

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced consolidated financial statements  
and related disclosures at September 30, 2010 together  
with independent auditor's review report**

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

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at September 30, 2010 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at September 30, 2010 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

The consolidated financial statements of the Group as of and for the nine months period ended September 30, 2009 and as of and for the year ended December 31, 2009 prepared in accordance with the accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 were reviewed and audited, respectively, by another audit firm, who in their report dated November 11, 2009 stated that nothing has come to their attention that causes them to believe that the consolidated financial statements of the Group as of and for the nine months ended September 30, 2009 do not give a true and fair view of the financial position, results of operations and cash flows in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles, and in their report dated March 2, 2010 expressed an unqualified opinion on the consolidated financial statements as of and for the year ended December 31, 2009.

**Additional paragraph for convenience translation:**

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Selim Elhadeif, SMMM  
Partner

Istanbul November 10, 2010

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

**The consolidated interim financial report of  
Yapı ve Kredi Bankası A.Ş. as of September 30, 2010**

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

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

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

<b>Subsidiaries</b>	<b>Associates</b>
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 B Tipi Yatırım Ortaklığı A.Ş.	
7. Yapı Kredi Portföy Yönetimi A.Ş.	
8. Yapı Kredi Holding B.V.	
9. Yapı Kredi Bank Nederland N.V.	
10. Yapı Kredi Bank Moscow	
11. Sticing Custody Services YKB	
12. Yapı Kredi Bank Azerbaijan CJSC	
13. Yapı Kredi Invest LLC	

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

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira** 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 Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and relating appendices and interpretations on these, and have been reviewed.

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

**H. Faik AÇIKALIN**  
Chief  
Executive Officer

**Marco CRAVARIO**  
Chief Financial Officer

**M. Gökmen UÇAR**  
Head of Financial  
Reporting and Accounting

**Federico GHIZZONI**  
President of Audit Committee

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

**Füsun Akkal BOZOK**  
Member of Audit Committee

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

**Name-Surname / Title** : Serkan Savaş / Head of Consolidation  
**Telephone Number** : 0212 339 63 22  
**Fax Number** : 0212 339 61 05

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## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements at September 30, 2010

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

#### Section one

#### General information about the Group

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

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

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

The Parent Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted in London Stock Exchange. As of September 30, 2010, 18,20% of the shares of the Bank are publicly traded (December 31, 2009 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCI") and Koç Group.

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

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

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

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements at September 30, 2010

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

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

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

As of September 30, 2010, the Parent Bank's Board of Directors, Members of the Audit Committee and General Manager and Assistant General Managers are as follows:

Board of Directors Members:

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
Massimiliano FOSSATI	Member

General Manager and Assistant 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
Mert GÜVENEN	Corporate and Commercial Banking Management
Süleyman Cihançir KAVUNCU	Human Resources 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
Wolfgang SCHILK	Risk 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

Audit Committee Members:

Name	Responsibility
Federico GHIZZONI	Chairman
Füsun Akkal BOZOK	Member
Vittorio G. M. OGLIENGO	Member

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements at September 30, 2010

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

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

Statutory Auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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

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

#### V. Summary information on the parent bank's activities and services types:

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

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

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

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

As of September 30, 2010, the Parent Bank has 861 branches operating in Turkey and 1 Branch in off-shore region (December 31, 2009 - 837 branches operating in Turkey, 1 branch in off-shore region). As of September 30, 2010, the Parent Bank has 14.402 employees (December 31, 2009 - 14.333 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of September 30, 2010 the Group has 16.745 employees (December 31, 2009 - 16.713 employees).



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

## Yapı ve Kredi Bankası A.Ş.

### Consolidated financial statements at September 30, 2010 and December 31, 2009

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

## Section two Consolidated financial statements

### I. Consolidated balance sheet

Assets	Note (Section five)	(30/09/2010)			(31/12/2009)		
		TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	<b>I-a</b>	<b>2.040.461</b>	<b>3.136.126</b>	<b>5.176.587</b>	<b>1.784.273</b>	<b>2.445.062</b>	<b>4.229.335</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	<b>I-b</b>	<b>1.179.594</b>	<b>180.739</b>	<b>1.360.333</b>	<b>802.452</b>	<b>181.175</b>	<b>983.627</b>
2.1 Trading financial assets		1.179.594	180.739	1.360.333	802.452	181.175	983.627
2.1.1 Government debt securities		156.700	74.383	231.083	164.476	109.402	273.878
2.1.2 Share certificates		3.739	-	3.739	38.963	-	38.963
2.1.3 Derivative financial assets held for trading		950.713	106.178	1.056.891	546.121	71.583	617.704
2.1.4 Other marketable securities		68.442	178	68.620	52.892	190	53.082
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	<b>I-c</b>	<b>617.633</b>	<b>2.726.538</b>	<b>3.344.171</b>	<b>545.079</b>	<b>1.849.569</b>	<b>2.394.648</b>
<b>IV. Money markets</b>		<b>24.446</b>	<b>-</b>	<b>24.446</b>	<b>1.581.459</b>	<b>-</b>	<b>1.581.459</b>
4.1 Interbank money market placements		-	-	-	1.500.271	-	1.500.271
4.2 Receivables from Istanbul Stock Exchange Money Market		10.121	-	10.121	30.015	-	30.015
4.3 Receivables from reverse repurchase agreements		14.325	-	14.325	51.173	-	51.173
<b>V. Financial assets available-for-sale (net)</b>	<b>I-d</b>	<b>2.794.855</b>	<b>1.116.180</b>	<b>3.911.035</b>	<b>934.109</b>	<b>1.089.706</b>	<b>2.023.815</b>
5.1 Share certificates		16.314	256	16.570	18.978	2.193	21.171
5.2 Government debt securities		2.250.836	838.000	3.088.836	867.008	1.018.499	1.885.507
5.3 Other marketable securities		527.705	277.924	805.629	48.123	69.014	117.137
<b>VI. Loans and receivables</b>	<b>I-e</b>	<b>31.415.821</b>	<b>16.880.519</b>	<b>48.296.340</b>	<b>24.960.975</b>	<b>14.309.544</b>	<b>39.270.519</b>
6.1 Loans and receivables		30.825.166	16.870.544	47.695.710	24.564.156	14.298.626	38.862.782
6.1.1 Loans to Bank's risk group		523.546	366.157	889.703	414.041	181.577	595.618
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		30.301.620	16.504.387	46.806.007	24.150.115	14.117.049	38.267.164
6.2 Loans under follow-up		2.099.756	57.382	2.157.138	2.569.983	52.675	2.622.658
6.3 Specific provisions (-)		(1.509.101)	(47.407)	(1.556.508)	(2.173.164)	(41.757)	(2.214.921)
<b>VII. Factoring receivables</b>		<b>1.110.615</b>	<b>565.699</b>	<b>1.676.314</b>	<b>1.027.290</b>	<b>404.041</b>	<b>1.431.331</b>
<b>VIII. Held-to-maturity investments (net)</b>	<b>I-f</b>	<b>4.862.939</b>	<b>6.633.630</b>	<b>11.496.569</b>	<b>6.056.097</b>	<b>7.262.622</b>	<b>13.318.719</b>
8.1 Government debt securities		4.862.939	6.633.630	11.496.569	6.056.097	7.262.622	13.318.719
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. Investments in associates (net)</b>	<b>I-g</b>	<b>3.940</b>	<b>61.020</b>	<b>64.960</b>	<b>3.940</b>	<b>58.939</b>	<b>62.879</b>
9.1 Accounted based on equity method		-	61.020	61.020	-	58.939	58.939
9.2 Unconsolidated		3.940	-	3.940	3.940	-	3.940
9.2.1 Investments in financial associates		3.940	-	3.940	3.940	-	3.940
9.2.2 Investments in non-financial associates		-	-	-	-	-	-
<b>X. Subsidiaries (net)</b>	<b>I-h</b>	<b>26.890</b>	<b>-</b>	<b>26.890</b>	<b>26.890</b>	<b>-</b>	<b>26.890</b>
10.1 Unconsolidated financial subsidiaries		24.590	-	24.590	24.590	-	24.590
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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. Lease receivables</b>	<b>I-i</b>	<b>390.943</b>	<b>1.549.938</b>	<b>1.940.881</b>	<b>398.762</b>	<b>1.786.448</b>	<b>2.185.210</b>
12.1 Financial lease receivables		472.496	1.810.066	2.282.562	493.872	2.104.050	2.597.922
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(81.553)	(260.128)	(341.681)	(95.110)	(317.602)	(412.712)
<b>XIII. Derivative financial assets held for hedging</b>	<b>I-j</b>	<b>16.407</b>	<b>-</b>	<b>16.407</b>	<b>127.678</b>	<b>953</b>	<b>128.631</b>
13.1 Fair value hedge		16.407	-	16.407	127.678	953	128.631
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>		<b>1.072.898</b>	<b>14.931</b>	<b>1.087.829</b>	<b>1.130.617</b>	<b>16.930</b>	<b>1.147.547</b>
<b>XV. Intangible assets (net)</b>	<b>I-k</b>	<b>1.222.751</b>	<b>526</b>	<b>1.223.277</b>	<b>1.194.538</b>	<b>111</b>	<b>1.194.649</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		243.258	526	243.784	215.045	111	215.156
<b>XVI. Investment property (net)</b>	<b>I-l</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. Tax asset</b>		<b>320.336</b>	<b>1.854</b>	<b>322.190</b>	<b>307.991</b>	<b>3.366</b>	<b>311.357</b>
17.1 Current tax asset		-	1.685	1.685	-	236	236
17.2 Deferred tax asset		320.336	169	320.505	307.991	3.130	311.121
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	<b>I-m</b>	<b>66.325</b>	<b>-</b>	<b>66.325</b>	<b>88.680</b>	<b>-</b>	<b>88.680</b>
18.1 Held for sale		66.325	-	66.325	88.680	-	88.680
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	<b>I-n</b>	<b>1.074.240</b>	<b>880.133</b>	<b>1.954.373</b>	<b>836.513</b>	<b>518.675</b>	<b>1.355.188</b>
<b>Total assets</b>		<b>48.241.094</b>	<b>33.747.833</b>	<b>81.988.927</b>	<b>41.807.343</b>	<b>29.927.141</b>	<b>71.734.484</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated financial statements at September 30, 2010 and December 31, 2009**

