|---------------------------------------|------------------|------------------|------------------|
| <b>Balance Sheet Evaluation Rate:</b> | <b>TL1,47440</b> | <b>TL2,08720</b> | <b>TLO,01631</b> |

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

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 Net Foreign Currency Position. In addition, foreign currency general provisions in the balance sheet, the specific provision for non cash loans, derivative financial instruments and prepaid expenses 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 in the following table and in the balance sheet. The Groups' real position, both in financial and economic terms, is presented in the table below:

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|   | EURO               | USD                | Yen             | Other FC         | Total              |
|---|--------------------|--------------------|-----------------|------------------|--------------------|
| <b>31 December 2009</b>   |                    |                    |                 |                  |                    |
| <b>Assets</b>   |                    |                    |                 |                  |                    |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 2.306.349          | 88.474             | 556             | 49.683           | 2.445.062          |
| Banks   | 996.795            | 774.705            | 3.241           | 74.828           | 1.849.569          |
| Financial Assets at Fair Value Through Profit or Loss   | 65.365             | 44.227             | -               | -                | 109.592            |
| Interbank Money Market Placements   | -                  | -                  | -               | -                | -                  |
| Available-for-Sale Financial Assets   | 70.587             | 937.685            | -               | 81.434           | 1.089.706          |
| Loans <sup>(1)</sup>  | 5.060.622          | 10.272.664         | 59.043          | 499.867          | 15.892.196         |
| Investments in Associates, Subsidiaries and Joint Ventures  | -                  | -                  | -               | 58.939           | 58.939             |
| Held-to-Maturity Investments  | 1.275.991          | 5.986.127          | -               | 504              | 7.262.622          |
| Hedging Derivative Financial Assets   | -                  | -                  | -               | -                | -                  |
| Tangible Assets   | 615                | -                  | -               | 16.315           | 16.930             |
| Intangible Assets   | -                  | -                  | -               | 111              | 111                |
| Other Assets  | 1.490.812          | 980.494            | 10.385          | 210.343          | 2.692.034          |
| <b>Total Assets</b>   | <b>11.267.135</b>  | <b>19.084.376</b>  | <b>73.225</b>   | <b>992.024</b>   | <b>31.416.761</b>  |
| <b>Liabilities</b>  |                    |                    |                 |                  |                    |
| Bank Deposits   | 422.863            | 284.288            | 908             | 195.806          | 903.865            |
| Foreign Currency Deposits   | 6.994.241          | 11.504.089         | 25.567          | 714.847          | 19.238.744         |
| Funds From Interbank Money Market   | 208.301            | 935.999            | -               | 11.167           | 1.155.467          |
| Funds Borrowed From Other Financial Institutions  | 3.425.079          | 1.486.389          | -               | 31.603           | 4.943.071          |
| Marketable Securities Issued  | 728.196            | 1.016.282          | -               | -                | 1.744.478          |
| Miscellaneous Payables  | 175.666            | 224.685            | 1.158           | 15.842           | 417.351            |
| Hedging Derivative Financial Liabilities  | -                  | -                  | -               | -                | -                  |
| Other Liabilities   | 2.528.393          | 417.844            | 687             | 3.270            | 2.950.194          |
| <b>Total Liabilities</b>  | <b>14.482.739</b>  | <b>15.869.576</b>  | <b>28.320</b>   | <b>972.535</b>   | <b>31.353.170</b>  |
| <b>Net On Balance Sheet Position</b>  | <b>(3.215.603)</b> | <b>3.214.800</b>   | <b>44.905</b>   | <b>19.489</b>    | <b>63.591</b>      |
| <b>Net Off Balance Sheet Position</b>   | <b>3.385.106</b>   | <b>(3.092.881)</b> | <b>(38.762)</b> | <b>151.025</b>   | <b>404.488</b>     |
| Financial Derivative Assets   | 4.141.508          | 9.526.441          | 14.865          | 329.816          | 14.012.630         |
| Financial Derivative Liabilities  | 756.402            | 12.619.322         | 53.627          | 178.791          | 13.608.142         |
| <b>Non-Cash Loans</b>   | <b>3.420.279</b>   | <b>6.429.582</b>   | <b>315.569</b>  | <b>164.147</b>   | <b>10.329.577</b>  |
| <b>31 December 2008</b>   |                    |                    |                 |                  |                    |
| Total Assets  | 12.440.749         | 19.680.564         | 113.522         | 1.093.790        | 33.328.625         |
| Total Liabilities   | 13.136.136         | 17.674.963         | 24.923          | 764.388          | 31.600.410         |
| <b>Net On-Balance Sheet Position</b>  | <b>(695.387)</b>   | <b>2.005.601</b>   | <b>88.599</b>   | <b>329.402</b>   | <b>1.728.215</b>   |
| <b>Net Off-Balance Sheet Position</b>   | <b>864.709</b>     | <b>(1.992.079)</b> | <b>(68.036)</b> | <b>(188.504)</b> | <b>(1.383.910)</b> |
| Financial Derivative Assets   | 1.309.774          | 4.118.490          | 147.777         | 6.577            | 5.582.618          |
| Financial Derivative Liabilities  | 445.065            | 6.110.569          | 215.813         | 195.081          | 6.966.528          |
| <b>Non-Cash Loans</b>   | <b>3.832.539</b>   | <b>6.297.343</b>   | <b>403.804</b>  | <b>200.459</b>   | <b>10.734.145</b>  |

<sup>(1)</sup> Includes FC indexed loans amounting to TL1.593.570 thousand (2008: TL1.965.326 thousand) which has been disclosed as TL in the financial statements.

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#### 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 Asset and Liability Committee. By using sensitivity and scenario analyses, the possible loss effects on the equity are analyzed due to the interest rate volatility not only within the current year but also for the future periods.

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

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

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

| 31 December 2009   | Up to 1 Month       | 1-3 Months         | 3-12 Months       | 1-5 Years         | 5 Years and Over  | Non Interest Bearing | Total               |
|--|---------------------|--------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| <b>Assets</b>  |                     |                    |                   |                   |                   |                      |                     |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey | 1.302.954           | -                  | -                 | -                 | -                 | 2.926.381            | 4.229.335           |
| Banks  | 1.199.380           | 451.583            | 95.689            | 146.168           | 2.940             | 498.888              | 2.394.648           |
| Financial Assets at Fair Value Through Profit/Loss   | 136.585             | 485.022            | 83.315            | 168.436           | 18.414            | 91.855               | 983.627             |
| Interbank Money Market Placements  | 1.581.459           | -                  | -                 | -                 | -                 | -                    | 1.581.459           |
| Available-for-Sale Financial Assets  | 360.382             | 296.694            | 267.807           | 187.114           | 886.971           | 24.847               | 2.023.815           |
| Loans  | 9.297.026           | 4.615.773          | 9.321.360         | 10.153.910        | 5.474.713         | 407.737              | 39.270.519          |
| Held-to-Maturity Investments   | 1.254.947           | 3.435.487          | 1.449.880         | 2.733.148         | 4.445.257         | -                    | 13.318.719          |
| Other Assets   | 650.232             | 339.437            | 1.818.865         | 957.051           | 30.166            | 4.136.611            | 7.932.362           |
| <b>Total Assets</b>  | <b>15.782.965</b>   | <b>9.623.996</b>   | <b>13.036.916</b> | <b>14.345.827</b> | <b>10.858.461</b> | <b>8.086.319</b>     | <b>71.734.484</b>   |
| <b>Liabilities</b>   |                     |                    |                   |                   |                   |                      |                     |
| Bank Deposits  | 530.897             | 257.905            | 257.906           | -                 | -                 | 276.889              | 1.323.597           |
| Other Deposits   | 27.001.728          | 4.987.866          | 1.619.626         | 556.231           | 134.036           | 7.751.801            | 42.051.288          |
| Funds From Interbank Money Market  | 573.300             | 471.698            | 240.569           | -                 | -                 | -                    | 1.285.567           |
| Miscellaneous Payables   | 2.208.170           | 1.158              | -                 | -                 | -                 | 1.036.497            | 3.245.825           |
| Marketable Securities Issued   | -                   | 1.743.760          | -                 | -                 | -                 | 718                  | 1.744.478           |
| Funds Borrowed From Other Financial Institutions   | 1.972.630           | 2.175.394          | 2.084.204         | 127.998           | -                 | -                    | 6.360.226           |
| Other Liabilities and Shareholders' Equity   | 139.510             | 1.147.307          | 1.212.606         | 334.389           | 48.626            | 12.841.065           | 15.723.503          |
| <b>Total Liabilities</b>   | <b>32.426.235</b>   | <b>10.785.088</b>  | <b>5.414.911</b>  | <b>1.018.618</b>  | <b>182.662</b>    | <b>21.906.970</b>    | <b>71.734.484</b>   |
| <b>Balance Sheet Long Position</b>   | -                   | -                  | <b>7.622.005</b>  | <b>13.327.209</b> | <b>10.675.799</b> | -                    | <b>31.625.013</b>   |
| <b>Balance Sheet Short Position</b>  | <b>(16.643.270)</b> | <b>(1.161.092)</b> | -                 | -                 | -                 | <b>(13.820.651)</b>  | <b>(31.625.013)</b> |
| Off-balance Sheet Long Position  | 33.123              | 368.566            | 8.328             | 128.475           | -                 | -                    | 538.492             |
| Off-balance Sheet Short Position   | -                   | -                  | -                 | -                 | (14.283)          | -                    | (14.283)            |
| <b>Total Position</b>  | <b>(16.610.147)</b> | <b>(792.526)</b>   | <b>7.630.333</b>  | <b>13.455.684</b> | <b>10.661.516</b> | <b>(13.820.651)</b>  | <b>524.209</b>      |

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| 31 December 2008   | Up to 1 Month       | 1-3 Months         | 3-12 Months       | 1-5 Years         | 5 Years and Over  | Non Interest Bearing | Total               |
|--|---------------------|--------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| <b>Assets</b>  |                     |                    |                   |                   |                   |                      |                     |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey | 1.436.413           | -                  | -                 | -                 | -                 | 3.280.603            | 4.717.016           |
| Banks  | 1.286.942           | 566.103            | 242.693           | 81.182            | 19.292            | 1.205.870            | 3.402.082           |
| Financial Assets at Fair Value Through Profit/Loss   | 113.484             | 134.600            | 362.716           | 101.366           | 57.338            | 60.611               | 830.115             |
| Interbank Money Market Placements  | 199.900             | -                  | 8.547             | 12.377            | 7.138             | -                    | 227.962             |
| Available-for-Sale Financial Assets  | 119.965             | 508.604            | 205.178           | 397.623           | 581.104           | 36.491               | 1.848.965           |
| Loans  | 9.493.918           | 4.522.914          | 10.421.086        | 9.277.047         | 5.195.523         | 644.297              | 39.554.785          |
| Held-to-Maturity Investments   | 899.776             | 3.782.085          | 1.207.522         | 2.356.815         | 4.459.583         | -                    | 12.705.781          |
| Other Assets   | 242.481             | 1.392.593          | 825.104           | 1.286.330         | 39.401            | 3.799.612            | 7.585.521           |
| <b>Total Assets</b>  | <b>13.792.879</b>   | <b>10.906.899</b>  | <b>13.272.846</b> | <b>13.512.740</b> | <b>10.359.379</b> | <b>9.027.484</b>     | <b>70.872.227</b>   |
| <b>Liabilities</b>   |                     |                    |                   |                   |                   |                      |                     |
| Bank Deposits  | 147.487             | 258.745            | 73.427            | -                 | -                 | 232.639              | 712.298             |
| Other Deposits   | 30.702.876          | 4.980.445          | 1.271.331         | 453.577           | 98.601            | 6.058.569            | 43.565.399          |
| Funds From Interbank Money Market  | 501.828             | 185.326            | 111.448           | -                 | -                 | -                    | 798.602             |
| Miscellaneous Payables   | 1.983.932           | -                  | -                 | -                 | -                 | 785.427              | 2.769.359           |
| Marketable Securities Issued   | -                   | 1.966.298          | -                 | -                 | -                 | -                    | 1.966.298           |
| Funds Borrowed From Other Financial Institutions   | 1.440.014           | 3.766.460          | 868.473           | 959.797           | 195.914           | -                    | 7.230.658           |
| Other Liabilities and Shareholders' Equity   | 133.201             | 1.145.194          | 1.265.635         | 315.038           | 150.597           | 10.819.948           | 13.829.613          |
| <b>Total Liabilities</b>   | <b>34.909.338</b>   | <b>12.302.468</b>  | <b>3.590.314</b>  | <b>1.728.412</b>  | <b>445.112</b>    | <b>17.896.583</b>    | <b>70.872.227</b>   |
| <b>Balance Sheet Long Position</b>   | -                   | -                  | <b>9.682.532</b>  | <b>11.784.328</b> | <b>9.914.267</b>  | -                    | <b>31.381.127</b>   |
| <b>Balance Sheet Short Position</b>  | <b>(21.116.459)</b> | <b>(1.395.569)</b> | -                 | -                 | -                 | <b>(8.869.099)</b>   | <b>(31.381.127)</b> |
| Off-balance Sheet Long Position  | 61.100              | 55.444             | 279.715           | -                 | -                 | -                    | 396.259             |
| Off-balance Sheet Short Position   | -                   | -                  | -                 | (449)             | -                 | -                    | (449)               |
| <b>Total Position</b>  | <b>(21.055.359)</b> | <b>(1.340.125)</b> | <b>9.962.247</b>  | <b>11.783.879</b> | <b>9.914.267</b>  | <b>(8.869.099)</b>   | <b>395.810</b>      |

Interest rate sensitivity analysis <sup>(1)</sup>:

The table below represents the effect of 1% change of interest rates on total equity excluding tax effects.

|                         | 31 December 2009 | 31 December 2008 |
|-------------------------|------------------|------------------|
| Change in Interest rate | Value Effect     | Value Effect     |
| (+) %1                  | (468.288)        | (385.324)        |
| (-) %1                  | 515.509          | 423.525          |

<sup>(1)</sup> The interest rate sensitivity analysis disclosed above is that of the Parent Bank.

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

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

| 31 December 2009 <sup>(1)</sup>   | EURO     | USD      | Yen      | TL       |
|---|----------|----------|----------|----------|
| Assets  | %        | %        | %        | %        |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | -        | -        | -        | 3,78     |
| Banks   | 0,24     | 0,36     | -        | 6,87     |
| Financial Assets at Fair Value Through Profit/Loss  | 7,41     | 6,43     | -        | 8,51     |
| Interbank Money Market Placements   | -        | -        | -        | 6,72     |
| Available-for-Sale Financial Assets   | 6,48     | 7,13     | -        | 10,05    |
| Loans   | 5,87     | 4,97     | 4,58     | 17,90    |
| Held-to-maturity Investments  | 4,79     | 6,72     | -        | 11,37    |
| <b>Liabilities</b>  |          |          |          |          |
| Bank Deposits   | 0,03     | 0,09     | -        | 1,91     |
| Other Deposits  | 1,63     | 1,87     | 0,01     | 7,83     |
| Funds From Interbank Money Market   | 3,13     | 1,62     | -        | 6,41     |
| Miscellaneous Payables  | -        | -        | -        | -        |
| Marketable Securities Issued  | -        | -        | -        | -        |
| Funds Borrowed From Other Financial Institutions  | 2,52     | 1,52     | -        | 14,95    |
| <b>31 December 2008 <sup>(1)</sup></b>  |          |          |          |          |
| <b>Assets</b>   | <b>%</b> | <b>%</b> | <b>%</b> | <b>%</b> |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 1,17     | 0,68     | -        | 8,64     |
| Banks   | 0,78     | 0,84     | -        | 14,23    |
| Financial Assets at Fair Value Through Profit/Loss  | 6,81     | 8,15     | -        | 20,29    |
| Interbank Money Market Placements   | -        | -        | -        | 19,39    |
| Available-for-Sale Financial Assets   | 9,63     | 5,79     | -        | 19,92    |
| Loans   | 7,31     | 5,79     | 4,06     | 24,22    |
| Held-to-maturity Investments  | 5,68     | 7,30     | -        | 20,09    |
| <b>Liabilities</b>  |          |          |          |          |
| Bank Deposits   | 0,02     | 0,02     | -        | 7,82     |
| Other Deposits  | 3,25     | 4,48     | 0,01     | 20,30    |
| Funds From Interbank Money Market   | 7,15     | 5,00     | -        | 16,27    |
| Miscellaneous Payables  | -        | -        | -        | -        |
| Marketable Securities Issued  | -        | -        | -        | -        |
| Funds Borrowed From Other Financial Institutions  | 5,58     | 3,07     | 2,23     | 14,59    |

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

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#### VII. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held. In order to meet an instant cash necessity it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the deposits. During the monthly meetings of the ALCO, the liquidity position of the Group is evaluated and it is ensured that the required actions are taken when considered necessary.

The mismatching of payments, asset and liabilities with interest rates is followed via daily and monthly liquidity gap reports and any effects of incompliance investigated.

Subordinated loans with 10 years of maturity have been provided in order to extend the short-term funding structure in the banking sector. The liquidity risk according to the mismatching of assets and liabilities is decreased with placement of these loans to the short-term derivatives and liquid treasury bills.

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

|   | Demand             | Up to<br>1 month    | 1-3 Months       | 3-12<br>Months    | 1-5<br>Years      | 5 Years and<br>Over | Unclassified<br>(1) (2) | Total             |
|---|--------------------|---------------------|------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|
| <b>31 December 2009</b>   |                    |                     |                  |                   |                   |                     |                         |                   |
| <b>Assets</b>   |                    |                     |                  |                   |                   |                     |                         |                   |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 2.854.989          | 1.374.346           | -                | -                 | -                 | -                   | -                       | 4.229.335         |
| Banks   | 498.888            | 1.219.116           | 219.385          | 276.212           | 173.140           | 7.907               | -                       | 2.394.648         |
| Financial Assets at Fair Value Through Profit or Loss   | 52.892             | 122.079             | 478.737          | 84.752            | 181.158           | 25.046              | 38.963                  | 983.627           |
| Interbank Money Market Placements   | -                  | 1.581.459           | -                | -                 | -                 | -                   | -                       | 1.581.459         |
| Available-for-Sale Financial Assets   | 48.729             | 25.878              | 179.805          | 316.248           | 513.103           | 918.881             | 21.171                  | 2.023.815         |
| Loans   | -                  | 8.301.070           | 3.938.425        | 8.817.135         | 10.889.964        | 6.916.188           | 407.737                 | 39.270.519        |
| Held-to-maturity Investments  | -                  | 124.896             | 764.155          | 1.962.204         | 6.022.207         | 4.445.257           | -                       | 13.318.719        |
| Other Assets (1)  | 639.401            | 532.955             | 295.563          | 1.880.689         | 1.295.689         | 64.880              | 3.223.185               | 7.932.362         |
| <b>Total Assets</b>   | <b>4.094.899</b>   | <b>13.281.799</b>   | <b>5.876.070</b> | <b>13.337.240</b> | <b>19.075.261</b> | <b>12.378.159</b>   | <b>3.691.056</b>        | <b>71.734.484</b> |
| <b>Liabilities</b>  |                    |                     |                  |                   |                   |                     |                         |                   |
| Bank Deposits   | 276.889            | 530.897             | 257.905          | 257.906           | -                 | -                   | -                       | 1.323.597         |
| Other Deposits  | 7.751.801          | 27.001.728          | 4.987.866        | 1.619.626         | 556.231           | 134.036             | -                       | 42.051.288        |
| Funds Borrowed From Other Financial Institutions  | -                  | 1.120.460           | 322.954          | 3.587.066         | 905.529           | 424.217             | -                       | 6.360.226         |
| Funds From Interbank Money Market   | -                  | 573.300             | 471.698          | 240.569           | -                 | -                   | -                       | 1.285.567         |
| Marketable Securities Issued  | -                  | -                   | 67.564           | 268.014           | 1.387.182         | 21.718              | -                       | 1.744.478         |
| Miscellaneous Payables  | 402.595            | 2.750.629           | 15.251           | 16.710            | 1.170             | -                   | 59.470                  | 3.245.825         |
| Other Liabilities (2)   | 169.609            | 1.316.548           | 363.146          | 593.696           | 1.862.670         | 2.702.227           | 8.715.607               | 15.723.503        |
| <b>Total Liabilities</b>  | <b>8.600.894</b>   | <b>33.293.562</b>   | <b>6.486.384</b> | <b>6.583.587</b>  | <b>4.712.782</b>  | <b>3.282.198</b>    | <b>8.775.077</b>        | <b>71.734.484</b> |
| <b>Net Liquidity Gap</b>  | <b>(4.505.995)</b> | <b>(20.011.763)</b> | <b>(610.314)</b> | <b>6.753.653</b>  | <b>14.362.479</b> | <b>9.095.961</b>    | <b>(5.084.021)</b>      | <b>-</b>          |
| <b>31 December 2008</b>   |                    |                     |                  |                   |                   |                     |                         |                   |
| Total Assets  | 4.655.971          | 11.965.263          | 5.861.070        | 12.716.020        | 18.566.693        | 13.276.984          | 3.830.226               | 70.872.227        |
| Total Liabilities   | 6.833.980          | 36.611.643          | 6.637.094        | 5.655.244         | 4.832.060         | 3.357.733           | 6.944.473               | 70.872.227        |
| <b>Net Liquidity Gap</b>  | <b>(2.178.009)</b> | <b>(24.646.380)</b> | <b>(776.024)</b> | <b>7.060.776</b>  | <b>13.734.633</b> | <b>9.919.251</b>    | <b>(3.114.247)</b>      | <b>-</b>          |

(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.

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Breakdown of financial liabilities according to their remaining contractual maturities:

| 31 December 2009                                 | Demand and<br>Up to<br>1 month | 1-3 Months       | 3-12 Months      | 1-5 Years        | Above 5<br>years |
|--|--------------------------------|------------------|------------------|------------------|------------------|
| <b>Liabilities</b>                               |                                |                  |                  |                  |                  |
| Deposit  | 35.625.160                     | 5.279.222        | 1.929.833        | 614.776          | 164.736          |
| Funds Borrowed From Other Financial Institutions | 1.123.977                      | 354.502          | 3.786.333        | 1.408.221        | 294.855          |
| Funds From Interbank Money Market                | 574.103                        | 472.805          | 243.738          | -                | -                |
| <b>Total</b>                                     | <b>37.323.240</b>              | <b>6.106.529</b> | <b>5.959.904</b> | <b>2.022.997</b> | <b>459.591</b>   |

| 31 December 2008                                 | Demand and<br>Up to<br>1 month | 1-3 Months       | 3-12 Months      | 1-5 Years        | Above 5<br>years |
|--|--------------------------------|------------------|------------------|------------------|------------------|
| <b>Liabilities</b>                               |                                |                  |                  |                  |                  |
| Deposit  | 37.143.936                     | 5.288.788        | 1.575.176        | 526.841          | 140.178          |
| Funds Borrowed From Other Financial Institutions | 951.574                        | 948.113          | 3.942.912        | 3.334.198        | 1.180.277        |
| Funds From Interbank Money Market                | 502.866                        | 186.565          | 117.293          | -                | -                |
| <b>Total</b>                                     | <b>38.598.376</b>              | <b>6.423.466</b> | <b>5.635.381</b> | <b>3.861.039</b> | <b>1.320.455</b> |

#### 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 Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

|   | Carrying Value    |                   | Fair Value        |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 31 December 2009  | 31 December 2008  | 31 December 2009  | 31 December 2008  |
| <b>Financial Assets</b>                             | <b>58.589.160</b> | <b>57.739.575</b> | <b>60.522.264</b> | <b>57.666.176</b> |
| Due From Interbank Money Market                     | 1.581.459         | 227.962           | 1.582.249         | 227.962           |
| Banks   | 2.394.648         | 3.402.082         | 2.396.328         | 3.443.680         |
| Available-for-sale Financial Assets                 | 2.023.815         | 1.848.965         | 2.023.815         | 1.848.965         |
| Held-to-maturity Investments                        | 13.318.719        | 12.705.781        | 13.982.200        | 12.482.450        |
| Loans   | 39.270.519        | 39.554.785        | 40.537.672        | 39.663.119        |
| <b>Financial Liabilities</b>                        | <b>54.725.414</b> | <b>56.244.012</b> | <b>54.776.756</b> | <b>56.351.376</b> |
| Bank deposits                                       | 1.323.597         | 712.298           | 1.323.748         | 716.091           |
| Other deposits                                      | 42.051.288        | 43.565.399        | 42.051.288        | 43.565.399        |
| Funds Borrowed From<br>Other Financial Institutions | 6.360.226         | 7.230.658         | 6.411.417         | 7.334.229         |
| Marketable Securities Issued                        | 1.744.478         | 1.966.298         | 1.744.478         | 1.966.298         |
| Miscellaneous Payables                              | 3.245.825         | 2.769.359         | 3.245.825         | 2.769.359         |

The fair values of banks, funds borrowed from other financial institutions and bank deposits 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.

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

The expected fair value of other deposits are based on the sum of the cost and its accumulated accruals.

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 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 Group's classification of financial assets and liabilities carried at their fair value are as follows:

| 31 December 2009   | Level 1          | Level 2        | Level 3       | Total            |
|--|------------------|----------------|---------------|------------------|
| <b>Financial Assets at Fair Value Through Profit or (Loss) (Net)</b> | <b>312.841</b>   | <b>799.417</b> | <b>-</b>      | <b>1.112.258</b> |
| Government Debt Securities   | 273.878          | -              | -             | 273.878          |
| Share Certificates   | 38.963           | -              | -             | 38.963           |
| Trading Derivative Financial Assets                                  | -                | 617.704        | -             | 617.704          |
| Hedging Derivative Financial Assets                                  | -                | 128.631        | -             | 128.631          |
| Other Marketable Securities  | -                | 53.082         | -             | 53.082           |
| <b>Available-for-Sale Financial Assets (Net)</b>                     | <b>1.963.150</b> | <b>39.199</b>  | <b>21.466</b> | <b>2.023.815</b> |
| Government Debt Securities   | 1.885.507        | -              | -             | 1.885.507        |
| Other Marketable Securities <sup>(1)</sup>                           | 77.643           | 39.199         | 21.466        | 138.308          |
| <b>Total Assets</b>  | <b>2.275.991</b> | <b>838.616</b> | <b>21.466</b> | <b>3.136.073</b> |
| Trading Derivative Financial Liabilities                             | -                | 268.515        | -             | 268.515          |
| Hedging Derivative Financial Liabilities                             | -                | 357.613        | -             | 357.613          |
| <b>Total Liabilities</b>   | <b>-</b>         | <b>626.128</b> | <b>-</b>      | <b>626.128</b>   |

<sup>(1)</sup> According to TAS 39, non-public investment in associates and subsidiaries are followed at acquisition costs.

#### IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES:

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

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#### X. EXPLANATIONS ON OPERATING SEGMENTS:

Through its new organisational structure launched in February 2009 aimed at further enhancing the customer-focused divisionalised service model as well as supporting the performances of business units in closer collaboration with product factories, The Group carries out its banking operations through three main business units: (1) retail banking (including credit cards and SME banking), (2) corporate and commercial banking (3) private banking and wealth management.

The Group's retail banking activities include credit cards, SME (small and medium size enterprises) banking and individual banking. Retail banking products and services offered to customers include credit cards, consumer loans (including general purpose loans, auto loans and mortgages), commercial installment loans, SME loans, time and demand deposits, investment accounts, life and non-life insurance products and payroll services. Credit card operations cover the management of products and services for member merchants as well as the sales and marketing operations for a variety of customer types. The clubs and programmes under the umbrella of the World brand include Gold Club, Platinum Club, Crystal Club, Travel Club (Travel Programme and VIP Travel Programme), Adios Card, Play Club (Young Employees Programme and Student Programme), Business Club (Corporate Programme, Trio Programme, Company Programme and SME Programme), Share Programme and Communication Programme.

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

Through its private banking and wealth management activities, the Group serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to private banking customers are time deposits, fiduciary 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 Group's 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 transactions, operations of supporting business units, insurance operations and other unallocated transactions.

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

| 31 December 2009  | Retail<br>Banking | Corporate<br>Banking | Private Banking  | Foreign<br>Operations | Other             | Consolidation<br>Adjustments <sup>(1)</sup> | Total<br>Operations<br>of the Group |
|---|-------------------|----------------------|------------------|-----------------------|-------------------|---|-------------------------------------|
| Operating revenue   | 2.775.312         | 1.331.024            | 324.297          | 116.413               | 1.570.990         | (55.894)                                    | 6.062.142                           |
| Operating expense   | (2.356.880)       | (460.533)            | (107.788)        | (52.973)              | (1.242.932)       | 58.583                                      | (4.162.523)                         |
| <b>Net Operating Profit</b>                                     | <b>418.432</b>    | <b>870.491</b>       | <b>216.509</b>   | <b>63.440</b>         | <b>328.058</b>    | <b>2.689</b>                                | <b>1.899.619</b>                    |
| Dividend income   |                   |                      |                  |                       | 3.402             |   | 3.402                               |
| Profit/Loss from Shareholders<br>that are applied Equity Method |                   |                      |                  |                       | 5.417             |   | 5.417                               |
| <b>Profit before tax</b>  | <b>418.432</b>    | <b>870.491</b>       | <b>216.509</b>   | <b>63.440</b>         | <b>336.877</b>    | <b>2.689</b>                                | <b>1.908.438</b>                    |
| Tax expense   |                   |                      |                  |                       | (355.260)         |   | (355.260)                           |
| <b>Net Profit</b>   | <b>418.432</b>    | <b>870.491</b>       | <b>216.509</b>   | <b>63.440</b>         | <b>(18.383)</b>   | <b>2.689</b>                                | <b>1.553.178</b>                    |
| Minority interest   |                   |                      |                  |                       | (10.230)          |   | (10.230)                            |
| <b>Group Profit/Loss</b>  | <b>418.432</b>    | <b>870.491</b>       | <b>216.509</b>   | <b>63.440</b>         | <b>(28.613)</b>   | <b>2.689</b>                                | <b>1.542.948</b>                    |
| Segment assets  | 19.207.596        | 22.950.318           | 774.042          | 3.912.923             | 25.534.213        | (734.377)                                   | 71.644.715                          |
| Investments in associates,<br>subsidiaries and joint ventures   |                   |                      |                  |                       | 89.769            |   | 89.769                              |
| <b>Total Assets</b>   | <b>19.207.596</b> | <b>22.950.318</b>    | <b>774.042</b>   | <b>3.912.923</b>      | <b>25.623.982</b> | <b>(734.377)</b>                            | <b>71.734.484</b>                   |
| Segment liabilities   | 20.518.455        | 15.888.170           | 9.989.535        | 3.353.304             | 14.218.677        | (719.797)                                   | 63.248.344                          |
| Shareholders' equity  |                   |                      |                  |                       | 8.486.140         |   | 8.486.140                           |
| <b>Total liabilities</b>  | <b>20.518.455</b> | <b>15.888.170</b>    | <b>9.989.535</b> | <b>3.353.304</b>      | <b>22.704.817</b> | <b>(719.797)</b>                            | <b>71.734.484</b>                   |

<sup>(1)</sup> Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

| 31 December 2008  | Retail<br>Banking | Corporate<br>Banking | Private Banking  | Foreign<br>Operations | Other             | Consolidation<br>Adjustments <sup>(1)</sup> | Total<br>Operations<br>of the Group |
|---|-------------------|----------------------|------------------|-----------------------|-------------------|---|-------------------------------------|
| Operating revenue   | 2.329.407         | 1.117.318            | 252.262          | 93.750                | 948.246           | 15.299                                      | 4.756.282                           |
| Operating expense   | (1.299.166)       | (297.021)            | (118.603)        | (47.565)              | (1.483.441)       | 58.762                                      | (3.187.034)                         |
| <b>Net Operating Profit</b>                                     | <b>1.030.241</b>  | <b>820.297</b>       | <b>133.659</b>   | <b>46.185</b>         | <b>(535.195)</b>  | <b>74.061</b>                               | <b>1.569.248</b>                    |
| Dividend income   |                   |                      |                  |                       | 41.553            |   | 41.553                              |
| Profit/Loss from Shareholders<br>that are applied Equity Method |                   |                      |                  |                       | 3.667             |   | 3.667                               |
| <b>Profit before tax</b>  | <b>1.030.241</b>  | <b>820.297</b>       | <b>133.659</b>   | <b>46.185</b>         | <b>(489.975)</b>  | <b>74.061</b>                               | <b>1.614.468</b>                    |
| Tax expense   |                   |                      |                  |                       | (349.351)         |   | (349.351)                           |
| <b>Net Profit</b>   | <b>1.030.241</b>  | <b>820.297</b>       | <b>133.659</b>   | <b>46.185</b>         | <b>(839.326)</b>  | <b>74.061</b>                               | <b>1.265.117</b>                    |
| Minority interest   |                   |                      |                  |                       | (3.722)           |   | (3.722)                             |
| <b>Group Profit/Loss</b>  | <b>1.030.241</b>  | <b>820.297</b>       | <b>133.659</b>   | <b>46.185</b>         | <b>(843.048)</b>  | <b>74.061</b>                               | <b>1.261.395</b>                    |
| Segment assets  | 18.367.894        | 23.348.824           | 516.497          | 3.878.880             | 25.261.743        | (591.587)                                   | 70.782.251                          |
| Investments in associates,<br>subsidiaries and joint ventures   |                   |                      |                  |                       | 89.976            |   | 89.976                              |
| <b>Total Assets</b>   | <b>18.367.894</b> | <b>23.348.824</b>    | <b>516.497</b>   | <b>3.878.880</b>      | <b>25.351.719</b> | <b>(591.587)</b>                            | <b>70.872.227</b>                   |
| Segment liabilities   | 19.367.453        | 18.178.131           | 8.467.725        | 3.375.760             | 15.196.771        | (577.294)                                   | 64.008.546                          |
| Shareholders' equity  |                   |                      |                  |                       | 6.863.681         |   | 6.863.681                           |
| <b>Total liabilities</b>  | <b>19.367.453</b> | <b>18.178.131</b>    | <b>8.467.725</b> | <b>3.375.760</b>      | <b>22.060.452</b> | <b>(577.294)</b>                            | <b>70.872.227</b>                   |

<sup>(1)</sup> Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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#### SECTION FIVE

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

##### I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

##### a. Information related to cash and the account with the Central Bank of the Republic of Turkey ("the CBRT"):

##### 1. Information on cash and the account with the CBRT:

|               | 31 December 2009 |                  | 31 December 2008 |                  |
|---------------|------------------|------------------|------------------|------------------|
|               | TL               | FC               | TL               | FC               |
| Cash          | 481.585          | 173.797          | 425.090          | 182.631          |
| The CBRT      | 1.302.688        | 2.034.806        | 1.429.610        | 2.491.433        |
| Other         | -                | 236.459          | -                | 188.252          |
| <b>Toplam</b> | <b>1.784.273</b> | <b>2.445.062</b> | <b>1.854.700</b> | <b>2.862.316</b> |

##### 2. Information on the account of the CBRT:

|                                    | 31 December 2009 |                  | 31 December 2008 |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | TL               | FC               | TL               | FC               |
| Demand Unrestricted Amount         | 1.302.688        | 678.258          | 1.429.610        | 827.908          |
| Time Unrestricted Amount           | -                | -                | -                | -                |
| Reserve Requirement <sup>(1)</sup> | -                | 1.356.548        | -                | 1.663.525        |
| <b>Total</b>                       | <b>1.302.688</b> | <b>2.034.806</b> | <b>1.429.610</b> | <b>2.491.433</b> |

<sup>(1)</sup> The reserve requirement booked as average has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA as of 3 January 2008.

##### 3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, and "Change in Communiqué Regarding the Reserve Requirements" numbered 2008/7 published in the Official Gazette numbered 27075 dated 5 December 2008, the banks operating in Turkey are supposed to place reserves in the CBRT for their TL liabilities (5%) and for their foreign currency liabilities (9%) as USD and/or EUR. As of 31 December 2009, the interest rate on reserves held with CBRT is 5,2% for TL, no interest is recognized on foreign currency reserve requirements.