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

**I. Consolidated balance sheet**

		(30/09/2010)			(31/12/2009)				
		Note (Section Five)		TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>Deposits</b>	<b>II-a</b>		<b>27.003.694</b>	<b>22.318.710</b>	<b>49.322.404</b>	<b>23.232.276</b>	<b>20.142.609</b>	<b>43.374.885</b>
1.1	Deposits of Bank's risk group			2.104.849	3.055.843	5.160.692	1.617.242	2.648.296	4.265.538
1.2	Other			24.898.845	19.262.867	44.161.712	21.615.034	17.494.313	39.109.347
<b>II.</b>	<b>Derivative financial liabilities held for trading</b>	<b>II-b</b>		<b>441.968</b>	<b>72.819</b>	<b>514.787</b>	<b>212.626</b>	<b>55.889</b>	<b>268.515</b>
<b>III.</b>	<b>Funds borrowed</b>	<b>II-c</b>		<b>1.580.232</b>	<b>4.661.089</b>	<b>6.241.321</b>	<b>1.417.155</b>	<b>4.943.071</b>	<b>6.360.226</b>
<b>IV.</b>	<b>Money markets</b>			<b>590.381</b>	<b>2.303.282</b>	<b>2.893.663</b>	<b>130.100</b>	<b>1.155.467</b>	<b>1.285.567</b>
4.1	Funds from interbank money market			-	57.152	57.152	-	46.886	46.886
4.2	Funds from Istanbul Stock Exchange Money Market			349.895	-	349.895	-	-	-
4.3	Funds provided under repurchase agreements			240.486	2.246.130	2.486.616	130.100	1.108.581	1.238.681
<b>V.</b>	<b>Marketable securities issued (net)</b>	<b>II-d</b>		<b>-</b>	<b>1.388.210</b>	<b>1.388.210</b>	<b>-</b>	<b>1.744.478</b>	<b>1.744.478</b>
5.1	Bills			-	436	436	-	718	718
5.2	Asset backed securities			-	1.387.774	1.387.774	-	1.743.760	1.743.760
5.3	Bonds			-	-	-	-	-	-
<b>VI.</b>	<b>Funds</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Borrower funds			-	-	-	-	-	-
6.2	Other			-	-	-	-	-	-
<b>VII.</b>	<b>Miscellaneous payables</b>			<b>3.253.098</b>	<b>847.004</b>	<b>4.100.102</b>	<b>2.828.474</b>	<b>417.351</b>	<b>3.245.825</b>
<b>VIII.</b>	<b>Other liabilities</b>	<b>II-e</b>		<b>977.167</b>	<b>414.860</b>	<b>1.392.027</b>	<b>509.530</b>	<b>397.055</b>	<b>906.585</b>
<b>IX.</b>	<b>Factoring payables</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X.</b>	<b>Lease payables (net)</b>	<b>II-f</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>112</b>	<b>113</b>
10.1	Financial lease payables			-	-	-	1	113	114
10.2	Operational lease payables			-	-	-	-	-	-
10.3	Other			-	-	-	-	-	-
10.4	Deferred lease expenses (-)			-	-	-	-	(1)	(1)
<b>XI.</b>	<b>Derivative financial liabilities held for hedging</b>	<b>II-g</b>		<b>404.446</b>	<b>154.451</b>	<b>558.897</b>	<b>357.513</b>	<b>100</b>	<b>357.613</b>
11.1	Fair value hedge			377.174	-	377.174	357.513	100	357.613
11.2	Cash flow hedge			27.272	154.451	181.723	-	-	-
11.3	Foreign net investment hedge			-	-	-	-	-	-
<b>XII.</b>	<b>Provisions</b>	<b>II-h</b>		<b>2.478.205</b>	<b>660.616</b>	<b>3.138.821</b>	<b>2.541.836</b>	<b>731.445</b>	<b>3.273.281</b>
12.1	General loan loss provision			478.710	287.397	766.107	557.129	352.501	909.630
12.2	Restructuring provisions			-	-	-	-	-	-
12.3	Reserve for employee rights			173.681	2.080	175.761	164.049	2.150	166.199
12.4	Insurance technical provisions (net)			604.526	297.174	901.700	546.356	320.448	866.804
12.5	Other provisions			1.221.288	73.965	1.295.253	1.274.302	56.346	1.330.648
<b>XIII.</b>	<b>Tax liability</b>	<b>II-i</b>		<b>150.731</b>	<b>14.608</b>	<b>165.339</b>	<b>204.945</b>	<b>2.288</b>	<b>207.233</b>
13.1	Current tax liability			150.042	13.843	163.885	204.444	653	205.097
13.2	Deferred tax liability			689	765	1.454	501	1.635	2.136
<b>XIV.</b>	<b>Liabilities for assets held for sale and related to discontinued operations (net)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1	Held for sale			-	-	-	-	-	-
14.2	Related to discontinued operations			-	-	-	-	-	-
<b>XV.</b>	<b>Subordinated loans</b>	<b>II-j</b>		<b>-</b>	<b>2.034.549</b>	<b>2.034.549</b>	<b>-</b>	<b>2.224.023</b>	<b>2.224.023</b>
<b>XVI.</b>	<b>Shareholders' equity</b>	<b>II-k</b>		<b>10.354.620</b>	<b>(115.813)</b>	<b>10.238.807</b>	<b>8.499.057</b>	<b>(12.917)</b>	<b>8.486.140</b>
16.1	Paid-in capital			4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves			727.255	(115.813)	611.442	722.973	(12.917)	710.056
16.2.1	Share premium			543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits			-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	<b>II-k</b>		85.589	72.585	158.174	102.824	58.577	161.401
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)			17.663	(188.398)	(170.735)	14.299	(71.494)	(57.195)
16.2.9	Value increase in assets held for sale and related to discontinued operations			-	-	-	-	-	-
16.2.10	Other capital reserves			80.122	-	80.122	61.969	-	61.969
16.3	Profit reserves			3.202.502	-	3.202.502	1.865.878	-	1.865.878
16.3.1	Legal reserves			163.959	-	163.959	96.220	-	96.220
16.3.2	Status reserves			-	-	-	-	-	-
16.3.3	Extraordinary reserves			3.038.543	-	3.038.543	1.769.658	-	1.769.658
16.3.4	Other profit reserves			-	-	-	-	-	-
16.4	Income or (loss)			2.016.934	-	2.016.934	1.505.894	-	1.505.894
16.4.1	Prior years' income or (loss)			151.117	-	151.117	(37.054)	-	(37.054)
16.4.2	Current year income or (loss)			1.865.817	-	1.865.817	1.542.948	-	1.542.948
16.5	Minority interest	<b>II-l</b>		60.878	-	60.878	57.261	-	57.261
<b>Total liabilities and shareholders' equity</b>				<b>47.234.542</b>	<b>34.754.385</b>	<b>81.988.927</b>	<b>39.933.513</b>	<b>31.800.971</b>	<b>71.734.484</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Consolidated financial statements at September 30, 2010 and December 31, 2009

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

## II. Consolidated off-balance sheet commitments

	Note (Section Five)	(30/09/2010)			(31/12/2009)		
		TL	FC	Total	TL	FC	Total
<b>A</b>	<b>Off-balance sheet commitments (I+II+III)</b>	<b>46.672.482</b>	<b>54.845.627</b>	<b>101.518.109</b>	<b>33.280.612</b>	<b>40.993.912</b>	<b>74.274.524</b>
<b>I.</b>	<b>Guarantees and warranties</b>	<b>8.059.202</b>	<b>11.264.625</b>	<b>19.323.827</b>	<b>6.256.478</b>	<b>10.329.577</b>	<b>16.586.055</b>
1.1	Letters of guarantee	8.042.067	7.057.818	15.099.885	6.251.627	7.045.114	13.296.741
1.1.1	Guarantees subject to state tender law	490.771	518.529	1.009.300	476.948	441.239	918.187
1.1.2	Guarantees given for foreign trade operations	803.268	6.397.119	7.200.387	683.494	6.342.845	7.026.339
1.1.3	Other letters of guarantee	6.748.028	142.170	6.890.198	5.091.185	261.030	5.352.215
1.2	Bank acceptances	-	157.664	157.664	-	151.669	151.669
1.2.1	Import letter of acceptance	-	157.664	157.664	-	151.669	151.669
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	11.936	3.562.877	3.574.813	1.410	2.736.825	2.738.235
1.3.1	Documentary letters of credit	11.936	3.545.938	3.557.874	1.410	2.709.285	2.710.695
1.3.2	Other letters of credit	-	16.939	16.939	-	27.540	27.540
1.4	Prefinancing given as guarantee	143	1.935	2.078	143	2.008	2.151
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	5.056	253.190	258.246	2.398	197.374	199.772
1.9	Other warranties	-	231.141	231.141	900	196.587	197.487
<b>II.</b>	<b>Commitments</b>	<b>19.208.493</b>	<b>2.017.906</b>	<b>21.226.399</b>	<b>16.411.945</b>	<b>3.043.563</b>	<b>19.455.508</b>
2.1	Irrevocable commitments	18.786.000	2.017.906	20.803.906	16.411.945	3.043.563	19.455.508
2.1.1	Asset purchase and sale commitments	10.639	1.577.134	1.587.773	-	517.280	517.280
2.1.2	Deposit purchase and sales commitments	415	134.178	134.593	5.419	-	5.419
2.1.3	Share capital commitments to associates and subsidiaries	2.000	-	2.000	2.000	-	2.000
2.1.4	Loan granting commitments	2.866.429	278.022	3.144.451	2.693.259	422.894	3.116.153
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	1.209.483	2.088.453	3.297.936
2.1.7	Commitments for cheques	3.588.433	-	3.588.433	1.468.823	-	1.468.823
2.1.8	Tax and fund liabilities from export commitments	39.012	-	39.012	38.261	-	38.261
2.1.9	Commitments for credit card limits	11.545.390	17.206	11.562.596	10.952.962	1.306	10.954.268
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	733.682	11.366	745.048	41.738	13.630	55.368
2.2	Revocable commitments	422.493	-	422.493	-	-	-
2.2.1	Revocable loan granting commitments	422.493	-	422.493	-	-	-
2.2.2	Other revocable commitments	-	-	-	-	-	-
<b>III.</b>	<b>Derivative financial instruments</b>	<b>19.404.787</b>	<b>41.563.096</b>	<b>60.967.883</b>	<b>10.612.189</b>	<b>27.620.772</b>	<b>38.232.961</b>
3.1	Derivative financial instruments for hedging purposes	3.480.632	8.825.369	12.306.001	1.957.152	2.011.741	3.968.893
3.1.1	Transactions for fair value hedge	2.110.632	2.078.925	4.189.557	1.957.152	2.011.741	3.968.893
3.1.2	Transactions for cash flow hedge	1.370.000	6.746.444	8.116.444	-	-	-
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Held for trading transactions	15.924.155	32.737.727	48.661.882	8.655.037	25.609.031	34.264.068
3.2.1	Forward foreign currency buy/sell transactions	1.781.050	4.684.809	6.465.859	1.763.364	2.312.832	4.076.196
3.2.1.1	Forward foreign currency transactions-buy	750.710	2.482.505	3.233.215	854.121	1.182.108	2.036.229
3.2.1.2	Forward foreign currency transactions-sell	1.030.340	2.202.304	3.232.644	909.243	1.130.724	2.039.967
3.2.2	Swap transactions related to foreign currency and interest rates	7.743.239	20.371.855	28.115.094	5.428.414	18.078.075	23.506.489
3.2.2.1	Foreign currency swap-buy	5.654.895	7.104.791	12.759.686	3.839.391	4.658.545	8.497.936
3.2.2.2	Foreign currency swap-sell	1.888.344	10.065.682	11.954.026	1.589.023	6.428.426	8.017.449
3.2.2.3	Interest rate swap-buy	100.000	1.600.691	1.700.691	-	3.495.552	3.495.552
3.2.2.4	Interest rate swap-sell	100.000	1.600.691	1.700.691	-	3.495.552	3.495.552
3.2.3	Foreign currency, interest rate and securities options	5.922.606	7.478.894	13.401.500	1.463.259	4.693.069	6.156.328
3.2.3.1	Foreign currency options-buy	2.690.802	3.625.503	6.216.305	530.200	1.432.885	1.963.085
3.2.3.2	Foreign currency options-sell	2.654.751	3.571.676	6.226.427	653.793	1.321.654	1.975.447
3.2.3.3	Interest rate options-buy	-	-	-	16.194	880.800	896.994
3.2.3.4	Interest rate options-sell	-	-	-	16.194	880.800	896.994
3.2.3.5	Securities options-buy	353.579	124.250	477.829	129.092	88.465	217.557
3.2.3.6	Securities options-sell	323.474	157.465	480.939	117.786	88.465	206.251
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	477.260	202.169	679.429	-	525.055	525.055
<b>B.</b>	<b>Custody and pledges received (IV+V+VI)</b>	<b>88.962.872</b>	<b>18.663.516</b>	<b>107.626.388</b>	<b>75.768.203</b>	<b>17.689.193</b>	<b>93.457.396</b>
<b>IV.</b>	<b>Items held in custody</b>	<b>51.856.604</b>	<b>3.692.463</b>	<b>55.549.067</b>	<b>48.319.294</b>	<b>3.636.594</b>	<b>51.955.888</b>
4.1	Customer fund and portfolio balances	3.057.647	98	3.057.745	5.337	107	5.444
4.2	Investment securities held in custody	41.030.553	3.389.581	44.420.134	41.864.639	3.337.576	45.202.215
4.3	Checks received for collection	6.425.005	53.927	6.478.932	4.993.095	39.960	5.033.055
4.4	Commercial notes received for collection	1.340.624	228.801	1.569.425	1.456.124	237.166	1.693.290
4.5	Other assets received for collection	-	20.056	20.056	-	21.785	21.785
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	2.775	-	2.775	99	-	99
4.8	Custodians	-	-	-	-	-	-
<b>V.</b>	<b>Pledges received</b>	<b>36.265.359</b>	<b>14.437.875</b>	<b>50.703.234</b>	<b>26.604.251</b>	<b>13.446.313</b>	<b>40.050.564</b>
5.1	Marketable securities	292.390	157	292.547	199.083	163	199.246
5.2	Guarantee notes	441.117	351.308	792.425	303.643	355.528	659.171
5.3	Commodity	12.271	-	12.271	11.329	-	11.329
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	25.198.455	10.264.520	35.462.975	17.764.131	9.292.461	27.056.592
5.6	Other pledged items	10.321.126	3.819.304	14.140.430	8.326.065	3.795.462	12.121.527
5.7	Pledged items-depository	-	2.586	2.586	-	2.699	2.699
<b>VI.</b>	<b>Accepted independent guarantees and warranties</b>	<b>840.909</b>	<b>533.178</b>	<b>1.374.087</b>	<b>844.658</b>	<b>606.286</b>	<b>1.450.944</b>
<b>Total off-balance sheet commitments (A+B)</b>		<b>135.635.354</b>	<b>73.509.143</b>	<b>209.144.497</b>	<b>109.048.815</b>	<b>58.683.105</b>	<b>167.731.920</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated financial statements at September 30, 2010 and 2009**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**III. Consolidated income statement**