As of 31 December 2009, the Group's reserve deposits, including those at foreign banks, amount to TL2.858.552 thousand (2008: TL3.220.074 thousand).

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

1. As of 31 December 2009, financial assets at fair value through profit and loss subject to repo transactions amount to TL66.654 thousand (2008: TL106.454 thousand) and financial assets at fair value through profit and loss those given as collateral/blocked amount to TL72.280 thousand (2008: TL67.663 thousand).

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#### 2. Positive differences related to trading derivative financial assets:

|                      | 31 December 2009 |               | 31 December 2008 |               |
|----------------------|------------------|---------------|------------------|---------------|
|                      | TL               | FC            | TL               | FC            |
| Forward Transactions | 37.705           | 1.579         | 80.885           | 2.299         |
| Swap Transactions    | 503.759          | 43.210        | 312.365          | 36.255        |
| Futures Transactions | -                | -             | -                | -             |
| Options              | 4.657            | 26.794        | 19               | 1.828         |
| Other                | -                | -             | -                | -             |
| <b>Total</b>         | <b>546.121</b>   | <b>71.583</b> | <b>393.269</b>   | <b>40.382</b> |

#### c. Information on banks:

##### 1. Information on banks:

|                                   | 31 December 2009 |                  | 31 December 2008 |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | TL               | FC               | TL               | FC               |
| Banks                             | 545.079          | 1.849.569        | 121.848          | 3.280.234        |
| Domestic                          | 485.086          | 503.149          | 111.653          | 587.327          |
| Foreign                           | 59.993           | 1.346.420        | 10.195           | 2.692.907        |
| Head Quarters and Branches Abroad | -                | -                | -                | -                |
| Other Financial Institutions      | -                | -                | -                | -                |
| <b>Total</b>                      | <b>545.079</b>   | <b>1.849.569</b> | <b>121.848</b>   | <b>3.280.234</b> |

##### 2. Information on foreign banks account:

|                               | Unrestricted Amount |                  | Restricted Amount |                  |
|-------------------------------|---------------------|------------------|-------------------|------------------|
|                               | 31 December 2009    | 31 December 2008 | 31 December 2009  | 31 December 2008 |
| EU Countries                  | 1.101.530           | 1.366.965        | -                 | -                |
| USA, Canada                   | 202.111             | 1.102.307        | -                 | -                |
| OECD Countries <sup>(1)</sup> | 9.470               | 182.926          | -                 | -                |
| Off-shore Banking Regions     | 143                 | 91               | -                 | -                |
| Other                         | 93.159              | 50.813           | -                 | -                |
| <b>Total</b>                  | <b>1.406.413</b>    | <b>2.703.102</b> | <b>-</b>          | <b>-</b>         |

<sup>(1)</sup> 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 31 December 2009, available-for-sale financial assets given as collateral/blocked amount to TL555.493thousand (2008: TL754.867 thousand) and available for sale financial assets subject to repo transactions are TL17.585 thousand (2008: TL18.639 thousand).

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

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Debt Securities                         | 1.955.646        | 1.773.055        |
| Quoted on Stock Exchange <sup>(1)</sup> | 1.916.447        | 1.573.521        |
| Not Quoted                              | 39.199           | 199.534          |
| Share Certificates                      | 62.970           | 78.293           |
| Quoted on Stock Exchange                | 253              | 171              |
| Not Quoted                              | 62.717           | 78.122           |
| Impairment Provision (-)                | (43.530)         | (53.501)         |
| Other <sup>(2)</sup>                    | 48.729           | 51.118           |
| <b>Total</b>                            | <b>2.023.815</b> | <b>1.848.965</b> |

<sup>(1)</sup> As of 31 December 2009, Eurobonds amounting to TL936.588 thousand (2008: TL641.995 thousand) have been classified under debt securities quoted on Stock Exchange, even though they are not traded publicly.

<sup>(2)</sup> As of 31 December 2009, other available-for-sale financial assets include mutual funds amounting to TL48.729 thousand (2008: TL51.118 thousand).

#### e. Explanations on loans:

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

|   | 31 December 2009 |               | 31 December 2008 |               |
|---|------------------|---------------|------------------|---------------|
|   | Cash             | Non-cash      | Cash             | Non-cash      |
| <b>Direct Loans Granted to Shareholders</b>   | -                | -             | -                | -             |
| Corporate Shareholders                        | -                | -             | -                | -             |
| Real Person Shareholders                      | -                | -             | -                | -             |
| <b>Indirect Loans Granted to Shareholders</b> | <b>58.004</b>    | <b>54.926</b> | <b>128</b>       | <b>64.690</b> |
| <b>Loans Granted to Employees</b>             | <b>76.758</b>    | -             | <b>63.661</b>    | -             |
| <b>Total</b>                                  | <b>134.762</b>   | <b>54.926</b> | <b>63.789</b>    | <b>64.690</b> |

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

|                                   | Standard Loans and Other Receivables |                             | Loans and Other Receivables Under Close Monitoring |                             |
|-----------------------------------|--------------------------------------|-----------------------------|--|-----------------------------|
|                                   | Loans and Other Receivables          | Restructured or Rescheduled | Loans and Other Receivables                        | Restructured or Rescheduled |
| <b>Cash Loans</b>                 |                                      |                             |  |                             |
| <b>Non-Specialised Loans</b>      | <b>36.551.713</b>                    | <b>13.487</b>               | <b>2.092.076</b>                                   | <b>164.001</b>              |
| Discount and Purchase Notes       | 321.143                              | -                           | 1.754  | -                           |
| Export Loans                      | 2.904.061                            | -                           | 200.431  | -                           |
| Import Loans                      | -                                    | -                           | -  | -                           |
| Loans Granted To Financial Sector | 1.464.698                            | -                           | -  | -                           |
| Foreign Loans                     | 678.259                              | 13.023                      | 3.922  | -                           |
| Consumer Loans                    | 6.546.938                            | 464                         | 361.959  | -                           |
| Credit Cards                      | 7.083.105                            | -                           | 276.472  | 135.028                     |
| Precious Metal Loans              | 257.213                              | -                           | 4.612  | -                           |
| Other <sup>(1)</sup>              | 17.296.296                           | -                           | 1.242.926  | 28.973                      |
| <b>Specialised Loans</b>          | <b>41.505</b>                        | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |
| <b>Other Receivables</b>          | <b>-</b>                             | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |
| <b>Total</b>                      | <b>36.593.218</b>                    | <b>13.487</b>               | <b>2.092.076</b>                                   | <b>164.001</b>              |

<sup>(1)</sup> As explained in the Note I.i of Section V, TL140.137 thousand 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 |
| <b>Short-term Loans and Other Receivables</b>    | <b>19.541.252</b>                    | <b>8.214</b>                | <b>827.294</b>                                     | <b>26.570</b>               |
| Non-specialised Loans                            | 19.513.934                           | 8.214                       | 827.294  | 26.570                      |
| Specialised Loans                                | 27.318                               | -                           | -  | -                           |
| <b>Other Receivables</b>                         | <b>-</b>                             | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |
| Medium And Long-Term Loans and Other Receivables | 17.051.966                           | 5.273                       | 1.264.782  | 137.431                     |
| Non-Specialised Loans                            | 17.037.779                           | 5.273                       | 1.264.782  | 137.431                     |
| <b>Specialised Loans</b>                         | <b>14.187</b>                        | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |
| <b>Other Receivables</b>                         | <b>-</b>                             | <b>-</b>                    | <b>-</b>   | <b>-</b>                    |

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

| 31 December 2009            | Corporate,<br>Commercial and<br>Other Loans | Consumer<br>Loans | Credit Cards     | Financial<br>Leasing | Factoring        | Total             |
|-----------------------------|---|-------------------|------------------|----------------------|------------------|-------------------|
| Standard loans              | 22.976.198                                  | 6.547.402         | 7.083.105        | 1.717.571            | 1.429.416        | 39.753.692        |
| Watch listed                | 1.482.618                                   | 361.959           | 411.500          | 328.665              | -                | 2.584.742         |
| Loans under legal follow-up | 1.326.451                                   | 492.319           | 803.888          | 284.233              | 8.173            | 2.915.064         |
| Specific Provisions (-)     | (1.077.310)                                 | (361.242)         | (776.369)        | (145.259)            | (6.258)          | (2.366.438)       |
| <b>Total</b>                | <b>24.707.957</b>                           | <b>7.040.438</b>  | <b>7.522.124</b> | <b>2.185.210</b>     | <b>1.431.331</b> | <b>42.887.060</b> |

| 31 December 2008            | Corporate,<br>Commercial and<br>Other Loans | Consumer<br>Loans | Credit Cards     | Financial<br>Leasing | Factoring        | Total             |
|-----------------------------|---|-------------------|------------------|----------------------|------------------|-------------------|
| Standard loans              | 24.432.843                                  | 5.968.167         | 7.050.629        | 2.456.513            | 1.046.234        | 40.954.386        |
| Watch listed                | 813.328                                     | 250.613           | 394.908          | 166.171              | -                | 1.625.020         |
| Loans under legal follow-up | 1.005.144                                   | 246.739           | 493.860          | 183.098              | 4.984            | 1.933.825         |
| Specific Provisions (-)     | (696.886)                                   | (98.168)          | (306.392)        | (101.487)            | (4.838)          | (1.207.771)       |
| <b>Total</b>                | <b>25.554.429</b>                           | <b>6.367.351</b>  | <b>7.633.005</b> | <b>2.704.295</b>     | <b>1.046.380</b> | <b>43.305.460</b> |

## (ii) Fair value of collaterals (Loans and advances given to customers):

| 31 December 2009            | Corporate,<br>Commercial and<br>Other Loans | Consumer<br>Loans | Credit<br>Cards | Financial<br>Leasing | Factoring    | Total            |
|-----------------------------|---|-------------------|-----------------|----------------------|--------------|------------------|
| Watch listed                | 410.783                                     | 180.037           | -               | 183.043              | -            | 773.863          |
| Loans under legal follow-up | 408.112                                     | 173.030           | -               | 117.649              | 8.173        | 706.964          |
| <b>Total</b>                | <b>818.895</b>                              | <b>353.067</b>    | <b>-</b>        | <b>300.692</b>       | <b>8.173</b> | <b>1.480.827</b> |

| 31 December 2008            | Corporate,<br>Commercial and<br>Other Loans | Consumer<br>Loans | Credit<br>Cards | Financial<br>Leasing | Factoring    | Total          |
|-----------------------------|---|-------------------|-----------------|----------------------|--------------|----------------|
| Watch Listed                | 301.121                                     | 190.007           | -               | 86.084               | -            | 577.212        |
| Loans under legal follow-up | 252.781                                     | 77.044            | -               | 79.114               | 4.984        | 413.923        |
| <b>Total</b>                | <b>553.902</b>                              | <b>267.051</b>    | <b>-</b>        | <b>165.198</b>       | <b>4.984</b> | <b>991.135</b> |

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

|  | Short-term       | Medium<br>and Long-term | Total             |
|--|------------------|-------------------------|-------------------|
| <b>Consumer Loans-TL</b>                                     | <b>178.671</b>   | <b>6.261.167</b>        | <b>6.439.838</b>  |
| Real estate loans  | 6.253            | 3.535.133               | 3.541.386         |
| Automotive loans   | 18.513           | 556.424                 | 574.937           |
| Consumer loans   | 153.905          | 2.169.610               | 2.323.515         |
| Other  | -                | -                       | -                 |
| <b>Consumer Loans-FC Indexed</b>                             | <b>2.182</b>     | <b>312.613</b>          | <b>314.795</b>    |
| Real estate loans  | 1.654            | 280.739                 | 282.393           |
| Automotive loans   | 103              | 13.430                  | 13.533            |
| Consumer loans   | 425              | 18.444                  | 18.869            |
| Other  | -                | -                       | -                 |
| <b>Consumer Loans-FC</b>                                     | <b>5.307</b>     | <b>16.163</b>           | <b>21.470</b>     |
| Real estate loans  | -                | -                       | -                 |
| Automotive loans   | 241              | 1.847                   | 2.088             |
| Consumer loans   | 5.066            | 14.316                  | 19.382            |
| Other  | -                | -                       | -                 |
| <b>Individual Credit Cards-TL</b>                            | <b>7.123.669</b> | <b>139.048</b>          | <b>7.262.717</b>  |
| With installments  | 3.112.072        | 26.091                  | 3.138.163         |
| Without installments   | 4.011.597        | 112.957                 | 4.124.554         |
| <b>Individual Credit Cards-FC</b>                            | <b>-</b>         | <b>-</b>                | <b>-</b>          |
| With installments  | -                | -                       | -                 |
| Without installments   | -                | -                       | -                 |
| <b>Personnel Loans-TL</b>                                    | <b>7.949</b>     | <b>28.787</b>           | <b>36.736</b>     |
| Real estate loans  | 8                | 1.517                   | 1.525             |
| Automotive loans   | 133              | 1.156                   | 1.289             |
| Consumer loans   | 7.808            | 26.114                  | 33.922            |
| Other  | -                | -                       | -                 |
| <b>Personnel Loans-FC Indexed</b>                            | <b>-</b>         | <b>57</b>               | <b>57</b>         |
| Real estate loans  | -                | 36                      | 36                |
| Automotive loans   | -                | -                       | -                 |
| Consumer loans   | -                | 21                      | 21                |
| Other  | -                | -                       | -                 |
| <b>Personnel Loans-FC</b>                                    | <b>91</b>        | <b>40</b>               | <b>131</b>        |
| Real estate loans  | -                | -                       | -                 |
| Automotive loans   | -                | -                       | -                 |
| Consumer loans   | 91               | 40                      | 131               |
| Other  | -                | -                       | -                 |
| <b>Personnel Credit Cards-TL</b>                             | <b>38.850</b>    | <b>85</b>               | <b>38.935</b>     |
| With installments  | 20.122           | 85                      | 20.207            |
| Without installments   | 18.728           | -                       | 18.728            |
| <b>Personnel Credit Cards-FC</b>                             | <b>25</b>        | <b>-</b>                | <b>25</b>         |
| With installments  | 25               | -                       | 25                |
| Without installments   | -                | -                       | -                 |
| <b>Credit Deposit Account-TL (Real Person)<sup>(1)</sup></b> | <b>96.299</b>    | <b>-</b>                | <b>96.299</b>     |
| <b>Credit Deposit Account-FC (Real Person)</b>               | <b>35</b>        | <b>-</b>                | <b>35</b>         |
| <b>Total</b>   | <b>7.453.078</b> | <b>6.757.960</b>        | <b>14.211.038</b> |

<sup>(1)</sup> TL832 thousand of the credit deposit account belongs to the credits used by personnel.

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

|   | Short-term     | Medium and long-term | Total            |
|---|----------------|----------------------|------------------|
| <b>Commercial Installments Loans-TL</b>         | <b>233.370</b> | <b>2.235.094</b>     | <b>2.468.464</b> |
| Business Loans                                  | 1.271          | 249.175              | 250.446          |
| Automotive Loans                                | 39.130         | 759.933              | 799.063          |
| Consumer Loans                                  | 192.969        | 1.225.986            | 1.418.955        |
| Other   | -              | -                    | -                |
| <b>Commercial Installments Loans-FC Indexed</b> | <b>13.069</b>  | <b>234.887</b>       | <b>247.956</b>   |
| Business Loans                                  | -              | 14.446               | 14.446           |
| Automotive Loans                                | 1.490          | 80.947               | 82.437           |
| Consumer Loans                                  | 11.579         | 139.494              | 151.073          |
| Other   | -              | -                    | -                |
| <b>Commercial Installments Loans-FC</b>         | <b>154.202</b> | <b>41.239</b>        | <b>195.441</b>   |
| Business Loans                                  | -              | -                    | -                |
| Automotive Loans                                | -              | -                    | -                |
| Consumer Loans                                  | 154.202        | 41.239               | 195.441          |
| Other   | -              | -                    | -                |
| <b>Corporate Credit Cards-TL</b>                | <b>192.328</b> | <b>600</b>           | <b>192.928</b>   |
| With installment                                | 41.044         | 600                  | 41.644           |
| Without installment                             | 151.284        | -                    | 151.284          |
| <b>Corporate Credit Cards-FC</b>                | <b>-</b>       | <b>-</b>             | <b>-</b>         |
| With installment                                | -              | -                    | -                |
| Without installment                             | -              | -                    | -                |
| <b>Credit Deposit Account-TL (Legal Person)</b> | <b>125.729</b> | <b>-</b>             | <b>125.729</b>   |
| <b>Credit Deposit Account-FC (Legal Person)</b> | <b>142</b>     | <b>-</b>             | <b>142</b>       |
| <b>Total</b>                                    | <b>718.840</b> | <b>2.511.820</b>     | <b>3.230.660</b> |

## 7. Loans according to types of borrowers:

|              | 31 December 2009  | 31 December 2008  |
|--------------|-------------------|-------------------|
| Public       | 1.234.148         | 1.380.437         |
| Private      | 37.628.634        | 37.530.051        |
| <b>Total</b> | <b>38.862.782</b> | <b>38.910.488</b> |

## 8. Distribution of domestic and foreign loans:

|                | 31 December 2009  | 31 December 2008  |
|----------------|-------------------|-------------------|
| Domestic loans | 38.167.578        | 37.813.322        |
| Foreign loans  | 695.204           | 1.097.166         |
| <b>Total</b>   | <b>38.862.782</b> | <b>38.910.488</b> |

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## 9. Loans granted to investments in associates and subsidiaries:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Loans granted to investments in associates and subsidiaries | 5.128            | 5                |

## 10. Specific provisions provided against loans:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Loans and other receivables with limited collectibility  | 265.495          | 76.487           |
| Loans and other receivables with doubtful collectibility | 610.618          | 220.670          |
| Uncollectible loans and other receivables                | 1.338.808        | 804.289          |
| <b>Total</b>   | <b>2.214.921</b> | <b>1.101.446</b> |