Income and expense items		Note (Section five)	01/01-30/09/2010	01/01-30/09/2009
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>4.767.607</b>	<b>5.787.836</b>
1.1	Interest on loans	IV-a-1	3.444.447	4.094.192
1.2	Interest received from reserve deposits		55.291	97.285
1.3	Interest received from banks	IV-a-2	49.205	56.840
1.4	Interest received from money market transactions		43.020	73.546
1.5	Interest received from marketable securities portfolio	IV-a-3	947.468	1.176.582
1.5.1	Trading financial assets		12.756	22.590
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		144.776	101.266
1.5.4	Held to maturity investments		789.936	1.052.726
1.6	Financial lease income		151.551	190.719
1.7	Other interest income		76.625	98.672
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(2.063.901)</b>	<b>(2.880.560)</b>
2.1	Interest on deposits	IV-b-3	(1.729.424)	(2.403.293)
2.2	Interest on funds borrowed	IV-b-1	(266.527)	(380.328)
2.3	Interest expense on money market transactions		(46.102)	(58.308)
2.4	Interest on securities issued		(19.505)	(37.705)
2.5	Other interest expenses		(2.343)	(926)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>2.703.706</b>	<b>2.907.276</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>1.270.993</b>	<b>1.125.981</b>
4.1	Fees and commissions received		1.514.554	1.395.023
4.1.1	Non-cash loans		165.999	150.315
4.1.2	Other		1.348.555	1.244.708
4.2	Fees and commissions paid		(243.561)	(269.042)
4.2.1	Non-cash loans		(2.629)	(121)
4.2.2	Other		(240.932)	(268.921)
<b>V.</b>	<b>Dividend income</b>		<b>1.082</b>	<b>3.402</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(1.829)</b>	<b>369.234</b>
6.1	Trading gains/(losses) on securities		67.792	152.659
6.2	Derivative financial transactions gains/(losses)	IV-d	(445.421)	446.367
6.3	Foreign exchange gains/(losses)		375.800	(229.792)
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>868.500</b>	<b>225.440</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>4.842.452</b>	<b>4.631.333</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(589.051)</b>	<b>(1.184.429)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(1.954.095)</b>	<b>(1.814.078)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>2.299.306</b>	<b>1.632.826</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		<b>3.994</b>	<b>2.561</b>
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-h</b>	<b>2.303.300</b>	<b>1.635.387</b>
<b>XVI.</b>	<b>Tax provisions for continuing operations (±)</b>	<b>IV-i</b>	<b>(433.006)</b>	<b>(353.211)</b>
16.1	Current tax provision		(421.368)	(412.960)
16.2	Deferred tax provision		(11.638)	59.749
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>1.870.294</b>	<b>1.282.176</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit losses before taxes from discontinued operations (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-j</b>	<b>1.870.294</b>	<b>1.282.176</b>
23.1	Group's profit/loss		1.865.817	1.273.268
23.2	Minority interest profit/losses (-)	IV-l	4.477	8.908
	Earnings/(loss) per share (in TL full)		0,0043	0,0029

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

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

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated financial statements at September 30, 2010 and 2009**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**III. Consolidated income statement**

Income and expense items		Note (Section Five)	01/07-30/09/2010	01/07-30/09/2009
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>1.648.493</b>	<b>1.813.725</b>
1.1	Interest on loans	IV-a-1	1.188.153	1.249.946
1.2	Interest received from reserve deposits		20.195	25.671
1.3	Interest received from banks	IV-a-2	22.116	13.060
1.4	Interest received from money market transactions		9.166	45.423
1.5	Interest received from marketable securities portfolio	IV-a-3	329.132	388.276
1.5.1	Trading financial assets		5.505	3.104
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		46.360	31.571
1.5.4	Held to maturity investments		277.267	353.601
1.6	Financial lease income		51.834	58.828
1.7	Other interest income		27.897	32.521
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(763.148)</b>	<b>(789.179)</b>
2.1	Interest on deposits	IV-b-3	(635.924)	(674.104)
2.2	Interest on funds borrowed	IV-b-1	(93.739)	(99.526)
2.3	Interest expense on money market transactions		(25.483)	(6.966)
2.4	Interest on securities issued		(6.184)	(8.201)
2.5	Other interest expenses		(1.818)	(382)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>885.345</b>	<b>1.024.546</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>440.619</b>	<b>395.535</b>
4.1	Fees and commissions received		544.448	472.526
4.1.1	Non-cash loans		56.629	51.512
4.1.2	Other		487.819	421.014
4.2	Fees and commissions paid		(103.829)	(76.991)
4.2.1	Non-cash loans		(2.509)	(26)
4.2.2	Other		(101.320)	(76.965)
<b>V.</b>	<b>Dividend income</b>		<b>155</b>	<b>37</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>50.755</b>	<b>(29.466)</b>
6.1	Trading gains/(losses) on securities		32.302	27.344
6.2	Derivative financial transactions gains/(losses)	IV-d	446.805	98.832
6.3	Foreign exchange gains/(losses)		(428.352)	(155.642)
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>328.600</b>	<b>43.572</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>1.705.474</b>	<b>1.434.224</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(236.439)</b>	<b>(381.350)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(642.138)</b>	<b>(600.512)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>826.897</b>	<b>452.362</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		1.401	881
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-h</b>	828.298	453.243
<b>XVI.</b>	<b>Tax provisions for continuing operations (±)</b>	<b>IV-i</b>	(129.627)	(101.477)
16.1	Current tax provision		(39.652)	(175.584)
16.2	Deferred tax provision		(89.975)	74.107
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		698.671	351.766
<b>XVIII.</b>	<b>Income from discontinued operations</b>		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-j</b>	<b>698.671</b>	<b>351.766</b>
23.1	Group's profit/loss		696.523	348.752
23.2	Minority interest profit/losses (-)	IV-l	2.148	3.014
	Earnings/(loss) per share (in TL full)		0,0016	0,0008

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Consolidated financial statements at September 30, 2010 and 2009**

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

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

<b>Income and expense items accounted under shareholders' equity</b>		<b>(30/09/2010)</b>	<b>(30/09/2009)</b>
<b>I.</b>	<b>Transfers to marketable securities valuation differences from financial assets available for sale</b>	<b>48.158</b>	<b>74.830</b>
<b>II.</b>	<b>Property and equipment revaluation differences</b>	-	-
<b>III.</b>	<b>Intangible assets revaluation differences</b>	-	-
<b>IV.</b>	<b>Currency translation differences for foreign currency transactions</b>	<b>(44.871)</b>	<b>(3.519)</b>
<b>V.</b>	<b>Profit/loss on cash flow hedges (effective part of the fair value changes)</b>	<b>(176.006)</b>	-
<b>VI.</b>	<b>Profit/loss on foreign net investment hedges(effective part of the fair value changes)</b>	<b>34.081</b>	<b>(2.943)</b>
<b>VII.</b>	<b>Effects of changes in accounting policy and adjustment of errors</b>	-	-
<b>VIII.</b>	<b>Other income and expense items accounted under shareholders' equity according to TAS</b>	-	-
<b>IX.</b>	<b>Deferred tax on valuation differences</b>	<b>21.704</b>	<b>(5.218)</b>
<b>X.</b>	<b>Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)</b>	<b>(116.934)</b>	<b>63.150</b>
<b>XI.</b>	<b>Current year profit/loss</b>	<b>1.870.294</b>	<b>1.282.176</b>
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	3.745	4.903
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(38.903)	-
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	1.905.452	1.277.273
<b>XII.</b>	<b>Total profit/loss related to the current period (X-XI)</b>	<b>1.753.360</b>	<b>1.345.326</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Consolidated statement of changes in shareholders' equity at September 30, 2009

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

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

September 30, 2009	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities value increase fund	Property and Equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority interest	Total shareholders equity
I. Period opening balance		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.261.395	(255.848)	88.817	-	-	(54.841)	-	6.815.701	47.980	6.863.681
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I. New balance (I+II)		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.261.395	(255.848)	88.817	-	-	(54.841)	-	6.815.701	47.980	6.863.681
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	68.336	-	-	-	-	68.336	687	69.023
3.1 Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.354)	-	(2.354)	-	(2.354)
3.2 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.354)	-	(2.354)	-	(2.354)
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(3.519)	-	-	-	-	(3.519)	-	(3.519)
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current year income or loss		-	-	-	-	-	-	-	-	1.273.268	-	-	-	-	-	-	1.273.268	8.908	1.282.176
XVIII. Profit distribution		-	-	-	-	52.131	-	947.014	43.456	(1.261.395)	218.794	-	-	-	-	-	-	(1.438)	(1.438)
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.438)	(1.438)
18.2 Transfers to reserves		-	-	-	-	52.131	-	947.014	43.456	(1.261.395)	218.794	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period end balance (I+II+III +.....+XXII+XXI)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>96.220</b>	<b>-</b>	<b>1.769.658</b>	<b>61.969</b>	<b>1.273.268</b>	<b>(37.054)</b>	<b>153.634</b>	<b>-</b>	<b>-</b>	<b>(57.195)</b>	<b>-</b>	<b>8.151.432</b>	<b>56.137</b>	<b>8.207.569</b>

(\*) Total legal reserves and extraordinary reserves of the consolidated subsidiaries amounting to TL 261.346 and TL 1.970.416, respectively, and the share of the Parent Bank in such reserves have been presented under Prior Period Net Income / (Loss).

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)

## Yapı ve Kredi Bankası A.Ş.

### Consolidated statement of changes in shareholders' equity at September 30, 2010

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

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

	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves*	Status reserves	Extraordinary reserves*	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)*	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority interest	Total shareholders equity
September 30, 2010																			
I. Prior period-end balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.140
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	41.644	-	-	-	-	41.644	(167)	41.477
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(113.540)	-	(113.540)	-	(113.540)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(140.805)	-	(140.805)	-	(140.805)
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	27.265	-	27.265	-	27.265
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(44.871)	-	-	-	-	(44.871)	-	(44.871)
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current year income or loss		-	-	-	-	-	-	-	-	1.865.817	-	-	-	-	-	-	1.865.817	4.477	1.870.294
XVIII. Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	(693)	(693)
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(693)	(693)
18.2 Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period end balance (I+II+III+.....+XVII+XVIII)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>163.959</b>	<b>-</b>	<b>3.038.543</b>	<b>80.122</b>	<b>1.865.817</b>	<b>151.117</b>	<b>158.174</b>	<b>-</b>	<b>-</b>	<b>(170.735)</b>	<b>-</b>	<b>10.177.929</b>	<b>60.878</b>	<b>10.238.807</b>

(\*) Total legal reserves and extraordinary reserves of the consolidated subsidiaries amounting to TL 380.805 and TL 3.367.805 respectively, and the share of the Parent Bank in such reserves have been presented under Prior Period Net Income / (Loss).

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)

**Yapı ve Kredi Bankası A.Ş.**

**Consolidated statement of cash flows at September 30, 2010 and 2009**

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

**VI. Consolidated statement of cash flows**

<b>A.</b>	<b>Cash flows from banking operations</b>	<b>Note (Section Five)</b>	<b>(30/09/2010)</b>	<b>(30/09/2009)</b>
1.1	Operating profit before changes in operating assets and liabilities		1.782.007	4.052.453
1.1.1	Interest received		4.869.796	6.964.812
1.1.2	Interest paid		(2.076.609)	(3.121.635)
1.1.3	Dividend received		1.082	3.402
1.1.4	Fees and commissions received		1.514.598	1.381.422
1.1.5	Other income		(451.934)	881.236
1.1.6	Collections from previously written-off loans and other receivables		1.169.258	1.094.770
1.1.7	Payments to personnel and service suppliers		(1.779.083)	(1.638.444)
1.1.8	Taxes paid		(547.680)	(300.082)
1.1.9	Other	V-c	(917.421)	(1.213.028)
1.2	Changes in operating assets and liabilities		482.210	(4.237.466)
1.2.1	Net (increase) / decrease in trading securities		43.336	(57.577)
1.2.2	Net (increase) / decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net decrease / (increase) in banks		370.497	706.594
1.2.4	Net decrease / (increase) in loans		(8.467.179)	(481.846)
1.2.5	Net (increase) / decrease in other assets		(545.160)	(256.346)
1.2.6	Net increase / (decrease) in bank deposits		65.762	630.286
1.2.7	Net (decrease) / increase in other deposits		5.871.632	(1.322.794)
1.2.8	Net (decrease) / increase in funds borrowed		1.808.527	(3.600.270)
1.2.9	Net (decrease) / increase in payables		-	-
1.2.10	Net increase in other liabilities	V-c	1.334.795	144.487
<b>I.</b>	<b>Net cash flows from banking operations</b>		<b>2.264.217</b>	<b>(185.013)</b>
<b>B.</b>	<b>Cash flows from investing activities</b>			
<b>II.</b>	<b>Net cash flows from investing activities</b>		<b>(626.621)</b>	<b>(416.653)</b>
2.1	Cash paid for acquisition of investments in associates and subsidiaries and joint ventures		-	-
2.2	Cash obtained from disposal of investments in associates and subsidiaries and joint ventures		-	-
2.3	Purchases of property and equipment		(122.951)	(128.539)
2.4	Disposals of property and equipment		20.314	11.137
2.5	Purchase of investments available-for-sale		(4.811.312)	(2.864.498)
2.6	Sale of investments available-for -sale		2.980.497	2.461.530
2.7	Purchase of investment securities		(615.545)	(556.805)
2.8	Sale of investment securities		1.922.376	652.404
2.9	Other		-	8.118
<b>C.</b>	<b>Cash flows from financing activities</b>			
<b>III.</b>	<b>Net cash flows from financing activities</b>		<b>(751.187)</b>	<b>1.835.534</b>
3.1	Cash obtained from funds borrowed and securities issued		1.453.705	1.837.250
3.2	Cash used for repayment of funds borrowed and securities issued		(2.204.086)	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(693)	(1.438)
3.5	Payments for finance leases		(113)	(278)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rates on cash and cash equivalents</b>	<b>V-c</b>	<b>(184.053)</b>	<b>14.818</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>702.356</b>	<b>1.248.686</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>V-a</b>	<b>5.047.843</b>	<b>4.188.682</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>V-a</b>	<b>5.750.199</b>	<b>5.437.368</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)

## **Yapı ve Kredi Bankası A.Ş.**

### **Notes to consolidated financial statements September 30, 2010**

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

#### **Section three**

#### **Explanations on accounting policies**

##### **I. Basis of presentation:**

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

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the 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 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 February 10, 2007.