## 10 (i). Provisions related to loans:

|   | Corporate, Commercial<br>and Other Loans | Consumer Loans | Credit Cards   | Total            |
|---|--|----------------|----------------|------------------|
| <b>1 January 2009</b>                                   | <b>696.886</b>                           | <b>98.168</b>  | <b>306.392</b> | <b>1.101.446</b> |
| Allowance for impairment                                | 726.147                                  | 647.668        | 860.799        | 2.234.614        |
| Amount recovered during<br>the period                   | (311.816)                                | (360.390)      | (302.991)      | (975.197)        |
| Loans written off during the<br>period as uncollectible | (33.502)                                 | (24.189)       | (87.831)       | (145.522)        |
| Exchange differences                                    | (405)                                    | (15)           | -              | (420)            |
| <b>31 December 2008</b>                                 | <b>1.077.310</b>                         | <b>361.242</b> | <b>776.369</b> | <b>2.214.921</b> |

|   | Corporate, Commercial<br>and Other Loans | Consumer Loans | Credit Cards   | Total            |
|---|--|----------------|----------------|------------------|
| <b>1 January 2008</b>                                   | <b>1.050.417</b>                         | <b>53.547</b>  | <b>301.869</b> | <b>1.405.833</b> |
| Allowance for impairment                                | 249.798                                  | 195.479        | 361.027        | 806.304          |
| Amount recovered during<br>the period                   | (122.654)                                | (148.766)      | (171.159)      | (442.579)        |
| Loans written off during the<br>period as uncollectible | (495.182)                                | (2.410)        | (185.345)      | (682.937)        |
| Exchange differences                                    | 14.507                                   | 318            | -              | 14.825           |
| <b>31 December 2007</b>                                 | <b>696.886</b>                           | <b>98.168</b>  | <b>306.392</b> | <b>1.101.446</b> |

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## 11. Information on non-performing loans (Net):

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

|   | III. Group<br>Loans and other<br>receivables<br>with limited<br>collectibility | IV. Group<br>Loans and other<br>receivables<br>with doubtful<br>collectibility | V. Group<br>Uncollectible<br>loans<br>and other<br>receivables |
|---|--|--|--|
| <b>31 December 2009</b>                         |  |  |  |
| <b>(Gross amounts before specific reserves)</b> | <b>5.348</b>   | <b>47.329</b>  | <b>50.390</b>  |
| Restructured loans and other receivables        | 5.348  | 47.329   | 50.390   |
| Rescheduled loans and other receivables         | -  | -  | -  |
| <b>31 December 2008</b>                         |  |  |  |
| <b>(Gross amounts before specific reserves)</b> | <b>-</b>   | <b>547</b>   | <b>41.439</b>  |
| Restructured loans and other receivables        | -  | 547  | 41.439   |
| Rescheduled loans and other receivables         | -  | -  | -  |

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

|  | III. Group<br>Loans and other<br>receivables<br>with limited<br>collectibility | IV. Group<br>Loans and other<br>receivables<br>with doubtful<br>collectibility | V. Group<br>Uncollectible<br>loans<br>and other<br>receivables |
|--|--|--|--|
| <b>31 December 2008</b>                                      | <b>401.278</b>   | <b>424.226</b>   | <b>920.239</b>   |
| Additions (+)  | 2.350.841  | 209.039  | 171.046  |
| Transfers from other categories of non- performing loans (+) | -  | 1.540.554  | 1.135.987  |
| Transfer to other categories of non-performing loans (-)     | (1.540.554)  | (1.135.987)  | -  |
| Collections (-)  | (851.974)  | (355.534)  | (500.582)  |
| FX valuation differences                                     | 54   | 45   | (498)  |
| Write-offs(-)  | -  | -  | (145.522)  |
| Corporate and Commercial Loans                               | -  | -  | (31.234)   |
| Consumer Loans   | -  | -  | (24.189)   |
| Credit Cards   | -  | -  | (87.831)   |
| Other  | -  | -  | (2.268)  |
| <b>31 December 2009</b>                                      | <b>359.645</b>   | <b>682.343</b>   | <b>1.580.670</b>   |
| Specific Provision (-)                                       | (265.495)  | (610.618)  | (1.338.808)  |
| <b>Net Balance on Balance Sheet</b>                          | <b>94.150</b>  | <b>71.725</b>  | <b>241.862</b>   |

At the Board of Directors Meeting held on 27 May 2009; it has been decided to sell a non-performing loan portfolio amounting to TL77.424 thousand (excluding the write-offs) included in non-performing loan accounts at a price of TL26.525 thousand. This transaction has affected the financial statements as TL22.668 thousand of pretax income after legal expenses.

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*11 (iii). Information on Non-performing loans granted as foreign currency loans*

|                                     | III. Group   | IV. Group   | V. Group   |
|-------------------------------------|--|---|--|
|                                     | Loans and other<br>receivables<br>with limited<br>collectibility | Loans and other<br>receivables<br>with doubtful<br>collectibility | Uncollectible<br>loans<br>and other<br>receivables |
| <b>31 December 2009</b>             |  |   |  |
| Period end balance                  | 1.870  | 3.501   | 47.304   |
| Specific provision (-)              | (1.690)  | (854)   | (39.213)   |
| <b>Net Balance on-balance sheet</b> | <b>180</b>   | <b>2.647</b>  | <b>8.091</b>                                       |
| <b>31 December 2008</b>             |  |   |  |
| Period end balance                  | 30   | 32.777  | 34.925   |
| Specific provision (-)              | (4)  | (29.480)  | (34.845)   |
| <b>Net Balance on-balance sheet</b> | <b>26</b>  | <b>3.297</b>  | <b>80</b>  |

*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<br>receivables<br>with limited<br>collectibility | Loans and other<br>receivables<br>with doubtful<br>collectibility | Uncollectible<br>loans<br>and other<br>receivables |
| <b>31 December 2009</b>                                      |  |   |  |
| Loans granted to real persons and corporate entities (Gross) | 358.183  | 682.343   | 1.496.658  |
| Specific provision amount (-)                                | (264.033)  | (610.618)   | (1.254.796)  |
| Loans granted to real persons and corporate entities (Net)   | 94.150   | 71.725  | 241.862  |
| Banks (Gross)  | 1.462  | -   | -  |
| Specific provision amount (-)                                | (1.462)  | -   | -  |
| Banks (Net)  | -  | -   | -  |
| Other loans and receivables (Gross)                          | -  | -   | 84.012   |
| Specific provision amount (-)                                | -  | -   | (84.012)   |
| Other loans and receivables (Net)                            | -  | -   | -  |
| <b>31 December 2008</b>                                      |  |   |  |
| Loans granted to real persons and corporate entities (Gross) | 401.278  | 391.480   | 835.253  |
| Specific provision amount (-)                                | (76.487)   | (191.199)   | (719.303)  |
| Loans granted to real persons and corporate entities (Net)   | 324.791  | 200.281   | 115.950  |
| Banks (Gross)  | -  | -   | -  |
| Specific provision amount (-)                                | -  | -   | -  |
| Banks (Net)  | -  | -   | -  |
| Other loans and receivables (Gross)                          | -  | 32.746  | 84.986   |
| Specific provision amount (-)                                | -  | (29.471)  | (84.986)   |
| Other loans and receivables (Net)                            | -  | 3.275   | -  |

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#### 12. Policy followed-up for the collection of uncollectible loans and other receivables:

The loans and receivables classified as "Uncollectible loans and other receivables" in accordance with the provisioning communique, are liquidated through restructuring and/or the collection of collaterals by will or legal procedures as other follow-up accounts (i.e. the "Loans and other receivables with limited collectability" and "Loans and other receivables with doubtful collectability"). The policy of the Bank regarding the write-off of the loans under legal follow up is as write-off of the ones that is proved as uncollectible by legal follow-up.

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

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

|                       | 31 December 2009  | 31 December 2008  |
|-----------------------|-------------------|-------------------|
| Government Bond       | 13.110.619        | 12.615.309        |
| Treasury Bill         | 208.100           | 86.348            |
| Other debt securities | -                 | -                 |
| <b>Total</b>          | <b>13.318.719</b> | <b>12.701.657</b> |

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

|   | 31 December 2008  | 31 December 2008  |
|---|-------------------|-------------------|
| Debt Securities                         | 13.386.216        | 12.750.072        |
| Quoted on Stock Exchange <sup>(1)</sup> | 13.386.216        | 12.750.072        |
| Not Quoted                              | -                 | -                 |
| Impairment Provision (-)                | (67.497)          | (44.291)          |
| <b>Total</b>                            | <b>13.318.719</b> | <b>12.705.781</b> |

<sup>(1)</sup> As of 31 December 2009, Eurobonds amounting to TL6.519.991 thousand (2008: TL5.911.930 thousand) have been classified under debt securities quoted on Stock Exchange, even though they are not traded publicly.

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

|  | 31 December 2009  | 31 December 2008  |
|--|-------------------|-------------------|
| <b>Beginning balance</b>                         | <b>12.705.781</b> | <b>13.152.551</b> |
| FC differences on monetary assets <sup>(1)</sup> | (232.776)         | 1.522.256         |
| Purchases during year                            | 2.008.035         | 536.931           |
| Disposals through sales and redemptions          | (1.139.115)       | (2.489.341)       |
| Impairment provision (-)                         | (23.206)          | (16.616)          |
| <b>Period end balance</b>                        | <b>13.318.719</b> | <b>12.705.781</b> |

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

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

As of 31 December 2009, held-to-maturity investments given as collateral amount to TL922.708 thousand (2008: TL2.023.696 thousand). Held-to-maturity investments subject to repo transactions amount to TL1.375.465 thousand (2008: TL744.962 thousand).

#### g. Information on investments in associates (Net):

##### 1. Information on unconsolidated investments in associates:

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

| No | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Market value |
|----|--------------|----------------------|--------------------|-----------------|---|------------------------------|----------------------------|--------------|
| 1  | 29.833       | 22.673               | 1.879              | 2.412           | 9   | 9.103                        | 6.559                      | -            |
| 2  | 18.206       | 14.400               | 6.640              | 911             | -   | 1.607                        | 1.139                      | -            |

<sup>(1)</sup> Financial statement information in the table above has been obtained from the financial statements as at 30 September 2009.

Financial statement information in the table above has been obtained from the financial statements as at 31 December 2009.

##### 2. Consolidated investments in associates:

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

| Description                                | Address (City/ Country) | The Parent Bank's share percentage if different voting percentage (%) | Other Shareholders' share percentage (%) |
|--|-------------------------|---|--|
| 1 Banque de Commerce et de Placements S.A. | Geneva/Switzerland      | 30,67   | 69,33                                    |

##### 2 (ii). Main financial figures of the consolidated investments in associates in 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  | 2.522.056    | 137.016              | 5.448              | 49.600          | 9.744                                       | 13.505                       | 11.593                     | -            |

Financial statement information in the table above has been disclosed in thousand of CHF. As of 31 December 2009 the evaluation rate for CHF is TL1,4129 (2008: TL1,3942).

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

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Balance at the beginning of the period        | 55.593           | 38.220           |
| Movements during the period                   | 3.346            | 17.373           |
| Purchases                                     | -                | -                |
| Bonus shares obtained                         | -                | -                |
| Dividends from current year income            | 5.417            | 3.667            |
| Sales   | -                | -                |
| Revaluation (decrease)/increase               | (2.071)          | 13.706           |
| Impairment provision                          | -                | -                |
| Balance at the end of the period              | 58.939           | 55.593           |
| Capital Commitments                           | -                | -                |
| Share percentage at the end of the period (%) | 30,67            | 30,67            |

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

|                             | 31 December 2009 | 31 December 2008 |
|-----------------------------|------------------|------------------|
| Banks                       | 58.939           | 55.593           |
| Insurance Companies         | -                | -                |
| Factoring Companies         | -                | -                |
| Leasing Companies           | -                | -                |
| Finance Companies           | -                | -                |
| Other Financial Investments | -                | -                |
| Total Financial Investments | 58.939           | 55.593           |

#### 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 total asset amount of the subsidiaries below is less than 1% of the total assets of the Parent Bank, the related subsidiaries are unconsolidated and are carried at restated cost.

|   | Description  | Address (City/<br>Country) | The Parent Bank's share<br>percentage if different<br>voting percentage(%) | Bank's risk |
|---|--|----------------------------|--|-------------|
| 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       |
| 3 | Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.  | Istanbul/Turkey            | 30,45  | 30,45       |

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

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

|   | Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Market value <sup>(1)</sup> |
|---|--------------|----------------------|--------------------|-----------------|---|------------------------------|----------------------------|-----------------------------|
| 1 | 10.681       | 8.412                | 207                | 47              | -   | 806                          | 759                        | -                           |
| 2 | 35.785       | 21.679               | 19.831             | 280             | -   | 8.804                        | 1,361                      | -                           |
| 3 | 88.043       | 80.302               | 2.014              | 659             | 20  | (18.400)                     | (11.755)                   | 77.200                      |

<sup>(1)</sup> Fair value represents the market value of the Company's total shares based on ISE prices as of 31 December 2009.

Financial statement information in the table above has been obtained from the financial statements as at 31 December 2009.

2. Information on consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

|    | Description                               | Address (City/ Country) | The Parent Bank's share percentage if different voting percentage(%) | Bank's risk group share percentage (%) |
|----|---|-------------------------|--|--|
| 1  | Yapı Kredi Holding B.V. <sup>(1)</sup>    | 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 <sup>(2)</sup>          | 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 NV <sup>(1), (4)</sup>         | Amsterdam/Netherlands   | 67,24  | 100,00                                 |
| 11 | Yapı Kredi Azerbaycan <sup>(3), (5)</sup> | Baku/Azerbaijan         | 99,80  | 100,00                                 |

Although Yapı Kredi or any of its affiliates does not have any shareholding interest in, Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is included in the consolidation as the Bank has a control of 100%.

<sup>(1)</sup> Financial figures presented in note 2 (ii) are in thousands of EURO.

<sup>(2)</sup> Financial figures presented in note 2 (ii) are in thousands of USD.

<sup>(3)</sup> Financial figures presented in note 2 (ii) are in thousands of AZM. As of 31 December 2009 the evaluation rate for AZM is TL1,8279 (2008: TL1,8407).

<sup>(4)</sup> Includes the balances for Sticking Custody Services YKB.

<sup>(5)</sup> Includes the balances for Yapı Kredi Invest LLC.

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

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

|    | Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit /Loss | Market value <sup>(4)</sup> |
|----|--------------|----------------------|--------------------|-----------------|---|------------------------------|---------------------------|-----------------------------|
| 1  | 45.430       | 44.374               | -                  | -               | -   | (1.106)                      | (5.387)                   | -                           |
| 2  | 425.651      | 239.971              | 15.403             | 27.592          | 17.971                                      | 71.216                       | 52.094                    | -                           |
| 3  | 1.499.269    | 99.131               | 658                | 123.644         | -   | 27.365                       | 19.037                    | -                           |
| 4  | 207.828      | 55.484               | 5.874              | 18.892          | 1.975                                       | 7.332                        | 355                       | -                           |
| 5  | 752.854      | 289.990              | 23.065             | 46.897          | 14.553                                      | (11.930)                     | 54.384                    | 856.000                     |
| 6  | 2.346.846    | 700.503              | 1.537              | 256.296         | -   | 150.133                      | 132.799                   | 1.076.200                   |
| 7  | 74.027       | 72.993               | 24                 | 3.848           | 1.122                                       | 19.115                       | (6.123)                   | 40.500                      |
| 8  | 742.841      | 135.938              | 18.887             | 21.792          | 15.817                                      | 20.218                       | 20.186                    | -                           |
| 9  | 90.698       | 82.262               | 641                | 9.885           | 2.868                                       | 52.530                       | 47.206                    | -                           |
| 10 | 1.560.689    | 171.575              | 292                | 86.715          | 34.352                                      | 15.361                       | 14.535                    | -                           |
| 11 | 153.366      | 43.029               | 4.269              | 8.566           | 2.751                                       | 4.656                        | 5.292                     | -                           |

<sup>(4)</sup> Fair value represents the market value of the Company's total shares based on ISE prices as of 31 December 2009.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at 31 December 2009.

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

#### 2 (iii). Movement schedule of consolidated subsidiaries:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Balance at the beginning of the period        | 1.781.083        | 1.391.400        |
| Movements during the period                   | (1.432)          | 389.683          |
| Purchases <sup>(1)</sup>                      | -                | 389.683          |
| Transfers                                     | (1.432)          | -                |
| Bonus shares obtained                         | -                | -                |
| Dividends from current year income            | -                | -                |
| Sales   | -                | -                |
| Foreign exchange valuation differences        | -                | -                |
| Impairment provision                          | -                | -                |
| Balance at the end of the period              | 1.779.651        | 1.781.083        |
| Capital commitments                           | -                | -                |
| Share percentage at the end of the period (%) | -                | -                |

<sup>(1)</sup> As of 31 December 2008, nominal share capital amount of TL34.897.132,53 (35,28% of the capital), owned by KFS in Yapı Kredi Yatırım Menkul Değerler A.Ş. was purchased by the Bank for USD158.754.689,63 and the cost of the share purchase has been paid to KFS as TL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.

The nominal share capital amount of EUR32.672.880,00 (67,24% of the capital), owned by KFS in Yapı Kredi NV was purchased by the Bank for EUR97.502.661,71 and the cost of the share purchase has been paid to KFS as TL165.063 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

In addition, the Bank has participated in the capital increase of its foreign subsidiary, Yapı Kredi Bank Azerbaycan Closed Joint Stock Company, where the share of the Bank is 99,80% amounting to TL36.003 thousand.