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

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

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

The accounting policies and valuation principles applied in the preparation of interim financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 2009. TAS/TFRS changes (TFRS 2 (Change) "Share-based Payment" Group Cash Settled Share Based Payments, TFRS 3 (Change) "Business Combinations" and TAS 27 (Change) "Consolidated and Separate Financial Statements", TAS 39 (Change) "Financial Instruments: Recognition and Measurement" Eligible Hedged Items, TFRIC 17 "Distribution of Non-cash Assets to Shareholders" and Improvement to TFRS (Published in 2009) effective from January 1, 2010, do not have an effect on the Group's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXIX. below.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

The general strategy of the Group 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 quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is followed within the determined levels by the Board of Directors, by considering the limits specified by the Banking Law.

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 valuation differences arising from foreign currency subsidiaries and foreign currency non-performing loans. Since the foreign currency investments and unconsolidated subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore no foreign exchange differences are realised. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loan accounts.

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

**III. Information on consolidation principles:**

**a. Consolidation principles applied:**

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

#### Explanations on accounting policies (continued)

1. Consolidation principles of subsidiaries:

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

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

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

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

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

Title	Incorporation (City/ Country)	Main activities	Effective rates September 30, 2010	Direct and indirect rates September 30, 2010
Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	98,85	98,85
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody Services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company <sup>(1)</sup>	George Town/ Cayman Islands	Special Purpose Company		

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

2. Consolidation principles of associates:

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

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

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

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

<b>Title</b>	<b>(City/ Country)</b>	<b>Main activities</b>	<b>Effective rates September 30, 2010</b>	<b>Direct and indirect rates September 30, 2010</b>
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 VI. 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 is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

Foreign currency denominated unconsolidated 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 associates and subsidiaries is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

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

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

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

At the transaction date, the Group documents the relationship between 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.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

Certain derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial 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 "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in the income statement.

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

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

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

**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 periodically. The Group ceases accruing interest income on non-performing loans and, any interest income accruals from such receivables are reversed and no income is accounted until the collection is made according to the related regulation.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

**VII. Explanations on financial assets:**

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

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

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



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

**c. Loans and receivables:**

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

The Parent Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and the Parent Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture. General provisions are determined in accordance with the "incurred loss" model taking into consideration of the factors listed above and the principles of TAS 39. As of September 30, 2010, as a result of changes in the internal composition of the loan portfolio, the Parent Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. The general loan loss provision determined through this methodology is higher than the minimum amount required by the related regulations.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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 the provision classes of Uniform Chart of Accounts are used and 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 and receivables are explained in Note VII. of this section.

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

The Group has no securities lending transactions.

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

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

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

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

The Group has no discontinued operations.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**XII. Explanations on goodwill and other intangible assets:**

**a. Goodwill:**

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

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

**b. Other intangible assets:**

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

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

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

**XIV. Explanations on leasing transactions:**

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

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

***Financial lease***

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from the financial leasing transactions are included in "financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding financial lease transactions are charged to the income statement. Lease payments are deducted from financial leasing payables.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

***Operational lease***

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

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

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

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

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

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

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

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

**a. Employee termination benefits**

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**b. Pension rights**

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("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 November 1, 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 publication date of the article.

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, 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 April 17, 2008. The New Law was published in the Official Gazette dated May 8, 2008, numbered 26870 and came into force.

A commission whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDIF, one member representing the Fund and one member representing the Fund members is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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

The main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**c. Defined contribution plans:**

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

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

According to TAS19, liabilities derived from unused vacation pay defined in "Short term benefits of employee" are accrued in the period in which they are realized and are not discounted.

**XVII. Explanations on taxation:**

**a. Current tax:**

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

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

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

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

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

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to 5 years. Losses cannot be carried back to offset profits from previous periods.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

Under the Turkish Corporate Tax Law, effective from April 24, 2003, investment allowances had provided a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand new fixed assets having economic useful life and exceeding TL 10 and directly related with the production of goods and services and investment allowance that arose prior to April 24, 2003 had been taxed at 19,8% (withholding tax) unless they had been converted to new type at companies' will. Effective from January 1, 2006, Turkish government had ceased to offer investment incentives for capital investments and companies having unused qualifying capital investment amounts as of June 30, 2006 would be able to deduct such amounts from corporate income until the end of December 31, 2008. However, On October 15, 2009, the Ministry of Finance announced that the Turkish Constitutional Court ("TCC") resolved to annul the provision numbered 69 of the Income Tax Law regulating that investment incentives carried forward can only be deducted from the corporate profits of 2006, 2007 and 2008, thus allowing such deduction for unlimited time. The resolution is published in the official gazette dated January 8, 2010.

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

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of September 30, 2010 are as follows:

Netherlands	25,50%
Russia	20,00%
Azerbaijan	20,00%

**b. Deferred tax:**

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

In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted off in their standalone financial statements in accordance with TAS 12. The net deferred tax asset and net deferred tax liability are presented separately in these financial statements.

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**XVIII. Explanations on borrowings:**

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

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

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

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

No dividend payments of the Parent Bank were announced after the balance sheet date.

**XX. Explanations on avalized drafts and letter of acceptances:**

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

**XXI. Explanations on government grants:**

As of September 30, 2010 and December 31, 2009, 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 TCC. The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

**XXIII. Earnings per share:**

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

	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Group's profit	1.865.817	1.273.268
Weighted average number of issued ordinary shares (Thousand)	434.705.128	434.705.128
<b>Earnings per share (Disclosed in full TL)</b>	<b>0,0043</b>	<b>0,0029</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

No bonus shares were issued during 2010. (December 31, 2009 - no bonus shares were issued).

**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 and joint ventures and the Fund providing post employment benefits to the employees of the Bank 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 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 Financial Reporting Standard about Operating Segments" ("TFRS 8") together with organisational and internal reporting structure of the Group, are disclosed in Note VII. of in Section Four.

**XXVII.Reclassifications:**

Reclassifications have been made on comparative figures as of December 31, 2009 and September 30, 2009, to conform to changes in presentation of the consolidated financial statements as of September 30, 2010.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

**XXIX. Other accounting policies:**

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

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

**Explanations related to insurance technical reserves**

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

**Non-life**

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

Unexpired risk reserve is set aside if the loss ratio for a branch is higher than 95%. The unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

**Life and pension**

Unearned premium reserve, for insurance contracts in effect, consists of that part of the gross premium which extends to the next fiscal period or periods on a daily basis, and in respect of annual life assurances in effect or those life assurances with periods longer than a year for which accumulation premiums are collected, after the portion that has been set aside for the accumulation is deducted. However, in reinsurance and retrocession transactions where it is impossible to calculate a reserve can be allocated according to 1/8 principle.

Provision for unexpired risks, is a reserve which shall be allocated in those insurance branches for which it is accepted that the level of risk undertaken and earned premiums throughout the contract term are not compatible, and also where unearned premiums reserve is inadequate compared to the risk undertaken by the company and its level of expected cost.

Outstanding claims provision, consists of the amount of claims that has been reported but not yet paid, estimated amount of claims that has been incurred but not reported and reserves for expenses arising from such claims, and of additional reserves allocated according to the principles set by the Undersecretariat of Treasury for adequacy when such amounts prove to be inadequate. In accordance with the Technical Reserves Communiqué, after September 30, 2010, incurred but not reported outstanding claim balance is calculated with actuarial chain ladder method, whose implementation base is determined by Undersecretariat of Treasury at the end of accounting periods.

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

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

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

Based on the entrance fee amount collected at the beginning, the Group contributes a continuity (loyalty) award (for TL contracts, the deferred portion of the entrance fee is increased with the inflation rate), amounting to the deferred portion of the entrance fee which is fixed for foreign currency denominated contracts and the deferred portion of the entrance fee increased with the inflation for TL contracts, to the private pension account of the participants on the condition that the participants hold their private pension account in the Group for 10 years without interruption. For contracts issued after August 9, 2008, loyalty bonus is given when the participants are entitled to pension therefore the calculation of this provision for contracts issued after this date is made over the probability of the participants to keep their pension accounts in the Group until the date of their eligibility to pension.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

#### Section four

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

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

- a. The capital adequacy ratio of the Group is 16,03% (December 31, 2009 - 16,52%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006 (together referred as "Regulation 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.

#### 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>17.794.156</b>	<b>2.759.286</b>	<b>8.350.097</b>	<b>39.095.995</b>	<b>386.745</b>	<b>71.706</b>
Cash	712.741	864	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.300.391	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	1.963.680	-	99.680	-	-
Interbank money market placements	10.000	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements	1.770.885	-	-	-	-	-
Loans	2.015.568	765.363	8.215.373	33.787.019	386.745	71.706
Non-performing receivables (net)	-	-	-	596.159	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	10.563.436	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	42.204	-	-
Miscellaneous receivables	-	532	-	722.452	-	-
Interest and income accruals	181.699	15.486	134.724	572.048	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.789.844	-	-
Fixed assets	-	-	-	1.017.782	-	-
Other assets	239.436	13.361	-	468.807	-	-
<b>Off-balance sheet items</b>	<b>255.128</b>	<b>1.597.057</b>	<b>410.166</b>	<b>13.291.089</b>	-	-
Non-cash loans and commitments	255.128	637.698	410.166	13.146.874	-	-
Derivative financial instruments	-	959.359	-	144.215	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets <sup>(2)</sup></b>	<b>18.049.284</b>	<b>4.356.343</b>	<b>8.760.263</b>	<b>52.387.084</b>	<b>386.745</b>	<b>71.706</b>

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

(2) Not weighted.

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

	Risk weights <sup>(1)</sup>					
	Consolidated					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (net)</b>	<b>19.909.794</b>	<b>4.157.705</b>	<b>8.662.450</b>	<b>41.993.136</b>	<b>386.745</b>	<b>71.706</b>
Cash	1.103.552	864	-	8.587	-	-
Matured marketable securities						
The Central Bank of the Republic of Turkey	2.300.391	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	1.738	3.133.957	-	228.381	-	-
Interbank money market placements	10.000	-	-	-	-	-
Receivables from reverse repurchase transactions	14.179	146	-	-	-	-
Reserve requirements	1.770.885	-	-	-	-	-
Loans	2.564.318	975.388	8.361.433	36.257.114	386.745	71.706
Non-performing receivables (net)				600.630	-	-
Lease receivables	12.816	1.773	162.447	1.728.943	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.347.278	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	42.204	-	-
Miscellaneous receivables	222.553	99	-	887.950	-	-
Interest and income accruals	208.273	32.117	138.570	617.679	-	-
Investments in associates, subsidiaries and joint ventures (net)		-	-	2.300	-	-
Fixed assets				1.063.574	-	-
Other assets	353.811	13.361	-	555.774	-	-
<b>Off-balance sheet items</b>	<b>280.820</b>	<b>1.639.317</b>	<b>433.003</b>	<b>13.564.406</b>	-	-
Non-cash loans and commitments	280.820	651.040	433.003	13.408.545	-	-
Derivative financial instruments	-	988.277	-	155.861	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets <sup>(2)</sup></b>	<b>20.190.614</b>	<b>5.797.022</b>	<b>9.095.453</b>	<b>55.557.542</b>	<b>386.745</b>	<b>71.706</b>

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

(2) Not weighted.

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

	The Parent Bank		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Amount subject to credit risk (ASCR)	58.362.014	47.294.053	61.988.202	50.885.068
Amount subject to market risk (ASMR)	1.515.588	1.029.475	2.111.638	1.865.338
Amount subject to operational risk (ASOR)	7.806.018	6.209.003	8.999.966	7.695.259
<b>Shareholders' equity</b>	<b>11.436.529</b>	<b>9.697.491</b>	<b>11.714.826</b>	<b>9.983.350</b>
<b>Shareholders' equity/(ASCR+ASMR+ASOR)*100</b>	<b>16,90</b>	<b>17,78</b>	<b>16,03</b>	<b>16,52</b>



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Core capital</b>		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	163.959	96.220
First legal reserve (Turkish Commercial Code 466/1)	163.959	96.220
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	3.038.543	1.769.658
Reserves allocated by the General Assembly	3.038.543	1.769.658
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	2.016.934	1.542.948
Current period net profit	1.865.817	1.542.948
Prior period profit	151.117	-
Provisions for possible risks up to 25% of core capital	125.264	96.616
Profit on disposal of associates, subsidiaries and immovables	80.122	61.969
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	60.878	57.261
Portion of loss not covered with reserves (-)	-	(37.054)
Current period net loss	-	-
Prior period loss	-	(37.054)
Leasehold improvements (-)	79.576	97.938
Prepaid expenses (-)	116.209	109.837
Intangible assets (-)	1.223.277	1.194.649
Deferred tax asset amount exceeding 10% of core capital (-) <sup>(1)</sup>	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
<b>Total core capital</b>	<b>8.957.570</b>	<b>7.076.126</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Supplementary capital</b>		
General provisions	766.107	755.571
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>(1)</sup>	2.020.525	2.208.374
45 % of marketable securities valuation differences	71.178	46.893
Investments in associates and subsidiaries	10.075	16.911
Available-for-sale financial assets	61.103	29.982
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>2.857.810</b>	<b>3.010.838</b>
<b>Tier III capital</b>		
<b>Capital</b>	<b>11.815.380</b>	<b>10.086.964</b>
<b>Deductions from the capital</b>	<b>100.554</b>	<b>103.614</b>
Investments in unconsolidated financial institutions and banks	28.530	28.530
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 and banks, which are accounted based on equity method but the assets and liabilities of which have not been consolidated	61.020	58.939
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	11.004	16.145
Other	-	-
<b>Total shareholders' equity</b>	<b>11.714.826</b>	<b>9.983.350</b>

(1) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

The Parent Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Asset and Liability Committee. The below table represents the details of market risk calculation as of September 30, 2010 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333, dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

**a. Information on market risk:**

	September 30, 2010	December 31, 2009
(I) Capital to be employed for general market risk - Standard method	84.460	107.626
(II) Capital to be employed for specific risk – Standard method	43.063	14.694
(III) Capital to be employed for currency risk – Standard method	20.633	26.772
(IV) Capital to be employed for commodity risk – Standard method	51	-
(V) Capital to be employed for settlement risk – Standard method	-	-
(VI) Capital to be employed for market risk due to options-Standard method	20.724	135
(VII) Capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	168.931	149.227
<b>(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)</b>	<b>2.111.638</b>	<b>1.865.338</b>

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

The Group calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2009, 2008 and 2007 year-end gross income balances of the Group, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of September 30, 2010, the total amount subject to operational risk is TL 8.999.966 (December 31, 2009 –TL 7.695.259) and the amount of the related capital requirement is TL 719.998 (December 31, 2009 - TL 615.621).

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

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

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

(Exchange rates presented as full TL)

	USD	EUR	Yen
<b>Balance Sheet Evaluation Rate:</b>	<b>TL 1,41490</b>	<b>TL 1,92600</b>	<b>TL 0,01689</b>
September 29, 2010 Bid rate	TL 1,43020	TL 1,92300	TL 0,01696
September 28, 2010 Bid rate	TL 1,43180	TL 1,92830	TL 0,01697
September 27, 2010 Bid rate	TL 1,44160	TL 1,93070	TL 0,01703
September 24, 2010 Bid rate	TL 1,44380	TL 1,92590	TL 0,01705
September 23, 2010 Bid rate	TL 1,44030	TL 1,92240	TL 0,01697

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

USD	:	TL 1,45484
Euro	:	TL 1,89231
Yen	:	TL 0,01718

#### As of December 31, 2009;

	USD	EUR	Yen
<b>Balance Sheet Evaluation Rate:</b>	<b>TL 1,46800</b>	<b>TL 2,10620</b>	<b>TL 0,01589</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, specific provision for non cash loans, prepaid expenses, marketable securities valuation differences and non-performing loans are considered as Turkish Lira in the calculation of the net currency position regarding the related regulation. Therefore, there is a difference between the sum of the foreign currency assets and liabilities in the following table and in the balance sheet. The Group's real position, both in financial and economic terms, is presented in the table below:

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## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

September 30, 2010	EURO	USD	Yen	Other FC	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	3.001.334	91.017	375	43.400	3.136.126
Banks	578.661	1.887.050	46.499	214.328	2.726.538
Financial assets at fair value through profit or loss	95.007	82.486	2.807	439	180.739
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	65.506	988.078	-	62.596	1.116.180
Loans <sup>(1)</sup>	6.086.686	11.940.373	78.461	534.974	18.640.494
Investments in associates, subsidiaries and joint ventures	-	-	-	61.020	61.020
Held-to-maturity investments	1.100.081	5.533.549	-	-	6.633.630
Hedging derivative financial assets	-	-	-	-	-
Tangible assets	450	-	-	14.481	14.931
Intangible assets	-	-	-	526	526
Other assets	1.547.804	1.221.238	2.020	212.102	2.983.164
<b>Total assets</b>	<b>12.475.529</b>	<b>21.743.791</b>	<b>130.162</b>	<b>1.143.866</b>	<b>35.493.348</b>
<b>Liabilities</b>					
Bank deposits	385.709	279.593	2.000	231.419	898.721
Foreign currency deposits	7.059.315	13.650.319	15.999	694.356	21.419.989
Funds from interbank money market	820.347	1.476.700	-	6.235	2.303.282
Funds borrowed from other financial institutions	2.899.485	1.710.659	37.241	13.704	4.661.089
Marketable securities issued	772.297	615.913	-	-	1.388.210
Miscellaneous payables	333.170	499.707	127	14.000	847.004
Hedging derivative financial liabilities	-	154.451	-	-	154.451
Other liabilities	2.349.467	479.399	4.050	4.055	2.836.971
<b>Total liabilities</b>	<b>14.619.790</b>	<b>18.866.741</b>	<b>59.417</b>	<b>963.769</b>	<b>34.509.717</b>
<b>Net on balance sheet position</b>	<b>(2.144.261)</b>	<b>2.877.050</b>	<b>70.745</b>	<b>180.097</b>	<b>983.631</b>
<b>Net off balance sheet position</b>	<b>2.297.929</b>	<b>(2.980.630)</b>	<b>(73.260)</b>	<b>(26.797)</b>	<b>(782.758)</b>
Financial derivative assets	6.864.441	12.983.227	201.279	341.222	20.390.169
Financial derivative liabilities	4.566.512	15.963.857	274.539	368.019	21.172.927
<b>Non-cash loans</b>	<b>3.972.098</b>	<b>6.777.102</b>	<b>283.922</b>	<b>231.503</b>	<b>11.264.625</b>
December 31, 2009					
Total assets	11.332.490	19.089.396	73.225	993.233	31.488.344
Total liabilities	14.482.739	15.869.576	28.320	972.535	31.353.170
<b>Net on-balance sheet position</b>	<b>(3.150.249)</b>	<b>3.219.820</b>	<b>44.905</b>	<b>20.698</b>	<b>135.174</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>

(1) Includes FC indexed loans amounting to TL 1.769.950 (December 31, 2009 – TL 1.593.570) which has been disclosed as TL in the financial statements.

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

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

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are presented monthly to Executive Committee as Asset and Liability Management. By using sensitivity and scenario analyses, the possible loss effects on the equity due to the interest rate volatility are analyzed not only within 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 rate swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the TL balance sheet. Furthermore, in order to reduce the repricing mismatch in the Foreign Currency balance sheet, Foreign Currency/Foreign Currency interest rate swaps were utilized.

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

September 30, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the central bank of the republic of turkey	1.561.465	-	-	-	-	3.615.122	5.176.587
Banks	1.431.627	463.962	477.672	409.573	2.398	558.939	3.344.171
Financial assets at fair value through profit/loss	192.089	214.220	737.022	135.996	19.904	61.102	1.360.333
Interbank money market placements	24.446	-	-	-	-	-	24.446
Available-for-sale financial assets	712.800	100.323	635.934	1.423.130	1.018.358	20.490	3.911.035
Loans	8.234.785	5.448.216	13.144.996	13.359.627	6.846.743	1.261.973	48.296.340
Held-to-maturity investments	1.149.934	459.806	3.701.200	2.195.577	3.990.052	-	11.496.569
Other assets	993.670	1.468.844	742.896	904.104	40.615	4.229.317	8.379.446
<b>Total assets</b>	<b>14.300.816</b>	<b>8.155.371</b>	<b>19.439.720</b>	<b>18.428.007</b>	<b>11.918.070</b>	<b>9.746.943</b>	<b>81.988.927</b>
<b>Liabilities</b>							
Bank deposits	340.767	132.787	445.789	232.450	-	247.348	1.399.141
Other deposits	26.982.255	10.506.181	1.037.716	441.022	129.965	8.826.124	47.923.263
Funds from interbank money market	1.070.735	1.031.386	791.542	-	-	-	2.893.663
Miscellaneous payables	2.500.031	1.012	-	-	-	1.599.059	4.100.102
Marketable securities issued	-	1.387.774	-	-	-	436	1.388.210
Funds borrowed from other financial institutions	2.534.312	803.730	2.085.820	308.447	509.012	-	6.241.321
Other liabilities and shareholders' equity	943.785	713.348	1.576.396	298.542	116.994	14.394.162	18.043.227
<b>Total liabilities</b>	<b>34.371.885</b>	<b>14.576.218</b>	<b>5.937.263</b>	<b>1.280.461</b>	<b>755.971</b>	<b>25.067.129</b>	<b>81.988.927</b>
<b>Balance sheet long position</b>	-	-	<b>13.502.457</b>	<b>17.147.546</b>	<b>11.162.099</b>	-	<b>41.812.102</b>
<b>Balance sheet short position</b>	<b>(20.071.069)</b>	<b>(6.420.847)</b>	-	-	-	<b>(15.320.186)</b>	<b>(41.812.102)</b>
Off-balance sheet long position	2.655.317	4.179.459	743.888	-	-	-	7.578.664
Off-balance sheet short position	-	-	-	(7.002.790)	(493.447)	-	(7.496.237)
<b>Total position</b>	<b>(17.415.752)</b>	<b>(2.241.388)</b>	<b>14.246.345</b>	<b>10.144.756</b>	<b>10.668.652</b>	<b>(15.320.186)</b>	<b>82.427</b>

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

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### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

December 31, 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 of 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	919.125	2.076.651	2.624.496	-	-	-	5.620.272
Off-balance sheet short position	-	-	-	(4.678.080)	(417.983)	-	(5.096.063)
<b>Total position</b>	<b>(15.724.145)</b>	<b>915.559</b>	<b>10.246.501</b>	<b>8.649.129</b>	<b>10.257.816</b>	<b>(13.820.651)</b>	<b>524.209</b>

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

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

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

September 30, 2010 <sup>(1)</sup>	EURO	USD	Yen	TL
<b>Assets<sup>(3)</sup></b>	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	5,00
Banks	0,60	0,66	-	7,53
Financial assets at fair value through profit/loss	7,78	4,60	-	8,32
Interbank money market placements	-	-	-	7,47
Available-for-sale financial assets	6,95	6,86	-	10,31
Loans <sup>(2)</sup>	5,04	4,54	4,23	14,31
Held-to-maturity investments	4,82	6,59	-	10,30
<b>Liabilities<sup>(3)</sup></b>				
Bank deposits	-	-	-	8,40
Other deposits	2,47	2,67	0,74	8,83
Funds from interbank money market	3,00	1,77	-	6,58
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,52	1,25	2,38	16,19
December 31, 2009 <sup>(1)</sup>	EURO	USD	Yen	TL
<b>Assets<sup>(3)</sup></b>	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	5,20
Banks	0,36	0,60	-	6,98
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>(2)</sup>	5,87	4,97	4,58	17,90
Held-to-maturity investments	4,79	6,72	-	11,37
<b>Liabilities<sup>(3)</sup></b>				
Bank deposits	0,19	0,17	-	7,13
Other deposits	2,20	2,28	0,29	9,25
Funds from interbank money market	3,13	1,62	-	6,41
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,03	1,52	-	14,95

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

(2) Does not include credit card receivables.