<sup>(2)</sup> As a result of the Extraordinary General Assembly Meetings, dated 30 June 2009, of Yapı Kredi Yatırım Menkul Değerler A.Ş. ("YK Yatırım"), and of Unicredit Menkul Değerler A.Ş. ("UCM") it has been decided that YK Yatırım's intermediary activities function, which serves corporate clients, was added to UCM's capital as capital in-kind through a partial spin-off over its book values at 31 December 2008. As a result of this operation, the share of YKB in YK Yatırım's capital did not change. According to the spin-off agreement, the Bank has acquired a share in UCM share capital (10,73%). The fair value of this business line was TL1.432 thousand and classified as share certificates under available for sale portfolio.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

(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                        | 31 December 2009 | 31 December 2008 |
|-------------------------------------|------------------|------------------|
| Banks                               | 278.244          | 278.244          |
| Insurance Companies                 | 148.019          | 148.019          |
| Factoring Companies                 | 183.325          | 183.325          |
| Leasing Companies                   | 722.491          | 722.491          |
| Finance Companies                   | -                | -                |
| Other Financial Subsidiaries        | 447.572          | 449.004          |
| <b>Total Financial Subsidiaries</b> | <b>1.779.651</b> | <b>1.781.083</b> |

2 (v). Subsidiaries quoted on Stock Exchange:

|                                    | 31 December 2009 | 31 December 2008 |
|------------------------------------|------------------|------------------|
| Quoted on domestic stock exchanges | 876.095          | 876.095          |
| Quoted on foreign stock exchanges  | -                | -                |

i. Information on hedging derivative financial assets:

|                              | 31 December 2009 |            | 31 December 2008 |          |
|------------------------------|------------------|------------|------------------|----------|
|                              | TL               | FC         | TL               | FC       |
| Fair Value Hedge             | 127.678          | 953        | -                | -        |
| Cash Flow Hedge              | -                | -          | -                | -        |
| Foreign Net Investment Hedge | -                | -          | -                | -        |
| <b>Total</b>                 | <b>127.678</b>   | <b>953</b> | <b>-</b>         | <b>-</b> |

Starting from 1 March 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 using cross-currency interest rate swaps. The net fair value of hedging instruments at 31 December 2009 is a liability amounting to TL228.982 thousand. At 31 December 2009, the fair value difference of the hedging instruments starting from the inception date is TL147.649 thousand and the fair value difference of the hedged item is TL140.137 thousand.

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

## j. Information on property and equipment:

|  | Immovables     | Leased Fixed Assets | Vehicles     | Other Tangible Fixed Assets | Total            |
|--|----------------|---------------------|--------------|-----------------------------|------------------|
| <b>31 December 2008</b>                          |                |                     |              |                             |                  |
| Cost   | 2.247.522      | 309.770             | 6.358        | 779.368                     | 3.343.018        |
| Accumulated depreciation (-)                     | (1.393.460)    | (178.951)           | (5.050)      | (560.424)                   | (2.137.885)      |
| <b>Net book value</b>                            | <b>854.062</b> | <b>130.819</b>      | <b>1.308</b> | <b>218.944</b>              | <b>1.205.133</b> |
| <b>31 December 2009</b>                          |                |                     |              |                             |                  |
| <b>Net book value at beginning of the Period</b> | <b>854.062</b> | <b>130.819</b>      | <b>1.308</b> | <b>218.944</b>              | <b>1.205.133</b> |
| Additions  | 36.826         | 16.165              | 18           | 69.266                      | 122.275          |
| Disposals (-), net                               | (34.727)       | (225)               | (81)         | (3.656)                     | (38.689)         |
| Transfers from intangible assets                 | -              | -                   | -            | 281                         | 281              |
| Reversal of impairment, net                      | 2.541          | 10                  | -            | 480                         | 3.031            |
| Impairment (-)                                   | -              | -                   | -            | -                           | -                |
| Depreciation (-)                                 | (44.880)       | (41.496)            | (359)        | (57.422)                    | (144.157)        |
| Foreign currency valuation difference (-), net   | (292)          | (22)                | (15)         | 2                           | (327)            |
| <b>Net book value at the end of the period</b>   | <b>813.530</b> | <b>105.251</b>      | <b>871</b>   | <b>227.895</b>              | <b>1.147.547</b> |
| Cost at the period end                           | 2.140.272      | 339.849             | 5.417        | 795.521                     | 3.281.059        |
| Accumulated depreciation at the period end (-)   | (1.326.742)    | (234.598)           | (4.546)      | (567.626)                   | (2.133.512)      |
| <b>31 December 2009</b>                          | <b>813.530</b> | <b>105.251</b>      | <b>871</b>   | <b>227.895</b>              | <b>1.147.547</b> |

As of 31 December 2009, the Parent Bank booked total provision for impairment on immovables amounting to TL597.904 thousand (2008: TL600.445 thousand) for the property and equipment.

## k. Information on intangible assets:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Net book value at the beginning of the period</b> | <b>1.157.825</b> | <b>1.191.711</b> |
| Additions during the Period                          | 81.416           | 37.115           |
| Transfers  | (281)            | (30.363)         |
| Unused and Disposed Items (-)                        | (6.083)          | (289)            |
| Impairment Charges on Income Statement               | -                | -                |
| Amortisation Expenses (-)                            | (38.218)         | (40.359)         |
| Foreign exchange valuation differences               | (10)             | 10               |
| <b>Net book value at the closing of the period</b>   | <b>1.194.649</b> | <b>1.157.825</b> |

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### I. Information on deferred tax asset:

|   | 31 December 2009   |                  | 31 December 2008 |                  |
|---|--------------------|------------------|------------------|------------------|
|   | Tax Base           | Deferred Tax     | Tax Base         | Deferred Tax     |
| Reserves for employment termination benefit                   | 166.199            | 33.300           | 154.094          | 30.881           |
| Provision for pension fund                                    | 864.059            | 172.812          | 774.366          | 154.873          |
| Derivative financial liabilities                              | 622.832            | 122.430          | 220.782          | 43.617           |
| Subsidiaries, investment in associates and share certificates | 123.117            | 24.624           | 119.870          | 23.974           |
| Other   | 881.413            | 175.884          | 320.845          | 64.354           |
| <b>Total deferred tax asset</b>                               | <b>2.657.620</b>   | <b>529.050</b>   | <b>1.589.957</b> | <b>317.699</b>   |
| Derivative financial assets                                   | (884.086)          | (174.320)        | (433.651)        | (84.769)         |
| Valuation difference of securities portfolio                  | (37.266)           | (7.192)          | (31.452)         | (6.028)          |
| Property, equipment and intangibles, net                      | (283.363)          | (31.625)         | (297.295)        | (34.382)         |
| Other   | (34.575)           | (6.928)          | (46.443)         | (9.649)          |
| <b>Total deferred tax liability</b>                           | <b>(1.239.290)</b> | <b>(220.065)</b> | <b>(808.841)</b> | <b>(134.828)</b> |
| <b>Deferred Tax Asset, net</b>                                | <b>1.418.330</b>   | <b>308.985</b>   | <b>781.116</b>   | <b>182.871</b>   |

According to TAS 12, deferred tax assets amounting to TL529.050 thousand and deferred tax liabilities amounting to TL220.065 thousand have been netted off in the financial statements of each subsidiary subject to consolidation. Deferred tax assets and liabilities of various subsidiaries are not netted-off in the consolidated financial statements.

#### m. Movement schedule of assets held for resale:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Net book value at the beginning of the period</b> | <b>90.046</b>    | <b>139.877</b>   |
| Additions  | 16.656           | 59.620           |
| Disposals (-), net <sup>(1)</sup>                    | (21.381)         | (149.929)        |
| Impairment Provision                                 | (1.012)          | (515)            |
| Impairment Cancellation                              | 6.986            | 44.579           |
| Depreciation (-)                                     | (2.615)          | (3.586)          |
| <b>Net book value at the end of the period</b>       | <b>88.680</b>    | <b>90.046</b>    |
| Cost at the end of the period                        | 97.819           | 99.254           |
| Depreciation at the end of the period (-)            | (9.139)          | (9.208)          |
| <b>Net book value at the end of the period</b>       | <b>88.680</b>    | <b>90.046</b>    |

<sup>(1)</sup> By the decision of the Board of Directors at 3 October 2007; assets of Yapı Kredi Bank Deutschland A.G., which are owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV and included in the consolidated financial statements, are reclassified under assets held for sale according to the sale agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note I of section six, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

As of 31 December 2009, the Parent Bank booked impairment provision on assets held for resale with an amount of TL13.466 thousand (2008: TL19.440 thousand).

#### n. Information on other assets:

Other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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#### II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

##### a. Information on deposits:

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

##### 1 (i). 31 December 2009:

|                             | 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             | 1.440.267        | 68.306                    | 3.959.921         | 9.385.626         | 167.796          | 193.994          | 171.060          | 15.386.970        |
| Foreign Currency Deposits   | 4.071.274        | 124.462                   | 4.808.321         | 6.266.905         | 1.713.034        | 325.210          | 1.643.440        | 18.952.646        |
| Residents in Turkey         | 3.464.253        | 44.725                    | 4.566.618         | 5.174.454         | 1.614.912        | 222.817          | 951.073          | 16.038.852        |
| Residents Abroad            | 607.021          | 79.737                    | 241.703           | 1.092.451         | 98.122           | 102.393          | 692.367          | 2.913.794         |
| Public Sector Deposits      | 278.166          | -                         | 8.313             | 43.792            | 391              | 112              | 2.810            | 333.584           |
| Commercial Deposits         | 1.722.280        | -                         | 2.410.829         | 2.629.021         | 85.027           | 32.449           | 24.470           | 6.904.076         |
| Other Institutions Deposits | 25.543           | -                         | 24.902            | 135.425           | 373              | 72               | 1.599            | 187.914           |
| Gold Vault                  | 214.271          | -                         | -                 | 37.018            | 17.041           | 9.089            | 8.679            | 286.098           |
| Bank Deposits               | 276.889          | -                         | 523.591           | 77.262            | 99.741           | 346.114          | -                | 1.323.597         |
| The CBRT                    | -                | -                         | -                 | -                 | -                | -                | -                | -                 |
| Domestic Banks              | 63.052           | -                         | 90.059            | -                 | 2.029            | 7.282            | -                | 162.422           |
| Foreign Banks               | 85.058           | -                         | 433.532           | 77.262            | 97.712           | 338.832          | -                | 1.032.396         |
| Special Financial           |                  |                           |                   |                   |                  |                  |                  |                   |
| Institutions                | 128.766          | -                         | -                 | -                 | -                | -                | -                | 128.766           |
| Other                       | 13               | -                         | -                 | -                 | -                | -                | -                | 13                |
| <b>Total</b>                | <b>8.028.690</b> | <b>192.768</b>            | <b>11.735.877</b> | <b>18.575.049</b> | <b>2.083.403</b> | <b>907.040</b>   | <b>1.852.058</b> | <b>43.374.885</b> |

##### 1 (ii). 31 December 2008:

|                             | 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             | 1.063.959        | 7.040                     | 3.164.834         | 11.345.159        | 147.899          | 42.494           | 61.571           | 15.832.956        |
| Foreign Currency Deposits   | 3.288.070        | 114.481                   | 6.147.780         | 6.632.808         | 922.157          | 443.685          | 1.057.818        | 18.606.799        |
| Residents in Turkey         | 2.820.681        | 72.276                    | 5.891.845         | 5.939.419         | 733.572          | 267.686          | 539.471          | 16.264.950        |
| Residents Abroad            | 467.389          | 42.205                    | 255.935           | 693.389           | 188.585          | 175.999          | 518.347          | 2.341.849         |
| Public Sector Deposits      | 254.227          | -                         | 63.322            | 98.567            | 336              | 661              | 307              | 417.420           |
| Commercial Deposits         | 1.300.691        | 24.418                    | 2.303.970         | 3.991.743         | 457.933          | 75.249           | 13.428           | 8.167.432         |
| Other Institutions Deposits | 21.810           | -                         | 36.097            | 337.669           | 242              | 331              | 453              | 396.602           |
| Gold Vault                  | 129.812          | -                         | 10.285            | 223               | 595              | 940              | 2.335            | 144.190           |
| Bank Deposits               | 232.639          | -                         | 73.795            | 125.955           | 35.808           | 199.192          | 44.909           | 712.298           |
| The CBRT                    | 85.483           | -                         | -                 | -                 | -                | -                | -                | 85.483            |
| Domestic Banks              | 7.455            | -                         | 21.749            | 8.236             | -                | -                | -                | 37.440            |
| Foreign Banks               | 40.959           | -                         | 52.046            | 117.719           | 35.808           | 199.192          | 44.909           | 490.633           |
| Special Financial           |                  |                           |                   |                   |                  |                  |                  |                   |
| Institutions                | 98.742           | -                         | -                 | -                 | -                | -                | -                | 98.742            |
| Other                       | -                | -                         | -                 | -                 | -                | -                | -                | -                 |
| <b>Total</b>                | <b>6.291.208</b> | <b>145.939</b>            | <b>11.800.083</b> | <b>22.532.124</b> | <b>1.564.970</b> | <b>762.552</b>   | <b>1.180.821</b> | <b>44.277.697</b> |

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#### 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):

| Saving Deposits  | Under the guarantee of deposit insurance |                  | Exceeding limit of the deposit insurance |                  |
|--|--|------------------|--|------------------|
|  | 31 December 2009                         | 31 December 2008 | 31 December 2009                         | 31 December 2008 |
| Saving Deposits  | 7.738.057                                | 7.804.232        | 7.431.249                                | 7.911.087        |
| Foreign Currency Savings Deposit   | 2.596.806                                | 2.553.090        | 5.973.850                                | 5.637.303        |
| Other deposits in the form of savings deposits                           | 71.411                                   | 7.237            | 194.074                                  | 123.113          |
| 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 deposits insurance fund (Represents information regarding the Parent Bank):

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Saving deposits in foreign branches          | -                | -                |
| Saving deposits in off-shore banking regions | 88.283           | 142.047          |
| <b>Total</b>                                 | <b>88.283</b>    | <b>142.047</b>   |

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

|   | 31 December 2009 | 31 December 2009 |
|---|------------------|------------------|
| 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 | 23.864           | 18.747           |
| 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           | -                | -                |
| <b>Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities Solely</b>  | <b>88.283</b>    | <b>142.047</b>   |

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

| Trading Derivative Financial Liabilities | 31 December 2009 |               | 31 December 2008 |               |
|--|------------------|---------------|------------------|---------------|
|  | TL               | FC            | TL               | FC            |
| Forward Transactions                     | 42.016           | 154           | 64.616           | 1.383         |
| Swap Transactions                        | 166.244          | 28.289        | 107.785          | 46.477        |
| Futures Transactions                     | -                | -             | -                | -             |
| Options                                  | 4.366            | 27.446        | 4                | 517           |
| Other                                    | -                | -             | -                | -             |
| <b>Total</b>                             | <b>212.626</b>   | <b>55.889</b> | <b>172.405</b>   | <b>48.377</b> |

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#### c. Information on borrowings:

##### 1. Information on borrowings:

|  | 31 December 2009 |                  | 31 December 2008 |                  |
|--|------------------|------------------|------------------|------------------|
|  | TL               | FC               | TL               | FC               |
| The CBRT Borrowings                        | -                | -                | -                | -                |
| From Domestic Banks and Institutions       | 703.447          | 374.477          | 502.641          | 377.231          |
| From Foreign Banks, Institutions and Funds | 713.708          | 4.568.594        | 1.070.006        | 5.280.780        |
| <b>Total</b>                               | <b>1.417.155</b> | <b>4.943.071</b> | <b>1.572.647</b> | <b>5.658.011</b> |

##### 2. Information on maturity structure of borrowings:

|                      | 31 December 2009 |                  | 31 December 2008 |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | TL               | FC               | TL               | FC               |
| Short-Term           | 900.249          | 4.119.320        | 676.280          | 2.446.239        |
| Medium and Long-Term | 516.906          | 823.751          | 896.367          | 3.211.772        |
| <b>Total</b>         | <b>1.417.155</b> | <b>4.943.071</b> | <b>1.572.647</b> | <b>5.658.011</b> |

#### d. Information marketable securities issued:

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to equivalent of TL1.743.760 thousand using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

|                          | 31 December 2009 | 31 December 2008 |
|--------------------------|------------------|------------------|
| 2010                     | 334.875          | 369.495          |
| 2011                     | 356.560          | 399.927          |
| 2012                     | 356.560          | 399.927          |
| 2013                     | 356.560          | 399.927          |
| 2014                     | 314.722          | 357.538          |
| 2015                     | 21.685           | 30.431           |
| Interest Expense Accrual | 2.798            | 9.053            |
| <b>Total</b>             | <b>1.743.760</b> | <b>1.966.298</b> |

#### e. Information on miscellaneous payables:

As of 31 December 2009, miscellaneous payables do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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## f. Information on financial leasing agreements:

|                   | 31 December 2009 |            | 31 December 2008 |            |
|-------------------|------------------|------------|------------------|------------|
|                   | Gross            | Net        | Gross            | Net        |
| Less than 1 year  | 114              | 113        | 274              | 271        |
| Between 1-4 years | -                | -          | 10               | 9          |
| More than 4 years | -                | -          | -                | -          |
| <b>Total</b>      | <b>114</b>       | <b>113</b> | <b>284</b>       | <b>280</b> |

## g. Information on hedging derivative financial liabilities:

|                              | 31 December 2009 |            | 31 December 2008 |          |
|------------------------------|------------------|------------|------------------|----------|
|                              | TL               | FC         | TL               | FC       |
| Fair Value Hedge             | 357.513          | 100        | -                | -        |
| Cash Flow Hedge              | -                | -          | -                | -        |
| Foreign Net Investment Hedge | -                | -          | -                | -        |
| <b>Total</b>                 | <b>357.513</b>   | <b>100</b> | <b>-</b>         | <b>-</b> |

## h. Information on provisions:

## 1. Information on general provisions:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Provisions for Group I loans and receivables  | 573.866          | 464.275          |
| Provisions for Group II loans and receivables | 207.516          | 71.419           |
| Provisions for non cash loans                 | 103.703          | 111.410          |
| Other   | 24.545           | 11.914           |
| <b>Total</b>                                  | <b>909.630</b>   | <b>659.018</b>   |

## 2. Information on reserve for employment termination benefits:

In accordance with Turkish Labour Law, reserve for employment termination benefit is calculated over today's possible liability of the Bank in case of the retirement of employees. TAS 19 necessitates the actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions are used in the calculation of total liabilities

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Discount rate (%)                                   | 5,92             | 6,26             |
| The Rate Used Related to Retirement Expectation (%) | 94,78            | 95,53            |

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 maximum liability is revised semi-annually, the maximum amount of TL2.427,04 effective from 1 January 2010 has been taken into consideration in calculating the reserve for employment termination benefits (1 January 2009: TL2.260,05).