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



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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

#### VI. Explanations on consolidated 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 market risk policies. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held, the liquidity position of the Parent Bank in the short and the long term is followed. During the monthly meetings of the Assets and Liability Committee, the liquidity position of the Parent Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

Subordinated loans with long-term maturity and off-balance-sheet derivative instruments are used in order to extend the short-term funding structure in the banking sector. The liquidity risk according to the mismatch of assets and liabilities is limited by investing in short-term instruments and liquid bonds.

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

September 30, 2010	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified <sup>(1)</sup> (2)	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	3.385.621	1.790.966	-	-	-	-	-	5.176.587
Banks	558.939	1.355.630	458.277	541.687	427.242	2.396	-	3.344.171
Financial assets at fair value through profit or loss	57.363	183.756	185.170	694.628	202.326	33.351	3.739	1.360.333
Interbank money market placements	-	24.446	-	-	-	-	-	24.446
Available-for-sale financial assets	70.825	-	70.578	157.755	1.495.812	2.099.495	16.570	3.911.035
Loans	-	8.351.728	4.667.314	11.375.280	14.611.648	8.689.740	600.630	48.296.340
Held-to-maturity investments	-	723.810	459.806	2.144.593	4.178.308	3.990.052	-	11.496.569
Other assets <sup>(1)</sup>	679.602	1.072.765	1.561.406	879.432	1.053.010	56.302	3.076.929	8.379.446
<b>Total assets</b>	<b>4.752.350</b>	<b>13.503.101</b>	<b>7.402.551</b>	<b>15.793.375</b>	<b>21.968.346</b>	<b>14.871.336</b>	<b>3.697.868</b>	<b>81.988.927</b>
<b>Liabilities</b>								
Bank deposits	247.348	340.767	132.787	445.789	232.450	-	-	1.399.141
Other deposits	8.826.124	26.982.255	10.506.181	1.037.716	441.022	129.965	-	47.923.263
Funds borrowed from other financial institutions	-	1.067.541	149.646	3.204.794	1.111.279	708.061	-	6.241.321
Funds from interbank money market	-	1.070.735	1.031.386	672.564	-	118.978	-	2.893.663
Marketable securities issued	-	-	82.171	260.654	1.045.385	-	-	1.388.210
Miscellaneous payables	653.568	3.315.062	8.504	55.204	2.558	108	65.098	4.100.102
Other liabilities <sup>(2)</sup>	162.176	1.709.197	335.891	679.332	2.108.744	2.489.734	10.558.153	18.043.227
<b>Total liabilities</b>	<b>9.889.216</b>	<b>34.485.557</b>	<b>12.246.566</b>	<b>6.356.053</b>	<b>4.941.438</b>	<b>3.446.846</b>	<b>10.623.251</b>	<b>81.988.927</b>
<b>Net liquidity gap</b>	<b>(5.136.866)</b>	<b>(20.982.456)</b>	<b>(4.844.015)</b>	<b>9.437.322</b>	<b>17.026.908</b>	<b>11.424.490</b>	<b>(6.925.383)</b>	<b>-</b>
<b>December 31, 2009</b>								
Total assets	4.094.899	13.281.799	5.876.070	13.337.240	19.075.261	12.378.159	3.691.056	71.734.484
Total liabilities	8.600.894	33.293.562	6.486.384	6.583.587	4.712.782	3.282.198	8.775.077	71.734.484
<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>

(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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

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 instalment 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 Parent Bank's Clubs and Programs within the World brand includes Gold Club, Platinum Club, Crystal Club, Adios (Travel Program), Adios Premium (VIP Travel Program), Play Card (Young Employees Program and Student Program), Fenerbahçe Worldcard, KoçAilem Worldcard, Business Club (Corporate Program, Trio Program, Company Program and SME Program), Share Program and Communication Program. The Parent Bank also offers debit cards and a prepaid card named World Hediye Card.

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

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

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

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

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

September 30, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other	Consolidation adjustments <sup>(1)</sup>	Total Operations of The Group
Operating revenue	2.051.955	990.375	254.005	132.920	1.475.534	(63.419)	4.841.370
Operating costs	(806.894)	(393.895)	(77.214)	(34.219)	(1.260.439)	29.515	(2.543.146)
<b>Net operating income</b>	<b>1.245.061</b>	<b>596.480</b>	<b>176.791</b>	<b>98.701</b>	<b>215.095</b>	<b>(33.904)</b>	<b>2.298.224</b>
Dividend income <sup>(2)</sup>					1.082		1.082
Income/Loss from Investments accounted based on equity method					3.994		3.994
<b>Income before tax</b>	<b>1.245.061</b>	<b>596.480</b>	<b>176.791</b>	<b>98.701</b>	<b>220.171</b>	<b>(33.904)</b>	<b>2.303.300</b>
Tax provision <sup>(2)</sup>					(433.006)		(433.006)
<b>Net income</b>	<b>1.245.061</b>	<b>596.480</b>	<b>176.791</b>	<b>98.701</b>	<b>(212.835)</b>	<b>(33.904)</b>	<b>1.870.294</b>
Minority interest					(4.477)		(4.477)
<b>Group income/loss</b>	<b>1.245.061</b>	<b>596.480</b>	<b>176.791</b>	<b>98.701</b>	<b>(217.312)</b>	<b>(33.904)</b>	<b>1.865.817</b>
Segment assets	24.587.467	30.982.373	1.253.564	4.036.792	21.797.504	(760.623)	81.897.077
Investments in associates, subsidiaries and joint ventures					91.850		91.850
<b>Total assets</b>	<b>24.587.467</b>	<b>30.982.373</b>	<b>1.253.564</b>	<b>4.036.792</b>	<b>21.889.354</b>	<b>(760.623)</b>	<b>81.988.927</b>
Segment liabilities	23.087.657	18.222.191	10.666.289	3.439.327	17.080.618	(745.962)	71.750.120
Shareholders' equity					10.238.807		10.238.807
<b>Total liabilities</b>	<b>23.087.657</b>	<b>18.222.191</b>	<b>10.666.289</b>	<b>3.439.327</b>	<b>27.319.425</b>	<b>(745.962)</b>	<b>81.988.927</b>

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

(2) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.

December 31, 2009 <sup>(1)</sup>	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other	Consolidation adjustments <sup>(2)</sup>	Total Operations of the Group
Operating revenue	2.036.597	998.951	246.659	85.816	1.300.220	(40.312)	4.627.931
Operating costs	(1.800.186)	(323.791)	(74.774)	(35.621)	(807.437)	43.302	(2.998.507)
<b>Net operating income</b>	<b>236.411</b>	<b>675.160</b>	<b>171.885</b>	<b>50.195</b>	<b>492.783</b>	<b>2.990</b>	<b>1.629.424</b>
Dividend income <sup>(3)</sup>					3.402		3.402
Income/Loss from Investments accounted based on equity method					2.561		2.561
<b>Income before tax</b>	<b>236.411</b>	<b>675.160</b>	<b>171.885</b>	<b>50.195</b>	<b>498.746</b>	<b>2.990</b>	<b>1.635.387</b>
Tax provision <sup>(3)</sup>					(353.211)		(353.211)
<b>Net income</b>	<b>236.411</b>	<b>675.160</b>	<b>171.885</b>	<b>50.195</b>	<b>145.535</b>	<b>2.990</b>	<b>1.282.176</b>
Minority interest					(8.908)		(8.908)
<b>Group income/loss</b>	<b>236.411</b>	<b>675.160</b>	<b>171.885</b>	<b>50.195</b>	<b>136.627</b>	<b>2.990</b>	<b>1.273.268</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, 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>

(1) Income statement figures represent balances for the 9 months period ended September 30, 2009.

(2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

(3) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Section five**

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

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

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

1. Information on cash and the account of the Central Bank of the Republic of Turkey:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Cash	478.996	187.841	481.585	173.797
The CBRT	1.561.465	2.529.892	1.302.688	2.034.806
Other	-	418.393	-	236.459
<b>Total</b>	<b>2.040.461</b>	<b>3.136.126</b>	<b>1.784.273</b>	<b>2.445.062</b>

2. Information on the account of the Central Bank of the Republic of Turkey:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Demand Unrestricted Account	1.561.465	759.007	1.302.688	678.258
Time Unrestricted Account	-	-	-	-
Reserve Requirement <sup>(1)</sup>	-	1.770.885	-	1.356.548
<b>Total</b>	<b>1.561.465</b>	<b>2.529.892</b>	<b>1.302.688</b>	<b>2.034.806</b>

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, the banks operating in Turkey are supposed to place reserves in the CBRT for their TL liabilities by 5% and for their foreign currency liabilities by 10% as USD and/or EUR. As of September 30, 2010, the interest rate for TL reserve requirements is 5% whereas no interest is earned on foreign currency reserve requirements.

In accordance with the "Communiqué Regarding Change in the Reserve Requirements" published in the Official Gazette dated September 23, 2010, effective from October 1, 2010, the reserve requirement ratio of TL liabilities will be increased to 5,5% and foreign currency liabilities will be increased to 11%. No interest will be earned on either TL or foreign currency reserve requirements.

As of September 30, 2010, the Group's reserve deposits, including those at foreign banks, amount to TL 4.484.201 (December 31, 2009 – TL 3.536.809).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

1. As of September 30, 2010, financial assets at fair value through profit and loss subject to repo transactions amount to TL 41.826 (December 31, 2009 – TL 66.654) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 17.251 (December 31, 2009 – TL 72.280).
2. Positive differences related to trading derivative financial assets:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward transactions	66.499	987	37.705	1.579
Swap transactions	834.198	73.335	503.759	43.210
Futures transactions	-	-	-	-
Options	50.016	31.856	4.657	26.794
Other	-	-	-	-
<b>Total</b>	<b>950.713</b>	<b>106.178</b>	<b>546.121</b>	<b>71.583</b>

**c. Information on banks:**

1. Information on banks:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Banks	617.633	2.726.538	545.079	1.849.569
Domestic	564.095	907.678	485.086	503.149
Foreign	53.538	1.818.860	59.993	1.346.420
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>617.633</b>	<b>2.726.538</b>	<b>545.079</b>	<b>1.849.569</b>

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

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

As of September 30, 2010, available-for-sale financial assets given as collateral/blocked amount to TL 514.444 (December 31, 2009 – TL 555.493) and available for sale financial assets subject to repo transactions are TL 53.454 (December 31, 2009 – TL 17.585).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Debt securities	3.823.651	1.955.646
Quoted on stock exchange <sup>(1)</sup>	3.155.764	1.916.447
Not quoted	667.887	39.199
Share certificates	58.373	62.970
Quoted on stock exchange	330	253
Not quoted	58.043	62.717
Impairment provision (-)	(41.814)	(43.530)
Other <sup>(2)</sup>	70.825	48.729
<b>Total</b>	<b>3.911.035</b>	<b>2.023.815</b>

(1) As of September 30, 2010, Eurobonds amounting to TL 773.313 (December 31, 2009 – TL 936.588 ) have been classified under debt securities quoted on Stock Exchange, even though they are not quoted on a stock exchange since they are traded in the secondary market.

(2) As of September 30, 2010, other available-for-sale financial assets include mutual funds amounting to TL 70.825 (December 31, 2009 – TL 48.729).