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Movement of employment termination benefit liability in the balance sheet:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Prior period ending balance             | 94.889           | 96.626           |
| Changes during the period               | 20.610           | 15.308           |
| Paid during the period                  | (15.031)         | (17.238)         |
| Foreign currency differences            | 14               | 193              |
| <b>Balance at the end of the period</b> | <b>100.482</b>   | <b>94.889</b>    |

In addition, the Group has accounted for unused vacation rights provision amounting to TL65.717 thousand as of 31 December 2009 (2008: TL59.205 thousand).

#### 3. Other provisions:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Pension fund provision   | 864.059          | 774.366          |
| Tax risk provision <sup>(1)</sup>  | 69.948           | 40.848           |
| Non-cash loan provision  | 78.250           | 62.288           |
| Provisions on credit cards and promotion campaigns related to banking services | 48.469           | 56.674           |
| Provision on export commitment estimated liability                             | 38.261           | 40.495           |
| Legal risk provision <sup>(1)</sup>  | 26.668           | 22.927           |
| Other  | 204.993          | 189.458          |
| <b>Total</b>   | <b>1.330.648</b> | <b>1.187.056</b> |

<sup>(1)</sup> Represents provisions for possible risks.

#### i) Pension Fund provision:

As of 31 December 2009, the Bank provided provision amounting to TL864.059 thousand 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. In the financial statements of the Bank prepared as of 31 December 2008, the provision for the technical deficit calculated using a technical interest rate 9,8% amounts to TL774.366 thousand.

|                         | 31 December 2009 | 31 December 2008 |
|-------------------------|------------------|------------------|
| Income statement charge | 89.693           | 170.088          |

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Present value of funded obligations                            | 1.239.133        | 1.063.181        |
| - Pension benefits transferable to SSI                         | 1.048.561        | 1.036.138        |
| - Post employment medical benefits transferable to SSI         | 190.572          | 27.043           |
| Fair value of plan assets                                      | (375.074)        | (288.815)        |
| <b>Provision for the actuarial deficit of the pension fund</b> | <b>864.059</b>   | <b>774.366</b>   |

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The principal actuarial assumptions used were as follows:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| 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 15 years for men and 19 years for women who retire at the age of 64 and 63, respectively.

Plan assets are comprised as follows:

|                                     | 31 December 2009 |            | 31 December 2008 |            |
|-------------------------------------|------------------|------------|------------------|------------|
|                                     | Amount           | %          | Amount           | %          |
| Government bonds and treasury bills | 180.519          | 48         | 144.207          | 50         |
| Premises and equipment              | 113.826          | 30         | 94.596           | 33         |
| Bank placements                     | 29.328           | 8          | 17.240           | 6          |
| Short term receivables              | 26.907           | 7          | 7.662            | 3          |
| Other                               | 24.494           | 7          | 25.110           | 8          |
| <b>Total</b>                        | <b>375.074</b>   | <b>100</b> | <b>288.815</b>   | <b>100</b> |

#### 4. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans:

As of 31 December 2009, the provision related to the foreign currency differences on foreign indexed loans amounts to TL36.290 thousand (2008: TL10.498 thousand).

#### i. Information on taxes payable:

##### (i) Information on taxes payable:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Corporate Tax Payable                    | 76.160           | 8.339            |
| Taxation of Marketable Securities        | 52.241           | 106.717          |
| Property Tax                             | 1.190            | 1.001            |
| Banking Insurance Transaction Tax (BITT) | 32.670           | 42.501           |
| Foreign Exchange Transaction Tax         | -                | -                |
| Value Added Tax Payable                  | 2.673            | 2.283            |
| Other                                    | 23.043           | 25.843           |
| <b>Total</b>                             | <b>187.977</b>   | <b>186.684</b>   |

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(ii) Information on premium payables:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Social Security Premiums – Employee            | 533              | 472              |
| Social Security Premiums – Employer            | 1.252            | 393              |
| Bank Pension Fund Premiums – Employee          | -                | -                |
| Bank Pension Fund Premiums – Employer          | -                | -                |
| Pension Fund Deposit and Provisions – Employee | 6.356            | 1.936            |
| Pension Fund Deposit and Provisions – Employer | 6.635            | 2.207            |
| Unemployment Insurance – Employee              | 483              | 450              |
| Unemployment Insurance – Employer              | 1.041            | 900              |
| Other  | 820              | -                |
| <b>Total</b>                                   | <b>17.120</b>    | <b>6.358</b>     |

j. Information on subordinated loans:

|                                  | 31 December 2009 |                  | 31 December 2008 |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | TL               | FC               | TL               | FC               |
| From Domestic Banks              | -                | -                | -                | -                |
| From Other Domestic Institutions | -                | -                | -                | -                |
| From Foreign Banks               | -                | 2.224.023        | -                | 2.220.601        |
| From Other Foreign Institutions  | -                | -                | -                | -                |
| <b>Total</b>                     | <b>-</b>         | <b>2.224.023</b> | <b>-</b>         | <b>2.220.601</b> |

At 30 March 2006, the Parent Bank obtained a subordinated loan amounting to EUR500 million, with ten 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 at 28 April 2006 amounting to EUR350 million, with ten years maturity and a repayment option at the end of five 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 decrees from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on 25 June 2007 amounting to EUR200 million, with ten years maturity and a repayment option at the end of five years. The interest rate is determined as EURIBOR+1,85% for the first five 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 3 April 2006, 2 May 2006 and 19 June 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".

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

##### 1. Presentation of Paid-in capital (as nominal; inflation unadjusted balances):

|                 | 31 December 2009 | 31 December 2008 |
|-----------------|------------------|------------------|
| 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 (As nominal; inflation unadjusted balances):

The Parent Bank's paid-in-capital is amounting of TL4.347.051 thousand and in accordance with the decision taken in the Ordinary General Assembly at 7 April 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL5.000.000 thousand.

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

There is no capital increase in the current period. In 2008, the Bank increased its issued capital by TL920.000.000 from TL3.427.051.284 to TL4.347.051.284 all in cash within the Bank's registered capital ceiling of TL5.000.000.000.

##### 4. Information on transfers from revaluation funds 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 privileges given to shares representing the capital by considering the Groups income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

##### 7. Privilege on the corporate stock: None.

#### l. Information on marketable securities value increase fund:

|  | 31 December 2009 |               | 31 December 2008 |                 |
|--|------------------|---------------|------------------|-----------------|
|  | TL               | FC            | TL               | FC              |
| From Investments in Associates, Subsidiaries, and Joint Ventures | -                | -             | -                | -               |
| Valuation Difference   | 16.036           | 58.577        | 16.071           | (13.774)        |
| Foreign Currency Difference                                      | 29.593           | -             | 31.679           | -               |
| <b>Total</b>   | <b>45.629</b>    | <b>58.577</b> | <b>47.750</b>    | <b>(13.774)</b> |

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#### m. Information on minority interest:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Period Opening Balance                   | 47.980           | 295.034          |
| Current year income                      | 10.230           | 3.722            |
| Dividends paid                           | (1.438)          | (1.450)          |
| Purchase from minority interest          | -                | (249.566)        |
| Foreign Currency translation differences | 489              | 240              |
| Increase/Decrease due to merger          | -                | -                |
| <b>Period Ending Balance</b>             | <b>57.261</b>    | <b>47.980</b>    |

### III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

#### a. Information on interest income:

##### 1. Information on interest income on loans:

|  | 31 December 2009 |                | 31 December 2008 |                |
|--|------------------|----------------|------------------|----------------|
|  | TL               | FC             | TL               | FC             |
| Short-term Loans   | 2.740.291        | 436.368        | 3.042.561        | 340.599        |
| Medium/Long-term Loans                                   | 1.566.893        | 464.741        | 1.376.199        | 437.205        |
| Interest on Loans Under Follow-up                        | 62.295           | 474            | 80.483           | 7.803          |
| Premiums Received from Resource Utilisation Support Fund | -                | -              | -                | -              |
| <b>Total<sup>(1)</sup></b>                               | <b>4.369.479</b> | <b>901.583</b> | <b>4.499.243</b> | <b>785.607</b> |

<sup>(1)</sup> Includes fees and commissions received for cash loans.

##### 2. Information on interest income on banks:

|                                  | 31 December 2009 |               | 31 December 2008 |                |
|----------------------------------|------------------|---------------|------------------|----------------|
|                                  | TL               | FC            | TL               | FC             |
| From the CBRT                    | -                | -             | -                | -              |
| From Domestic Banks              | 12.220           | 19.565        | 13.453           | 32.947         |
| From Foreign Banks               | 4.766            | 28.950        | 5.635            | 81.796         |
| Headquarters and Branches Abroad | 1.220            | 82            | -                | -              |
| <b>Total</b>                     | <b>18.206</b>    | <b>48.597</b> | <b>19.088</b>    | <b>114.743</b> |

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## 3. Information on interest income on marketable securities:

|  | 31 December 2009 |                | 31 December 2008 |                |
|--|------------------|----------------|------------------|----------------|
|  | TL               | FC             | TL               | FC             |
| From Trading Financial Assets                              | 18.203           | 11.473         | 9.119            | 14.195         |
| From Financial Assets At Fair Value Through Profit or Loss | -                | -              | -                | -              |
| From Available-for-sale Financial Assets                   | 94.046           | 54.943         | 76.111           | 22.958         |
| From Held-to-maturity investments                          | 788.018          | 486.460        | 1.046.323        | 470.808        |
| <b>Total</b>   | <b>900.267</b>   | <b>552.876</b> | <b>1.131.553</b> | <b>507.961</b> |

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Interests Received from Investments in Associates and Subsidiaries | 1.363            | 41               |

## b. Information on interest expense:

## 1. Information on interest expense on borrowings:

|                                  | 31 December 2009 |                | 31 December 2008 |                |
|----------------------------------|------------------|----------------|------------------|----------------|
|                                  | TL               | FC             | TL               | FC             |
| Banks                            | 185.112          | 291.904        | 115.890          | 423.772        |
| The CBRT                         | -                | -              | 2                | -              |
| Domestic Banks                   | 48.907           | 18.125         | 63.531           | 5.040          |
| Foreign Banks                    | 136.190          | 273.779        | 52.357           | 418.732        |
| Headquarters and Branches Abroad | 15               | -              | -                | -              |
| Other Institutions               | -                | 243            | -                | 38.176         |
| <b>Total<sup>(1)</sup></b>       | <b>185.112</b>   | <b>292.147</b> | <b>115.890</b>   | <b>461.948</b> |

<sup>(1)</sup> Includes fees and commissions received for borrowings.

## 2. Information on interest expense given to investments in associates and subsidiaries:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Interests Paid to Investments in Associates and Subsidiaries | 2.117            | 1.053            |

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## 3. Maturity structure of the interest expense on deposits:

| Account Name                      | Time Deposit   |                |                  |                |               |                  | Cumulative Deposit | Total            | 31 December 2008 |
|-----------------------------------|----------------|----------------|------------------|----------------|---------------|------------------|--------------------|------------------|------------------|
|                                   | Demand Deposit | Up to 1 month  | Up to 3 months   | Up to 6 months | Up to 1 year  | More than 1 year |                    |                  |                  |
| <b>TL</b>                         |                |                |                  |                |               |                  |                    |                  |                  |
| Bank Deposits                     | 1.900          | 2.263          | 6                | 318            | 794           | 318              | -                  | 5.599            | 13.185           |
| Saving Deposits                   | 999            | 414.995        | 1.149.764        | 25.412         | 12.840        | 16.278           | -                  | 1.620.288        | 2.216.231        |
| Public Sector Deposits            | -              | 1.867          | 3.780            | 93             | 3             | 610              | -                  | 6.353            | 14.849           |
| Commercial Deposits               | 14.288         | 218.607        | 353.723          | 32.898         | 3.543         | 3.394            | -                  | 626.453          | 1.165.922        |
| Other Deposits                    | -              | 4.371          | 30.847           | 6.466          | 264           | 170              | -                  | 42.118           | 67.859           |
| Deposits With 7 Days Notification | -              | -              | -                | -              | -             | -                | -                  | -                | -                |
| <b>Total</b>                      | <b>17.187</b>  | <b>642.103</b> | <b>1.538.120</b> | <b>65.187</b>  | <b>17.444</b> | <b>20.770</b>    | <b>-</b>           | <b>2.300.811</b> | <b>3.478.046</b> |
| <b>FC</b>                         |                |                |                  |                |               |                  |                    |                  |                  |
| Foreign Currency Deposits         | 6.003          | 206.904        | 229.202          | 36.145         | 13.610        | 59.374           | 1.269              | 552.507          | 653.564          |
| Bank Deposits                     | -              | 18.944         | 4.179            | 4.885          | 12.942        | -                | -                  | 40.950           | 6.098            |
| Deposits With 7 Days Notification | -              | -              | -                | -              | -             | -                | -                  | -                | -                |
| Gold Vault                        | -              | 206            | 13               | 12             | 19            | 100              | -                  | 350              | 191              |
| <b>Total</b>                      | <b>6.003</b>   | <b>226.054</b> | <b>233.394</b>   | <b>41.042</b>  | <b>26.571</b> | <b>59.474</b>    | <b>1.269</b>       | <b>593.807</b>   | <b>659.853</b>   |
| <b>Grand Total</b>                | <b>23.190</b>  | <b>868.157</b> | <b>1.771.514</b> | <b>106.229</b> | <b>44.015</b> | <b>80.244</b>    | <b>1.269</b>       | <b>2.894.618</b> | <b>4.137.899</b> |

## c. Information on dividend income:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Trading Financial Assets                              | 693              | 470              |
| Financial Assets at Fair Value Through Profit or Loss | -                | -                |
| Available-for-Sale Financial Assets                   | 762              | 37.508           |
| Other   | 1.947            | 3.575            |
| <b>Total</b>  | <b>3.402</b>     | <b>41.553</b>    |

## d. Information on trading loss / income: (Net)

|   | 31 December 2009    | 31 December 2008    |
|---|---------------------|---------------------|
| <b>Income</b>                           | <b>13.913.173</b>   | <b>12.570.383</b>   |
| Income from Capital Market Transactions | 177.466             | 55.989              |
| Derivative Financial Transactions       | 8.268.340           | 5.354.339           |
| Foreign Exchange Gains                  | 5.467.367           | 7.160.055           |
| <b>Loss(-)</b>                          | <b>(13.542.171)</b> | <b>(12.520.806)</b> |
| Loss from Capital Market Transactions   | (15.848)            | (28.831)            |
| Derivative Financial Transactions       | (7.941.950)         | (5.125.741)         |
| Foreign Exchange Loss                   | (5.584.373)         | (7.366.234)         |
| <b>Net Gain/Loss</b>                    | <b>371.002</b>      | <b>49.577</b>       |

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#### e. Information on loss / income from derivative financial operations

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Effect of the change in foreign exchange on income / loss | 650.501          | 159.354          |
| Effect of the change in interest rate on income / loss    | (324.111)        | 69.244           |
| <b>Total</b>  | <b>326.390</b>   | <b>228.598</b>   |

#### f. Information on other operating income:

Other operating income mainly consist of collections from provisions recorded as expense in the previous years and income from sales of fixed assets due to reversal of impairments charged in previous years.

#### g. Provision expenses related to loans and other receivables:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| Specific provisions for loans and other receivables                                    | 1.348.990        | 441.799          |
| III. Group Loans and Receivables   | 158.689          | 53.118           |
| IV. Group Loans and Receivables  | 457.344          | 99.960           |
| V. Group Loans and Receivables   | 732.957          | 288.721          |
| General Provision Expenses   | 243.775          | 124.874          |
| Provision Expense for Possible Risks   | 21.088           | 41.005           |
| Marketable Securities Impairment Expenses  | 660              | 193              |
| Financial Assets at Fair Value Through Profit or Loss                                  | -                | -                |
| Available-for-Sale Financial Assets  | 660              | 193              |
| Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease | 26.759           | 16.616           |
| Investments in Associates  | -                | -                |
| Subsidiaries   | 3.553            | -                |
| Joint Ventures   | -                | -                |
| Held-to-Maturity Investments   | 23.206           | 16.616           |
| Other  | 11.009           | 2.398            |
| <b>Total</b>   | <b>1.652.281</b> | <b>626.885</b>   |

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#### h. Information related to other operating expenses:

|   | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Personnel Expenses  | 1.015.601        | 1.045.790        |
| Reserve for Employee Termination Benefits                                       | 5.828            | 1.538            |
| Provision Expense for Pension Fund  | 89.693           | 170.088          |
| Impairment Expenses of Fixed Assets   | -                | 1.895            |
| Depreciation Expenses of Fixed Assets   | 144.157          | 124.280          |
| Impairment Expenses of Intangible Assets  | -                | -                |
| Goodwill Impairment Expenses  | -                | -                |
| Amortisation Expenses of Intangible Assets                                      | 38.218           | 40.359           |
| Impairment Expenses of Equity Participations for which Equity Method is Applied | -                | -                |
| Impairment Expenses of Assets Held For Resale                                   | 1.012            | 515              |
| Depreciation Expenses of Assets Held for Resale                                 | 2.615            | 3.586            |
| Impairment Expenses of Fixed Assets Held for Sale                               | -                | -                |
| Other Operating Expenses  | 801.350          | 796.269          |
| Operational Lease Expenses  | 109.147          | 89.593           |
| Maintenance Expenses  | 28.645           | 36.499           |
| Advertising Expenses  | 63.402           | 90.861           |
| Other Expense   | 600.156          | 579.316          |
| Loss on Sales of Assets   | 284              | 606              |
| Other   | 411.484          | 375.223          |
| <b>Total</b>  | <b>2.510.242</b> | <b>2.560.149</b> |

#### i. Explanations on profit and loss from continuing operations before tax:

Profit and loss before tax consists of net interest income amounting to TL3.896.855 thousand (2008: TL2.841.100 thousand), net fee and commission income amounting to TL1.569.115 thousand (2008: TL1.388.044 thousand) and total other operating expense amounting TL2.510.242 thousand (2008: TL2.560.149 thousand).

#### j. Provision for taxes on income from continuing operations:

As of 31 December 2009, the Bank has current tax expense amounting to TL480.911 thousand (2008: TL255.320 thousand) and deferred tax expense amounting to TL125.651 thousand (2008: TL94.031 thousand deferred tax expense).

In 2008, the Bank made an agreement with local tax authorities in relation to the corporate tax declarations for the periods 2003/2005 and gave up the legal process against Boğaziçi Kurumlar Vergi Dairesi according to Law Numbered 5736 which came into force on 27 February 2008 and published in the Official Gazette numbered 26800. In relation to the agreement, a payment amounting to TL49.064 thousand was made to the related tax office and has been accounted under deferred tax expense account in 2008.

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#### 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 (other than provision expense for the actuarial deficit of the Pension Fund amounting to TL170 million, tax expense amounting to TL49 million related to the compromise with the tax office and provision reversal income amounting to TL185 million related with the revised general loan loss provision calculation) 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 consequent periods: None

#### l. Other items in income statement do not exceed 10% of the total.

#### m. Profit/loss of minority interest:

|                             | 31 December 2009 | 31 December 2008 |
|-----------------------------|------------------|------------------|
| Profit of minority interest | 10.230           | 3.722            |

## IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET COMMITMENTS ACCOUNTS

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

1. The amount and type of non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments:

|                                    | 31 December 2009  | 31 December 2008  |
|------------------------------------|-------------------|-------------------|
| Commitments on credit cards limits | 10.954.268        | 11.244.536        |
| Loan granting commitments          | 3.116.153         | 2.485.283         |
| Commitments for cheque books       | 1.468.823         | 1.391.826         |
| <b>Total</b>                       | <b>15.539.244</b> | <b>15.121.645</b> |

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

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

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

|                                  | 31 December 2009 | 31 December 2008 |
|----------------------------------|------------------|------------------|
| Bank acceptance loans            | 151.669          | 211.367          |
| Letter of credits                | 2.738.235        | 2.781.564        |
| Other guarantees and collaterals | 399.410          | 444.717          |
| <b>Total</b>                     | <b>3.289.314</b> | <b>3.437.648</b> |

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*2(ii). Revocable, irrevocable guarantees, contingencies and other similar commitments:*

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of 31 December 2009 is TL13.296.741 thousand (2008: TL13.362.343 thousand).

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

|  | 31 December 2009  | 31 December 2008  |
|--|-------------------|-------------------|
| Non-cash loans given against cash loans              | 232.309           | 403.136           |
| With original maturity of 1 year or less than 1 year | 103.849           | 216.212           |
| With original maturity of more than 1 year           | 128.460           | 186.924           |
| Other non-cash loans                                 | 16.353.746        | 16.396.855        |
| <b>Total</b>   | <b>16.586.055</b> | <b>16.799.991</b> |

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

|                            | 31 December 2009 |               |                   |               | 31 December 2008 |               |                   |               |
|----------------------------|------------------|---------------|-------------------|---------------|------------------|---------------|-------------------|---------------|
|                            | TL               | (%)           | FC                | (%)           | TL               | (%)           | FC                | (%)           |
| <b>Agricultural</b>        | <b>112.666</b>   | <b>1,80</b>   | <b>352.875</b>    | <b>3,42</b>   | <b>78.450</b>    | <b>1,29</b>   | <b>164.230</b>    | <b>1,53</b>   |
| Farming and Raising        |                  |               |                   |               |                  |               |                   |               |
| Livestock                  | 78.469           | 1,25          | 348.639           | 3,38          | 53.093           | 0,88          | 155.602           | 1,45          |
| Forestry                   | 27.409           | 0,44          | 3.684             | 0,04          | 19.613           | 0,32          | 7.369             | 0,07          |
| Fishing                    | 6.788            | 0,11          | 552               | 0,01          | 5.744            | 0,09          | 1.259             | 0,01          |
| <b>Manufacturing</b>       | <b>2.680.163</b> | <b>42,84</b>  | <b>4.554.979</b>  | <b>44,09</b>  | <b>2.427.156</b> | <b>40,02</b>  | <b>4.556.833</b>  | <b>42,45</b>  |
| Mining                     | 149.203          | 2,39          | 637.763           | 6,17          | 116.861          | 1,93          | 91.652            | 0,85          |
| Production                 | 2.151.782        | 34,39         | 3.239.512         | 31,36         | 2.060.567        | 33,97         | 3.894.065         | 36,28         |
| Electric, Gas and Water    | 379.178          | 6,06          | 677.704           | 6,56          | 249.728          | 4,12          | 571.116           | 5,32          |
| <b>Construction</b>        | <b>1.633.745</b> | <b>26,11</b>  | <b>2.747.640</b>  | <b>26,60</b>  | <b>1.610.566</b> | <b>26,55</b>  | <b>2.835.854</b>  | <b>26,42</b>  |
| <b>Services</b>            | <b>1.693.304</b> | <b>27,07</b>  | <b>2.009.812</b>  | <b>19,46</b>  | <b>1.822.433</b> | <b>30,06</b>  | <b>2.186.990</b>  | <b>20,36</b>  |
| Wholesale and Retail Trade | 860.116          | 13,75         | 332.650           | 3,22          | 894.521          | 14,75         | 369.745           | 3,44          |
| Hotel, Food and Beverage   |                  |               |                   |               |                  |               |                   |               |
| Services                   | 69.689           | 1,11          | 108.175           | 1,05          | 68.778           | 1,13          | 86.601            | 0,81          |
| Transportation and         |                  |               |                   |               |                  |               |                   |               |
| Telecommunication          | 218.483          | 3,49          | 245.793           | 2,38          | 238.312          | 3,93          | 329.416           | 3,06          |
| Financial Institutions     | 332.078          | 5,32          | 869.293           | 8,42          | 382.587          | 6,31          | 876.312           | 8,16          |
| Real Estate and Leasing    |                  |               |                   |               |                  |               |                   |               |
| Services                   | 45.918           | 0,73          | 94.518            | 0,92          | 86.463           | 1,43          | 168.808           | 1,57          |
| Self-Employment Services   | -                | -             | -                 | -             | -                | -             | -                 | -             |
| Education Services         | 14.001           | 0,22          | 14.497            | 0,14          | 10.017           | 0,17          | 2.894             | 0,03          |
| Health and Social Services | 153.019          | 2,45          | 344.886           | 3,34          | 141.755          | 2,34          | 353.214           | 3,29          |
| <b>Other</b>               | <b>136.600</b>   | <b>2,18</b>   | <b>664.271</b>    | <b>6,43</b>   | <b>127.241</b>   | <b>2,08</b>   | <b>990.238</b>    | <b>9,24</b>   |
| <b>Total</b>               | <b>6.256.478</b> | <b>100,00</b> | <b>10.329.577</b> | <b>100,00</b> | <b>6.065.846</b> | <b>100,00</b> | <b>10.734.145</b> | <b>100,00</b> |

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

| 31 December 2009                    | Group I          |                   | Group II       |               |
|-------------------------------------|------------------|-------------------|----------------|---------------|
|                                     | TL               | FC                | TL             | FC            |
| <b>Non-Cash Loans</b>               |                  |                   |                |               |
| Letters of Guarantee                | 6.151.277        | 7.000.768         | 100.350        | 44.346        |
| Bank Acceptances                    | -                | 151.616           | -              | 53            |
| Letters of Credit                   | 1.410            | 2.736.539         | -              | 286           |
| Endorsements                        | -                | -                 | -              | -             |
| Underwriting Commitments            | -                | -                 | -              | -             |
| Factoring Guarantees                | -                | -                 | -              | -             |
| Other Commitments and Contingencies | 3.441            | 390.095           | -              | 5.874         |
| <b>Total</b>                        | <b>6.156.128</b> | <b>10.279.018</b> | <b>100.350</b> | <b>50.559</b> |

| 31 December 2008                    | Group I          |                   | Group II      |                |
|-------------------------------------|------------------|-------------------|---------------|----------------|
|                                     | TL               | FC                | TL            | FC             |
| <b>Non-Cash Loans</b>               |                  |                   |               |                |
| Letters of Guarantee                | 5.965.016        | 7.043.060         | 97.226        | 257.041        |
| Bank Acceptances                    | -                | 211.367           | -             | -              |
| Letters of Credit                   | 547              | 2.766.213         | -             | 14.804         |
| Endorsements                        | -                | -                 | -             | -              |
| Underwriting Commitments            | -                | -                 | -             | -              |
| Factoring Guarantees                | -                | -                 | -             | -              |
| Other Commitments and Contingencies | 3.057            | 415.122           | -             | 26.538         |
| <b>Total</b>                        | <b>5.968.620</b> | <b>10.435.762</b> | <b>97.226</b> | <b>298.383</b> |

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*3 (iv). Maturity distribution of non cash loans:*

| 31 December 2009 <sup>(4)</sup> | Indefinite       | Up to 1 year     | 1-5 Years        | Above 5 years  | Total             |
|---------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit                | 1.395.290        | 944.002          | 398.943          | -              | 2.738.235         |
| Letter of Guarantee             | 7.213.576        | 2.104.208        | 3.076.144        | 902.813        | 13.296.741        |
| Bank Acceptances                | 151.669          | -                | -                | -              | 151.669           |
| Other                           | 100.362          | 77.980           | 200.309          | 20.759         | 399.410           |
| <b>Total</b>                    | <b>8.860.897</b> | <b>3.126.190</b> | <b>3.675.396</b> | <b>923.572</b> | <b>16.586.055</b> |

| 31 December 2008 <sup>(4)</sup> | Indefinite       | Up to 1 year     | 1-5 Years        | Above 5 years  | Total             |
|---------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit                | 1.418.078        | 904.288          | 459.198          | -              | 2.781.564         |
| Letter of Guarantee             | 7.275.939        | 2.059.223        | 3.324.035        | 703.146        | 13.362.343        |
| Bank Acceptances                | 211.367          | -                | -                | -              | 211.367           |
| Other                           | 27.379           | 34.442           | 327.493          | 55.403         | 444.717           |
| <b>Total</b>                    | <b>8.932.763</b> | <b>2.997.953</b> | <b>4.110.726</b> | <b>758.549</b> | <b>16.799.991</b> |

<sup>(4)</sup> The distribution is based on the original maturities.**b. Information on derivative financial instruments:**

|  | 31 December 2009  | 31 December 2008  |
|--|-------------------|-------------------|
| Types of trading transactions                              |                   |                   |
| Foreign currency related derivative transactions (I)       | 21.830.076        | 12.692.681        |
| FC trading forward transactions                            | 4.076.196         | 3.875.363         |
| Trading swap transactions                                  | 13.815.348        | 8.047.504         |
| Futures transactions                                       | -                 | -                 |
| Trading option transactions                                | 3.938.532         | 769.814           |
| Interest related derivative transactions (II)              | 11.485.129        | 5.634.131         |
| Forward interest rate agreements                           | -                 | -                 |
| Interest rate swaps  | 9.691.141         | 5.367.691         |
| Interest rate options                                      | 1.793.988         | 266.440           |
| Interest rate futures                                      | -                 | -                 |
| Other trading derivative transactions (III)                | 948.863           | 46.462            |
| <b>A. Total trading derivative transactions (I+II+III)</b> | <b>34.264.068</b> | <b>18.373.274</b> |
| Types of hedging transactions                              |                   |                   |
| Fair value hedges  | 3.968.893         | -                 |
| Cash flow hedges   | -                 | -                 |
| Foreign currency investment hedges                         | -                 | -                 |
| <b>B. Total hedging related derivatives</b>                | <b>3.968.893</b>  | <b>-</b>          |
| <b>Total derivative transactions (A+B)</b>                 | <b>38.232.961</b> | <b>18.373.274</b> |

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

| 31 December 2009 <sup>(1)</sup>     | Up to 1 month      | 1-3 Months         | 3-12 Months        | 1-5 Year           | Above 5 years    | Total               |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|------------------|---------------------|
| <b>Derivatives held for trading</b> |                    |                    |                    |                    |                  |                     |
| Foreign exchange derivatives        | 36.554             | 370.512            | 10.610             | 86.184             | 525.056          | 1.028.916           |
| - Inflow                            | 7.578.917          | 2.720.600          | 725.628            | 353.728            | 262.528          | 11.641.401          |
| - Outflow                           | (7.542.363)        | (2.350.088)        | (715.018)          | (267.544)          | 262.528          | (10.612.485)        |
| Interest rate derivatives:          | (4.266)            | (4.283)            | (109.391)          | (268.337)          | (35.527)         | (421.804)           |
| - Inflow                            | 94.622             | 893.260            | 358.828            | 3.558.805          | 987.070          | 5.892.585           |
| - Outflow                           | (98.888)           | (897.543)          | (468.219)          | (3.827.142)        | (1.022.597)      | (6.314.389)         |
| <b>Derivatives held for hedging</b> |                    |                    |                    |                    |                  |                     |
| Foreign exchange derivatives:       | -                  | -                  | -                  | -                  | -                | -                   |
| - Inflow                            | -                  | -                  | -                  | -                  | -                | -                   |
| - Outflow                           | -                  | -                  | -                  | -                  | -                | -                   |
| Interest rate derivatives:          | (9.395)            | (12.904)           | (131.221)          | (259.909)          | (22.295)         | (435.724)           |
| - Inflow                            | 452                | 865                | 8.057              | 1.806.284          | 213.395          | 2.029.053           |
| - Outflow                           | (9.847)            | (13.769)           | (139.278)          | (2.066.193)        | (235.690)        | (2.464.777)         |
| <b>Total inflow</b>                 | <b>7.673.991</b>   | <b>3.614.725</b>   | <b>1.092.513</b>   | <b>5.718.817</b>   | <b>1.462.993</b> | <b>19.563.039</b>   |
| <b>Total outflow</b>                | <b>(7.651.098)</b> | <b>(3.261.400)</b> | <b>(1.322.515)</b> | <b>(6.160.879)</b> | <b>(995.759)</b> | <b>(19.391.651)</b> |

<sup>(1)</sup> In table above no amortisation of the notional amount has been taken into consideration.

| 31 December 2008 <sup>(1)</sup>     | Up to 1 month      | 1-3 Months       | 3-12 Months        | 1-5 Year           | Above 5 years    | Total              |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| <b>Derivatives held for trading</b> |                    |                  |                    |                    |                  |                    |
| Foreign exchange derivatives        | 11.805             | 605              | 274.094            | (405)              | -                | 286.099            |
| - Inflow                            | 3.313.034          | 544.424          | 2.613.667          | 41.498             | -                | 6.512.623          |
| - Outflow                           | (3.301.229)        | (543.819)        | (2.339.573)        | (41.903)           | -                | (6.226.524)        |
| Interest rate derivatives:          | 283.179            | 1.864.850        | (144.966)          | (1.963.346)        | -                | 39.717             |
| - Inflow                            | 499.929            | 1.871.994        | 163.571            | 17.636             | 328.646          | 2.881.776          |
| - Outflow                           | (216.750)          | (7.144)          | (308.537)          | (1.980.982)        | (328.646)        | (2.842.059)        |
| <b>Derivatives held for hedging</b> |                    |                  |                    |                    |                  |                    |
| Foreign exchange derivatives:       | -                  | -                | -                  | -                  | -                | -                  |
| - Inflow                            | -                  | -                | -                  | -                  | -                | -                  |
| - Outflow                           | -                  | -                | -                  | -                  | -                | -                  |
| Interest rate derivatives:          | -                  | -                | -                  | -                  | -                | -                  |
| - Inflow                            | -                  | -                | -                  | -                  | -                | -                  |
| - Outflow                           | -                  | -                | -                  | -                  | -                | -                  |
| <b>Total inflow</b>                 | <b>3.812.963</b>   | <b>2.416.418</b> | <b>2.777.238</b>   | <b>59.134</b>      | <b>328.646</b>   | <b>9.394.399</b>   |
| <b>Total outflow</b>                | <b>(3.517.979)</b> | <b>(550.963)</b> | <b>(2.648.110)</b> | <b>(2.022.885)</b> | <b>(328.646)</b> | <b>(9.068.583)</b> |

<sup>(1)</sup> In table above no amortisation of the notional amount has been taken into consideration.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

## **YAPI VE KREDİ BANKASI A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **AT 31 DECEMBER 2009**

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

#### **d. Information on contingent liabilities:**

Outstanding legal cases against the group have been considered as contingent liabilities and a TL26.668 thousand (2008: TL22.927 thousand) provision against these legal cases has been accounted for in the financial statements under "Other Provisions" account.

#### **e. Information on services in the name of others' names and accounts:**

The Bank's activities of saving and depositing in the name of real and legal persons are not considered as material.

### **V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY**

#### **a. Information on dividends:**

None.

#### **b. 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 profit and loss statement but recognized in the "Marketable securities value increase fund" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

#### **c. Information on increase/decrease amounts result from the merger:**

It is explained in details in Note VII. of Section Five.

#### **d. Information on foreign currency valuation differences:**

During the consolidation of the Group's subsidiaries abroad, balance sheet items are translated to Turkish Lira with the relevant period and exchange rates and income statement items are translated with the relevant period exchange rate. Translation differences arising from these calculations are recorded in equity as "Marketable Securities Valuation Difference".