**e. Explanations on loans:**

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

	<b>September 30, 2010</b>		<b>December 31, 2009</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>6.216</b>	<b>66.323</b>	<b>58.004</b>	<b>54.926</b>
<b>Loans granted to employees</b>	<b>82.823</b>	<b>83</b>	<b>76.687</b>	<b>71</b>
<b>Total</b>	<b>89.039</b>	<b>66.406</b>	<b>134.691</b>	<b>54.997</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

<b>Cash loans</b>	<b>Standard loans and other receivables</b>		<b>Loans and other receivables under close monitoring</b>	
	<b>Loans and other receivables</b>	<b>Restructured or rescheduled</b>	<b>Loans and other receivables</b>	<b>Restructured or rescheduled</b>
<b>Non-specialised loans</b>	<b>46.263.307</b>	-	<b>1.306.942</b>	<b>125.461</b>
Discount and purchase notes	571.010	-	711	-
Export loans	5.670.105	-	151.393	-
Import loans	-	-	-	-
Loans granted to financial sector	1.339.165	-	5.856	-
Foreign loans	1.264.958	-	-	-
Consumer loans	8.423.143	-	407.034	313
Credit cards	7.988.382	-	225.443	101.303
Precious metal loans	293.820	-	650	-
Other <sup>(1)</sup>	20.712.724	-	515.855	23.845
<b>Specialised loans</b>	-	-	-	-
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>46.263.307</b>	-	<b>1.306.942</b>	<b>125.461</b>

- (1) As explained in the Note I.j of Section V, TL198.649 of fair value difference of hedged items is classified under other loans.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	Short- term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>195.777</b>	<b>8.226.284</b>	<b>8.422.061</b>
Real estate loans	4.270	4.697.566	4.701.836
Automotive loans	16.593	730.915	747.508
Consumer loans	1.067	44.801	45.868
Other	173.847	2.753.002	2.926.849
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>222.714</b>	<b>222.714</b>
Real estate loans	-	209.699	209.699
Automotive loans	-	4.379	4.379
Consumer loans	-	2.679	2.679
Other	-	5.957	5.957
<b>Consumer loans-FC</b>	<b>4.583</b>	<b>15.019</b>	<b>19.602</b>
Real estate loans	-	-	-
Automotive loans	263	1.500	1.763
Consumer loans	2.653	7.737	10.390
Other	1.667	5.782	7.449
<b>Individual credit cards-TL</b>	<b>7.874.494</b>	<b>129.532</b>	<b>8.004.026</b>
With installments	3.826.791	69.578	3.896.369
Without installments	4.047.703	59.954	4.107.657
<b>Individual credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>7.486</b>	<b>31.561</b>	<b>39.047</b>
Real estate loans	36	1.529	1.565
Automotive loans	51	980	1.031
Consumer loans	-	41	41
Other	7.399	29.011	36.410
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>23</b>	<b>23</b>
Real estate loans	-	18	18
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	5	5
<b>Personnel loans-FC</b>	<b>107</b>	<b>122</b>	<b>229</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	40	-	40
Other	67	122	189
<b>Personnel credit cards-TL</b>	<b>42.535</b>	<b>274</b>	<b>42.809</b>
With installments	23.248	274	23.522
Without installments	19.287	-	19.287
<b>Personnel credit cards-FC</b>	<b>26</b>	<b>-</b>	<b>26</b>
With installments	26	-	26
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>126.727</b>	<b>-</b>	<b>126.727</b>
<b>Credit deposit account-FC (real person)</b>	<b>87</b>	<b>-</b>	<b>87</b>
<b>Total</b>	<b>8.251.822</b>	<b>8.625.529</b>	<b>16.877.351</b>

(1) TL 690 of the credit deposit account belongs to the loans used by personnel.



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	Short-term	Medium and long-term	Total
<b>Commercial installments loans-TL</b>	<b>295.719</b>	<b>2.896.697</b>	<b>3.192.416</b>
Business loans	2.107	330.819	332.926
Automotive loans	50.432	920.142	970.574
Consumer loans	-	437	437
Other	243.180	1.645.299	1.888.479
<b>Commercial installments loans-FC indexed</b>	<b>30.163</b>	<b>333.026</b>	<b>363.189</b>
Business loans	-	26.454	26.454
Automotive loans	1.129	65.111	66.240
Consumer loans	-	-	-
Other	29.034	241.461	270.495
<b>Commercial installments loans-FC</b>	<b>108.365</b>	<b>42.059</b>	<b>150.424</b>
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	108.365	42.059	150.424
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>265.439</b>	<b>2.828</b>	<b>268.267</b>
With installment	79.289	2.828	82.117
Without installment	186.150	-	186.150
<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>281.245</b>	<b>-</b>	<b>281.245</b>
<b>Credit deposit account-FC (legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>980.931</b>	<b>3.274.610</b>	<b>4.255.541</b>

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

	September 30, 2010	December 31, 2009
Domestic loans	46.430.752	38.167.578
Foreign loans	1.264.958	695.204
<b>Total</b>	<b>47.695.710</b>	<b>38.862.782</b>

6. Loans granted to associates and subsidiaries:

	September 30, 2010	December 31, 2009
Direct loans granted to associates and subsidiaries	18.122	5.128
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>18.122</b>	<b>5.128</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

7. Specific provisions provided against loans:

	September 30, 2010	December 31, 2009
Loans and other receivables with limited collectability	61.411	265.495
Loans and other receivables with doubtful collectability	214.946	610.618
Uncollectible loans and other receivables	1.280.151	1.338.808
<b>Total</b>	<b>1.556.508</b>	<b>2.214.921</b>

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>September 30, 2010</b>			
<b>(Gross amounts before specific reserves)</b>	<b>25.236</b>	<b>38.761</b>	<b>63.142</b>
Restructured loans and other receivables	25.236	38.761	63.142
Rescheduled loans and other receivables	-	-	-
<b>December 31, 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	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2009</b>	<b>359.645</b>	<b>682.343</b>	<b>1.580.670</b>
Additions (+)	1.219.656	93.793	163.559
Transfers from other categories of non- performing loans (+)	-	844.931	942.268
Transfer to other categories of non-performing loans (-)	(844.931)	(942.268)	-
Collections (-)	(454.865)	(282.343)	(432.050)
FX valuation differences	(189)	(118)	(1.565)
Write-offs (-) <sup>(1)</sup>	-	-	(771.398)
Corporate and commercial loans	-	-	(471.630)
Consumer loans	-	-	(72.100)
Credit cards	-	-	(227.370)
Other	-	-	(298)
<b>September 30, 2010</b>	<b>279.316</b>	<b>396.338</b>	<b>1.481.484</b>
Specific provision (-)	(61.411)	(214.946)	(1.280.151)
<b>Net Balance on balance sheet</b>	<b>217.905</b>	<b>181.392</b>	<b>201.333</b>

(1) Also includes the effects of the sales of non-performing loan portfolios.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

According to the resolution of the Board of Directors of the Parent Bank dated March 15, 2010, portfolios composed of SME loans, consumer loans and credit cards followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Consumer loan portfolio with principal amounting to TL 74.606 as of February 28, 2010 was sold to Standart Varlık Yönetim A.Ş. for a consideration of TL 6.450, credit card portfolio with principal amounting to TL 381.973 as of February 28, 2010 was sold to Girişim Varlık Yönetim A.Ş. for a consideration of TL 32.435 and SME loan portfolio with principal amounting to TL 224.390 as of February 28, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 31.232. Profit on these sales before taxes and legal expenses amounted to TL 11,817. TL 181,200 of the total principal amount sold was written off in prior periods.

According to the resolution of the Board of Directors of the Bank dated May 26, 2010, portfolios composed of corporate and commercial loans followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Corporate and commercial loan portfolio with principal amounting to TL 298.741 including TL 28.328 as legal and other expenses as of April 30, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 7.500. Profit on this sale before taxes and legal expenses amounted to TL 5.020.

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>September 30, 2010</b>			
Period end balance	2.368	1.938	53.076
Specific provision (-)	(1.477)	(949)	(44.981)
<b>Net balance on-balance sheet</b>	<b>891</b>	<b>989</b>	<b>8.095</b>
<b>December 31, 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>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>September 30, 2010 (net)</b>	<b>217.905</b>	<b>181.392</b>	<b>201.333</b>
Loans granted to real persons and corporate entities (gross)	278.353	396.338	1.397.472
Specific provision amount (-)	(60.825)	(214.946)	(1.196.139)
Loans granted to real persons and corporate entities (net)	217.528	181.392	201.333
Banks (gross)	963	-	-
Specific provision amount (-)	(586)	-	-
Banks (net)	377	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-
<b>December 31, 2009 (net)</b>	<b>94.150</b>	<b>71.725</b>	<b>241.862</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)	-	-	-

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

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

	September 30, 2010	December 31, 2009
Government bond	11.441.609	13.110.619
Treasury bill	54.960	208.100
Other debt securities	-	-
<b>Total</b>	<b>11.496.569</b>	<b>13.318.719</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Debt securities	11.613.622	13.386.216
Quoted on stock exchange <sup>(1)</sup>	11.613.622	13.386.216
Not quoted	-	-
Impairment provision (-)	(117.053)	(67.497)
<b>Total</b>	<b>11.496.569</b>	<b>13.318.719</b>

(1) As of September 30, 2010, Eurobonds amounting to TL 5.978.258 (December 31, 2009 – TL 6.519.991 ) have been classified under debt securities quoted on Stock Exchange, although they are not quoted on a stock exchange because they are traded in the secondary market.

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Beginning balance</b>	<b>13.318.719</b>	<b>12.705.781</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	(465.763)	(232.776)
Purchases during year	615.545	2.008.035
Disposals through sales and redemptions	(1.922.376)	(1.139.115)
Impairment provision (-)	(49.556)	(23.206)
<b>Period end balance</b>	<b>11.496.569</b>	<b>13.318.719</b>

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

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

As of September 30, 2010, held-to-maturity investments given as collateral/blocked amount to TL 1.533.511 (December 31, 2009 – TL 922.708). Held-to-maturity investments subject to repo transactions amount to TL 2.868.853 (December 31, 2009- TL 1.375.465).

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

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

###### 1. General information on unconsolidated investments in associates:

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	40.927	32.578	1.703	1.655	-	9.905	6.640	-
2	19.837	16.925	6.132	661	-	2.525	(536)	-

Financial statement information disclosed above shows September 30, 2010 results.

###### 2. Consolidated investments in associates:

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

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

###### 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	2.095.541	162.835	4.603	33.988	8.291	33.318	31.441	-

(1) Financial statement information in the table above has been disclosed in CHF. As of September 30, 2010 the evaluation rate for CHF is full TL 1,447 (December 31, 2009 – full TL 1,4129).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	September 30, 2010	December 31, 2009
<b>Balance at the beginning of the period</b>	<b>58.939</b>	<b>55.593</b>
<b>Movements during the period</b>	<b>2.081</b>	<b>3.346</b>
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	3.994	5.417
Sales	-	-
Revaluation (decrease)/increase <sup>(1)</sup>	(1.913)	(2.071)
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>61.020</b>	<b>58.939</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	<b>30,67</b>	<b>30,67</b>

(1) Includes TL 2.069 (2009 – TL 1.840) of dividend received in the current period.

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

	September 30, 2010	December 31, 2009
Banks	61.020	58.939
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>61.020</b>	<b>58.939</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

##### 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/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
3 Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(1)</sup>	Istanbul/Turkey	30,45	30,45

###### 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>(2)</sup>
1	11.455	9.302	161	66	-	867	(65)	-
2	36.876	22.764	4.009	1.255	2	1.085	498	-
3	91.678	77.271	1.971	55	4	(3.031)	(15.707)	70.800

(1) Financial statement information in Note 1 represents June 30, 2010 figures.

(2) Fair value represents the market value of the Company's total shares based on ISE prices as of September 30, 2010.

Financial statement information in the table above has been obtained from the financial statements as at September 30, 2010.



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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

2. Information on consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

Description	Address (City/ Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Bank's risk group share holding 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	98,85
7 Yapı Kredi B Tipi Yatırım Ortaklığı AŞ	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/Holland	67,24	100,00
11 Yapı Kredi Azerbaycan <sup>(3), (5)</sup>	Baku/Azerbaijan	99,80	100,00

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

(1) Financial figures presented in note 2(ii) are in EURO.

(2) Financial figures presented in note 2(ii) are in USD.

(3) Financial figures presented in note 2(ii) are in AZM. As of September 30, 2010 the evaluation rate for AZM is full TL 1,7627 (December 31,2009 – full TL 1,8279)

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

2 (ii). Main financial figures of the consolidated 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	45.455	44.887	-	16	-	514	(94)	-
2	819.286	245.799	13.581	26.817	10.237	66.920	64.429	-
3	1.764.755	93.282	539	76.240	-	16.151	24.448	-
4	204.325	60.610	5.935	12.016	1.306	4.384	5.573	-
5	808.574	321.618	17.542	26.649	16.328	45.428	9.095	1.048.000
6	2.179.319	714.116	1.891	152.047	-	70.675	57.295	1.918.400
7	77.708	76.551	34	2.153	1.501	3.557	16.702	42.400
8	712.999	124.733	18.350	12.234	9.291	15.747	17.966	-
9	85.581	76.676	784	4.669	54	39.414	38.466	-
10	1.769.725	202.231	234	61.287	23.056	30.186	11.362	-
11	171.467	48.984	3.749	8.464	837	5.955	4.020	-

(1) Fair value represents the market value of the Company's total shares based on ISE prices as of September 30, 2010.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at September 30, 2010.

2 (iii). Movement schedule of consolidated subsidiaries:

	September 30, 2010	December 31, 2009
Balance at the beginning of the period	1.779.651	1.781.083
<b>Movements during the period</b>	<b>7.893</b>	<b>(1.432)</b>
Purchases	-	-
Transfers <sup>(1)</sup>	-	(1.432)
Bonus shares obtained <sup>(2)</sup>	7.893	-
Share of current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>1.787.544</b>	<b>1.779.651</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	-	-

(1) As a result of the Extraordinary General Assembly Meetings, dated December 31, 2009, of Yapı Kredi Menkul, the Parent Bank's subsidiary with a shareholding of 99,98%, and of Unicredit Menkul Değerler A.Ş. ("UCM"), the Parent Bank's main shareholder Koç Finansal Hizmetler A.Ş.'s subsidiary with a shareholding of 99,99%; it has been decided that Yapı Kredi Menkul'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 December 31, 2008. As a result of this operation, the share of the Bank in Yapı Kredi Menkul'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 TL 1.432 and classified as share certificates under available for sale portfolio.