#### **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 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"; Interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

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# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

2. Effect of a change on 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:

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Cash</b>                            | <b>2.768.546</b> | <b>1.434.389</b> |
| Cash and Effectives                    | 607.721          | 443.863          |
| Demand Deposits in Banks               | 2.160.825        | 990.526          |
| <b>Cash Equivalents</b>                | <b>1.420.136</b> | <b>999.768</b>   |
| Interbank Money Market                 | 227.553          | 431.517          |
| Deposits in Bank                       | 1.192.583        | 568.251          |
| <b>Total Cash and Cash Equivalents</b> | <b>4.188.682</b> | <b>2.434.157</b> |

The total amount from the operations occurring in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

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

|  | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|
| <b>Cash</b>                            | <b>2.032.372</b> | <b>2.768.546</b> |
| Cash and Effectives                    | 655.382          | 607.721          |
| Demand Deposits in Banks               | 1.376.990        | 2.160.825        |
| <b>Cash Equivalents</b>                | <b>3.015.471</b> | <b>1.420.136</b> |
| Interbank Money Market                 | 1.581.164        | 227.553          |
| Deposits in Bank                       | 1.434.307        | 1.192.583        |
| <b>Total Cash and Cash Equivalents</b> | <b>5.047.843</b> | <b>4.188.682</b> |

b. Information on cash and cash equivalents that are not in use due to legal limitations and other reasons: None.

c. The effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in "Other Account" amounting to TL2.064.026 thousand (2008: TL3.320.309 thousand) which is classified under "Operating profit before changes in operating assets and liabilities" basically includes Fee and Commissions, Other Operating Expenses excluding Personnel Expenses, Foreign Exchange Gains/Losses as well as Provision and Depreciation that do not create cash in/outflow.

Increase in "Net increase/decrease in other liabilities amounting to TL240.168 thousand (2008: TL83.169 thousand) which is classified under "Operating profit before changes in operating assets and liabilities" includes changes in Miscellaneous Payables, Other Liabilities, Taxes Payable, Charges, Duties and Premiums.

The effects of the change in foreign exchange rates on cash and cash equivalents is calculated approximately TL32.709 thousand as of 31 December 2009.

To conform to changes in presentation of financial statements as of 31 December 2009, the effects of the change in foreign exchange rates on cash and cash equivalents has been calculated as TL632.517 thousand and related reclassifications have been made on comparative figures as of 31 December 2008.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

#### VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S MERGER, TRANSFERS AND COMPANIES ACQUIRED BY BANKS

##### *Mergers and transfers in the year 2009:*

(i) As a result of the Extraordinary General Assembly Meetings, dated 30 June 2009, of Yapı Kredi Yatırım Menkul Değerler A.Ş. ("YK Yatırım"), and of Unicredit Menkul Değerler A.Ş. ("UCM") it has been decided that YK Yatırım's intermediary activities function, which serves corporate clients, was added to UCM's capital as capital in-kind through a partial spin-off over its book values at 31 December 2008. As a result of this operation, the share of YKB in YK Yatırım's capital did not change. According to the spin-off agreement, the Bank has acquired a share in UCM share capital (10,73%). The fair value of this business line was TL1.432 thousand and classified as share certificates under available for sale portfolio.

##### *Mergers and transfers in the year 2008:*

(i) Extraordinary General Assemblies meetings regarding the transfer of Koç Yatırım, with all its rights, receivables, liabilities and obligations to the Yapı Kredi Menkul and the consequential dissolution without liquidation were held on 29 December 2006 and the merger was registered on 12 January 2007. As a result of the merger, the Bank's share in Yapı Kredi Menkul has decreased from 99,99% to 64,70%. However, share of the Bank's risk Group is 100%.

(ii) Regarding the restructuring process of the foreign investments of the Parent Bank and KFS, the merger transaction of Yapı Kredi Bank Nederland N.V., established in Holland and wholly-owned by Bank (through Yapı Kredi Holding B.V. which is a 100% owned investment in associate), with the Koçbank Nederland N.V. 100% investment in associate of KFS, was completed as of 2 July 2007. After the merger, regarding the new structure of the partnership, the Parent's Bank's shareholding ratio is realised as %32,76 and the shareholding ratio of KFS is realised as 67,24%. Due to this merger, the Bank has restated its financial statements as of 31 December 2007. Besides, as a part of the structural reorganization, transfer of 99,80% the shares of Yapı Kredi Azerbaycan owned by KFS with a nominal value of AZN 6.336.200 was completed as of 31 October 2007.

During and after transactions stated above, as there has been no change in the owners of final control rights of Yapı Kredi Bank Nederland N.V., Koçbank Nederland N.V. and Yapı Kredi Bank Azerbaycan, these transactions have been identified as transactions under common control.

(iii) Transfer of the 59,47% of the shares of Yapı Kredi Faktoring with a nominal value of TL9.992.000, 73,10% of the shares of Yapı Kredi Leasing with a nominal value of TL285.048.428 and 99,80% of the shares of Yapı Kredi Bank Azerbaycan with a nominal value of AZN6.336.200; all formerly owned by KFS have been completed as of 31 October 2007. As a part of this share exchange the Bank's capital was increased by TL277.601.284 through increasing the shareholding of KFS. Besides, the TL495.852 difference between the nominal values of the shares issued by the Bank and the fair values of the shares transferred to the Bank, have been recorded in equity as "Share Premium". As this transaction is defined as a transaction with minority interests, differences of TL322.862 thousand and TL450.591 thousand have been recorded in equity as, "Prior Period Net Income / (Loss)" and "Minority Interest" respectively. The share exchange had no effect in total equity when these amounts have been considered together with the capital increase and share issue premium amounts.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

#### 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:

| 31 December 2009                               | Associates, subsidiaries and joint ventures |           | Direct and indirect shareholders of the Bank |              | Other real and legal persons that have been included in the risk group |              |
|--|---|-----------|--|--------------|--|--------------|
|  | Cash  | Non-Cash  | Cash   | Non-Cash     | Cash   | Non-cash     |
| <b>Groups' Risk Group</b> <sup>(1) (2)</sup>   |   |           |  |              |  |              |
| <b>Loans and Other Receivables</b>             |   |           |  |              |  |              |
| Balance at the Beginning of the Period         | 5   | 940       | 219.751                                      | 64.690       | 561.783  | 567.664      |
| Balance at the End of the Period               | 5.128                                       | 1.281     | 68.674                                       | 54.926       | 545.598  | 550.074      |
| <b>Interest and Commission Income Received</b> | <b>1.363</b>                                | <b>18</b> | <b>13.384</b>                                | <b>1.187</b> | <b>56.412</b>  | <b>2.984</b> |

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

<sup>(2)</sup> The information in table above includes banks, loans and marketable securities.

| 31 December 2008                               | Associates, subsidiaries and joint ventures |           | Direct and indirect shareholders of the Bank |            | Other real and legal persons that have been included in the risk group |              |
|--|---|-----------|--|------------|--|--------------|
|  | Cash  | Non-Cash  | Cash   | Non-Cash   | Cash   | Non-cash     |
| <b>Groups' Risk Group</b> <sup>(1) (2)</sup>   |   |           |  |            |  |              |
| <b>Loans and Other Receivables</b>             |   |           |  |            |  |              |
| Balance at the Beginning of the Period         | -   | 10.256    | 4.930  | 48.862     | 388.179  | 630.240      |
| Balance at the End of the Period               | 5   | 940       | 219.751                                      | 64.690     | 561.783  | 567.664      |
| <b>Interest and Commission Income Received</b> | <b>41</b>                                   | <b>42</b> | <b>19.066</b>                                | <b>614</b> | <b>71.001</b>  | <b>1.960</b> |

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

<sup>(2)</sup> 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 <sup>(1) (2)</sup> | Associates, subsidiaries and joint ventures |                  | Direct and indirect shareholders of the Bank |                  | Other real and legal persons that have been included in the risk group |                  |
|---------------------------------------|---|------------------|--|------------------|--|------------------|
|                                       | 31 December 2009                            | 31 December 2008 | 31 December 2009                             | 31 December 2008 | 31 December 2009   | 31 December 2008 |
| <b>Deposit</b>                        |   |                  |  |                  |  |                  |
| Beginning of the Period               | 25.966                                      | 7.823            | 3.999.194                                    | 1.731.617        | 1.693.037  | 1.705.315        |
| End of the Period                     | 41.731                                      | 25.966           | 3.060.980                                    | 3.999.194        | 2.330.627  | 1.693.037        |
| <b>Interest Expense on Deposits</b>   | <b>2.117</b>                                | <b>1.053</b>     | <b>210.921</b>                               | <b>216.077</b>   | <b>139.252</b>   | <b>220.800</b>   |

<sup>(1)</sup> Defined in the 49th Article of subsection 2 of the Banking Act No. 5411.

<sup>(2)</sup> The information in table above includes borrowings as well as deposits.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

(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:

| Group's Risk Group <sup>(1)</sup>                      | Associates , subsidiaries and joint ventures |                  | Direct and indirect shareholders of the Bank |                  | Other real and legal persons that have been included in the risk group |                  |
|--|--|------------------|--|------------------|--|------------------|
|  | 31 December 2009                             | 31 December 2008 | 31 December 2009                             | 31 December 2008 | 31 December 2009   | 31 December 2008 |
| <b>Transactions for trading purposes<sup>(2)</sup></b> |  |                  |  |                  |  |                  |
| Beginning of the Period <sup>(3)</sup>                 | -  | -                | 171.366                                      | 118.568          | 540.506  | 277.590          |
| End of the Period <sup>(3)</sup>                       | -  | -                | 378.169                                      | 171.366          | 710.036  | 540.506          |
| <b>Total Profit / Loss</b>                             | -  | -                | <b>3.395</b>                                 | <b>(285)</b>     | <b>13.343</b>  | <b>(6.842)</b>   |
| <b>Transactions for hedging purposes</b>               |  |                  |  |                  |  |                  |
| Beginning of the Period                                | -  | -                | -  | -                | -  | -                |
| End of the Period                                      | -  | -                | -  | -                | -  | -                |
| <b>Total Profit / Loss</b>                             | -  | -                | -  | -                | -  | -                |

<sup>(1)</sup> Defined in the 49th Article of subsection 2 of the Banking Act No. 5411.

<sup>(2)</sup>The Bank's derivative instruments are classified as "Financial Assets at Fair Value Through Profit or Loss" according to TAS 39.

<sup>(3)</sup>The balances at the beginning and end of the periods are disclosed as the total of purchase 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 Group'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 realised with market prices.

##### 2. Type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

| Total Risk Group                        | 31 December 2009 | 31 December 2008 |
|---|------------------|------------------|
| Loans                                   | 595.618          | 494.980          |
| Banks                                   | 1.423            | 210.261          |
| Marketable Securities                   | 22.359           | 76.298           |
| Leasing receivables/ (payables), net    | 15.449           | 13.437           |
| Factoring receivables / (payables), net | 462.773          | 87.062           |
| Interest Income Received                | 71.159           | 90.108           |
| Non- Cash Loans                         | 606.281          | 633.294          |
| Commission Income Received              | 4.189            | 2.616            |
| Deposit                                 | 4.265.538        | 4.364.967        |
| Borrowings and Money Markets            | 1.167.800        | 1.353.230        |
| Interest Expense Paid                   | 352.290          | 437.930          |
| Trading Transactions                    | 1.088.205        | 711.872          |
| Trading Transactions Profit, net        | 16.738           | (7.127)          |

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

# YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2009

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

#### 3. Information regarding benefits provided to the Group's key management:

Salaries paid to the Group's key management amount to TL35.238 thousand as of 31 December 2009 (2008: TL31.304 thousand).

#### IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

|                                 | Number | Employee number |                          |             |                         |
|---------------------------------|--------|-----------------|--------------------------|-------------|-------------------------|
| Domestic Branch                 | 837    | 14.328          |                          |             |                         |
|                                 |        |                 | Country of Incorporation |             |                         |
| Foreign Rep. Office             | -      | -               |                          |             |                         |
|                                 |        |                 |                          | Total Asset | Statutory Share capital |
| Foreign Branch                  | -      | -               |                          | -           | -                       |
| Off-Shore Banking Region Branch | 1      | 5               | 1-Bahrain                | 10.240.963  | -                       |

#### X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

#### SECTION SIX

#### OTHER EXPLANATIONS AND NOTES

##### I. OTHER EXPLANATIONS ON GROUP'S OPERATIONS

None.

#### SECTION SEVEN

#### EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements and explanatory notes as of 31 December 2009 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The independent auditor's report dated 2 March 2010 is presented prior to the consolidated financial statements.

##### II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

## 2009 FINANCIAL REVIEW\*

Yapı Kredi increased its net income by 23% year-on-year to TL 1.553 million on the back of positive commercial performance and tight cost management. The Bank's return on average equity was recorded as 23%.

The Bank increased its revenues by 26% year-on-year to TL 6.071 million driven by 37% year-on-year growth in net interest income and 13% year-on-year growth in fees and commissions. Costs declined by 2% year-on-year driven by tight cost management together with efficiency improvements. Cost/income decreased to 41% compared to 53% at the end of 2008.

In 2009, Yapı Kredi maintained strong focus on customer-related business with no major investment in securities. Loan volume remained stable at TL 38,9 billion on the back of subdued demand due to unfavourable macroeconomic environment. Lending activity was concentrated in selected areas, especially mortgages. The Bank recorded 20% year-on-year growth in mortgages (sector: 14%) and market share in mortgages increased to 9,0% from 8,5% in 2008. Yapı Kredi continued its strong focus on credit cards in 2009 and maintained its position as the sector leader with 20,4% outstanding volume market share.

In line with loan evolution, deposit volumes remained relatively flat at TL 43,4 billion on the back of low liquidity pressure and no significant increase in securities investment. Yapı Kredi grew its demand deposits by 28% year-on-year driven by strong focus on client relationships especially in SME and commercial segments. As a result, demand deposits to total deposits ratio improved to 19% from 14% in 2008. In 2009, assets under management (AUM) increased 24% year-on-year to TL 7,7 billion on the back of falling interest rate environment. Yapı Kredi maintained its second position in AUM volumes with 18% market share. Yapı Kredi also finished 2009 with leadership positions in leasing and factoring with 16,1% and 26,9% market shares, respectively.

In line with the sector, Yapı Kredi witnessed deterioration in asset quality in 2009 in the first half of the year. The Bank launched significant credit restructuring programmes in the beginning of April, which contributed to strong collections performance and slowdown in non-performing loan (NPL) inflows. As of the end of 2009, NPL ratio was at 6,3%. Driven by a conservative approach, specific provisioning coverage increased 21pp year-on-year to 84%.

In 2009, Yapı Kredi strengthened its capital position and maintained a comfortable liquidity level. Yapı Kredi's capital adequacy ratio improved to 17,8% at bank level and 16,5% at consolidated level. The Bank's loans/deposits ratio was 90,5% at the end of 2009 on a consolidated basis.

As of December 2009, Yapı Kredi has the fourth largest branch network in Turkey with 838 branches and 9,3% market share. Yapı Kredi's branch expansion plan, which was put on temporary stand-by at the beginning of 2009, was resumed in December with seven new retail branch openings and will continue in 2010 with around 60 branch openings.

\*Based on BRSA consolidated financials

## YAPI KREDİ'S CREDIT RATINGS

| <b>MOODY'S</b>                      | <b>Rating</b> | <b>Outlook</b> |
|-------------------------------------|---------------|----------------|
| Financial Strength Rating           | D+            | Stable         |
| Short Term Foreign Currency Deposit | NP            | Stable         |
| Long Term Foreign Currency Deposit  | Ba3           | Stable         |
| Long Term Local Currency Deposit    | Baa1          | Stable         |
| Short Term Local Currency Deposit   | Prime-2       | Stable         |
| National Scale Rating               | Aa2.tr        |                |

| <b>STANDARD&amp;POOR'S</b>                          | <b>Rating</b> | <b>Outlook</b> |
|---|---------------|----------------|
| Long Term FC Counterparty Rating                    | 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         |                |

| <b>FITCH RATINGS</b>                   | <b>Rating</b> | <b>Outlook</b> |
|--|---------------|----------------|
| Foreign Currency Issuer Default Rating |               |                |
| Long Term                              | BBB-          | Stable         |
| Short Term                             | F3            |                |
| Local Currency Issuer Default Rating   |               |                |
| Long Term                              | BBB           | Stable         |
| Short Term                             | F3            |                |
| Individual Rating                      | C/D           |                |
| Support Rating                         | 2             |                |
| National Long Term                     | AAA (tur)     | Stable         |

Note: Update ratings as of March 9, 2010

# YAPI KREDİ ABROAD

## SUBSIDIARIES ABROAD

### YAPI KREDİ BANK NEDERLAND NV

Rembrandt Tower, 16th Floor  
Amstelplein 1, 1096 HA  
Amsterdam, Nederland  
Tel: + 3120 462 44 44  
Fax: + 3120 663 13 31  
SWIFT Code: KABA NL 2A

### YAPI KREDİ BANK MOSCOW

Goncharnaya Naberezhnaya  
Construction 2, House 1  
115172 Moscow, Russian Federation  
Tel: + 7495 234 98 89  
Fax: + 7495 956 19 72  
SWIFT Code: YKBM RU MM  
Telex Code: 414150 yapi ru

### YAPI KREDİ BANK AZERBAIJAN

Yasamal District  
Cafar Cabbarlı Str., 32/12,  
AZ 1065-Baku, Azerbaijan  
Tel: + 99 412 497 77 95  
Fax: + 99 412 497 02 76  
SWIFT Code: KABA AZ 22

### BANQUE DE COMMERCE ET DE PLACEMENTS S.A. (BCP)

Rue de la Fontaine 1  
P.O. Box 3069  
CH-1211 Geneva, Switzerland  
Tel: + 41 22 909 19 19  
Fax: + 41 22 909 19 00  
SWIFT Code: BPCP CH GG  
Telex Code: 412391 bcp ch

## BRANCH ABROAD

### YAPI KREDİ-BAHRAIN BRANCH

Bahrain Development Bank Building,  
2nd Floor Diplomatic Area  
P.O. Box: 10615  
Manama, Bahrain  
Tel: + 973 175 410 55 / + 973 175 303 13  
Fax: + 973 175 410 56 / + 973 175 303 11  
SWIFT Code: YAPI BH BX  
Teleks Code: 9935 yapibah bn





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**sustainable success**





**Yapı ve Kredi Bankası A.Ş.**  
Head Office  
Yapı Kredi Plaza D Blok  
Levent 34330 Istanbul-TURKEY  
Tel: +90 (212) 339 70 00  
Fax: +90 (212) 339 60 00  
[yapikredi.com.tr](http://yapikredi.com.tr)