(2) As a result of the General Assembly Meeting of Yapı Kredi Azerbaycan registered on April 30, 2010; capital was increased by 4.392 thousand AZN from the profit of 2009.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Banks	286.137	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	447.572
<b>Total financial subsidiaries</b>	<b>1.787.544</b>	<b>1.779.651</b>

2 (v). Subsidiaries quoted to stock exchange:

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
<b>Total of subsidiaries quoted to stock exchanges</b>	<b>876.095</b>	<b>876.095</b>

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

1) Breakdown according to maturities:

	<b>September 30, 2010</b>		<b>December 31, 2009</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	884.334	715.863	1.018.467	821.027
Between 1- 4 years	1.108.767	949.947	1.240.170	1.042.160
More than 4 years	289.461	275.071	339.285	322.023
<b>Total</b>	<b>2.282.562</b>	<b>1.940.881</b>	<b>2.597.922</b>	<b>2.185.210</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

2) Information for net investments in finance leases:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Gross lease receivables	472.496	1.810.066	493.872	2.104.050
Unearned financial income from leases (-)	(81.553)	(260.128)	(95.110)	(317.602)
Amount of cancelled leases (-)	-	-	-	-
<b>Total</b>	<b>390.943</b>	<b>1.549.938</b>	<b>398.762</b>	<b>1.786.448</b>

j. Information on hedging derivative financial assets:

	September 30, 2010		31 December 2009	
	TL	FC	TL	FC
Fair value hedge	16.407	-	127.678	953
Cash flow hedge	-	-	-	-
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>16.407</b>	<b>-</b>	<b>127.678</b>	<b>953</b>

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funds using cross-currency interest rate swaps. The net carrying value of hedging instruments at September 30, 2010 is a liability amounting to TL 360.767

(December 31, 2009 – TL 228.982) At September 30, 2010, the marked to market difference of the hedging instruments since the inception date is TL 209.235 (December 31, 2009 – TL 147.649) and the fair value difference of the hedged item is TL 198.649 (December 31, 2009 – TL 140.137)

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

k. Information on intangible assets:

	September 30, 2010	December 31, 2009
<b>Net book value at the beginning of the period</b>	<b>1.194.649</b>	<b>1.157.825</b>
Additions during the period	57.502	81.416
Transfers	-	(281)
Unused and disposed Items (-)	(6)	(6.083)
Impairment reversal	4.015	-
Amortisation expenses (-)	(32.879)	(38.218)
Foreign exchange valuation differences	(4)	(10)
<b>Net book value at the closing of the period</b>	<b>1.223.277</b>	<b>1.194.649</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

**I. Information on investment property:**

None (December 31, 2009 - None).

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Balance at the beginning of the period</b>	<b>88.680</b>	<b>90.046</b>
Additions	36.092	16.656
Disposals, net (-)	(59.551)	(21.381)
Impairment reversal	2.665	6.986
Impairment (-)	(179)	(1.012)
Depreciation (-)	(1.382)	(2.615)
<b>Net book value at the end of period</b>	<b>66.325</b>	<b>88.680</b>
Cost at the end of period	73.122	97.819
Accumulated depreciation at the end of period (-)	(6.797)	(9.139)
<b>Net book value at the end of period</b>	<b>66.325</b>	<b>88.680</b>

As of September 30, 2010, the Parent Bank booked impairment provision on assets held for resale with an amount of TL.10.980 (December 31, 2009 - TL 13.466).

**n. Information on other assets:**

As of September 30, 2010, other assets do not exceed 10% of the total assets.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

**a. Information on deposits:**

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

1 (i). September 30, 2010:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Total
Saving deposits	1.653.957	21.854	3.412.366	11.811.453	312.428	30.637	89.418	17.332.113
Foreign currency deposits	4.606.150	138.409	3.068.036	10.049.076	2.028.556	244.802	1.001.743	21.136.772
Residents in Turkey	3.905.692	38.139	2.938.719	8.975.309	1.655.520	130.688	350.549	17.994.616
Residents abroad	700.458	100.270	129.317	1.073.767	373.036	114.114	651.194	3.142.156
Public sector deposits	444.535	-	13.382	82.887	274	-	519	541.597
Commercial deposits	1.888.486	79	1.235.440	4.263.296	76.914	12.928	22.981	7.500.124
Other institutions deposits	35.339	-	53.784	977.077	61.537	400	1.303	1.129.440
Precious metals vault	197.657	-	4.144	27.389	17.359	16.933	19.735	283.217
Bank deposits	247.348	85.512	210.695	166.570	81.196	366.969	240.851	1.399.141
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	118.730	-	98.665	38	-	2.170	240.851	460.454
Foreign banks	113.676	85.512	112.030	166.532	81.196	364.799	-	923.745
Participation banks	14.933	-	-	-	-	-	-	14.933
Other	9	-	-	-	-	-	-	9
<b>Total</b>	<b>9.073.472</b>	<b>245.854</b>	<b>7.997.847</b>	<b>27.377.748</b>	<b>2.578.264</b>	<b>672.669</b>	<b>1.376.550</b>	<b>49.322.404</b>

1 (ii). December 31, 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
Precious metals 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
Participation banks	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>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

2. Information on saving deposits insurance:

2 (i). Information on saving deposits under the guarantee of 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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Saving deposits	8.232.172	7.738.057	8.895.873	7.431.249
Foreign currency savings deposit	2.475.320	2.596.806	6.068.893	5.973.850
Other deposits in the form of savings deposits	94.195	71.411	170.482	194.074
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	September 30, 2010	December 31, 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	23.244	23.864
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	54.586	88.283

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

Trading derivative financial liabilities	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward transactions	53.920	891	42.016	154
Swap transactions	342.414	38.544	166.244	28.289
Futures transactions	-	-	-	-
Options	45.634	33.384	4.366	27.446
Other	-	-	-	-
<b>Total</b>	<b>441.968</b>	<b>72.819</b>	<b>212.626</b>	<b>55.889</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

**c. Information on borrowings:**

1. Information on borrowings:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	957.404	207.492	703.447	374.477
From foreign banks, institutions and funds	622.828	4.453.597	713.708	4.568.594
<b>Total</b>	<b>1.580.232</b>	<b>4.661.089</b>	<b>1.417.155</b>	<b>4.943.071</b>

2. Information on maturity structure of borrowings:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Short-term	1.089.132	1.943.887	900.249	4.119.320
Medium and long-term	491.100	2.717.202	516.906	823.751
<b>Total</b>	<b>1.580.232</b>	<b>4.661.089</b>	<b>1.417.155</b>	<b>4.943.071</b>

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

The Parent Bank has a securitisation borrowing deal from Standart Chartered Bank and Unicredit Markets and Investment Banking amounting USD 582 million and EUR 292 million, the equivalent of TL 1.387.774 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015 and the repayments commenced in 2010, with a total of TL263.632.



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

**e. Information on other liabilities:**

As of September 30, 2010, other liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

**f. Information on lease payables:**

1. Information on financial leasing agreements:

	September 30, 2010		December 31, 2009	
	Gross	Net	Gross	Net
Less than 1 year	-	-	114	113
Between 1-4 years	-	-	-	-
More than 4 years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>113</b>

2. Information on operational leasing agreements:

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

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

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Fair value hedge	377.174	-	357.513	100
Cash flow hedge <sup>(1)</sup>	27.272	154.451	-	-
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>404.446</b>	<b>154.451</b>	<b>357.513</b>	<b>100</b>

(1) Represented as explained in Note I.j of Section Five

**h. Information on provisions:**

1. Information on general provisions:

	September 30, 2010	December 31, 2009
Provisions for Group I loans and receivables	558.420	573.866
Provisions for Group II loans and receivables	87.647	207.516
Provisions for non cash loans	100.265	103.703
Other	19.775	24.545
<b>Total</b>	<b>766.107</b>	<b>909.630</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

2. Information on reserve for employee rights:

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Discount rate (%)	5,92	5,92
Possibility of being eligible for retirement (%)	94,71	94,78

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 2.517,01 (full TL) effective from July 1, 2010 (January 1, 2010: TL 2.427,04 (full TL) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Prior period ending balance</b>	<b>100.482</b>	<b>94.889</b>
Provision during the period	17.991	20.610
Paid during the period	(14.577)	(15.031)
Foreign currency differences	(166)	14
<b>Balance at the end of the period</b>	<b>103.730</b>	<b>100.482</b>

In addition, the Group has accounted for unused vacation rights provision amounting to TL 72.031 as of September 30, 2010 (December 31, 2009 - TL 65.717).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

3. Other provisions:

	September 30, 2010	December 31, 2009
Pension fund provision	864.059	864.059
Non-cash loan provision	120.627	78.250
Provision for possible risks <sup>(1)</sup>	86.194	69.948
Provisions on credit cards and promotion campaigns related to banking services	42.158	48.469
Legal risk provision <sup>(1)</sup>	39.070	26.668
Provision on export commitment estimated tax and funds liability	39.012	38.261
Other	104.133	204.993
<b>Total</b>	<b>1.295.253</b>	<b>1.330.648</b>

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

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

As of September 30, 2010, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 90.384 (December 31, 2009 – TL 36.290). Provision related to the foreign currency difference of foreign currency indexed loans is netted from the loan amount in the financial statements.

**i. Information on taxes payable:**

(i) Information on taxes payable:

	September 30, 2010	December 31, 2009
Corporate tax payable	39.652	76.160
Taxation of marketable securities	47.193	52.241
Property tax	1.197	1.190
Banking insurance transaction tax ("BITT")	31.334	32.670
Foreign exchange transaction tax	-	-
Value added tax payable	1.535	2.673
Other	23.975	23.043
<b>Total</b>	<b>144.886</b>	<b>187.977</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

(ii) Information on premium payables:

	September 30, 2010	December 31, 2009
Social security premiums – employee	957	533
Social security premiums – employer	998	1.252
Bank pension fund premiums – employee	7.470	6.356
Bank pension fund premiums – employer	7.793	6.635
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	593	483
Unemployment insurance – employer	1.188	1.041
Other	-	820
<b>Total</b>	<b>18.999</b>	<b>17.120</b>

(iii) Information on deferred tax liability:

There is a net deferred tax liability of TL 1.454 (December 31, 2009 – TL 2.136) reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been net off in their standalone financial statements as per TAS 12.

**j. Information on subordinated loans:**

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.034.549	-	2.224.023
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.034.549</b>	<b>-</b>	<b>2.224.023</b>

At March 30, 2006, the Parent Bank obtained a subordinated loan amounting to EUR 500 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 April 28, 2006 amounting to EUR 350 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 from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 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 April 3, 2006, May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the "Capital Adequacy Regulation".

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

1. Presentation of paid-in capital

	September 30, 2010	December 31, 2009
Common Stock	4.347.051	4.347.051
Preferred Stock	-	-

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

The Parent Bank's paid-in-capital is amounting of TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 5.000.000.

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

None (December 31, 2009 - None).

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

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

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

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

7. Privileges on the corporate stock: None.

8. Information on marketable securities valuation differences:

	September 30, 2010		December 31, 2009	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	40.476	75.781	16.036	58.577
Foreign currency difference <sup>(1)</sup>	45.113	(3.196)	86.788	-
<b>Total</b>	<b>85.589</b>	<b>72.585</b>	<b>102.824</b>	<b>58.577</b>

(1) Also includes current period foreign currency differences.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

**I. Information on minority interest:**

	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Period opening balance	<b>57.261</b>	<b>47.980</b>
Current year income/(loss)	4.477	8.908
Dividends paid	(693)	(1.438)
Valuation difference	(167)	687
<b>Period ending balance</b>	<b>60.878</b>	<b>56.137</b>

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

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

1. The amount and type of irrevocable commitments:

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Commitments on credit cards limits	11.562.596	10.954.268
Loan granting commitments	3.144.451	3.116.153
Commitments for cheques	3.588.433	1.468.823
Other irrevocable commitments	2.508.426	3.916.264
<b>Total</b>	<b>20.803.906</b>	<b>19.455.508</b>

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group has recorded a general provision for its non-cash loans amounting to TL 100.265 (December 31, 2009 – TL 103.703) and a specific provision regarding non-cash loans amounting to TL 120.627(December 31, 2009 – TL 78.250).

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Bank acceptance loans	157.664	151.669
Letter of credits	3.574.813	2.738.235
Other guarantees and collaterals	491.465	399.410
<b>Total</b>	<b>4.223.942</b>	<b>3.289.314</b>

- 2 (ii). Total of guarantees, suretyships and other similar transactions are TL 15.669.685 as of September 30, 2010 (2009 – TL 13.296.741).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Non-cash loans given against cash loans	288.387	205.335
With original maturity of 1 year or less than 1 year	92.699	80.421
With original maturity of more than 1 year	195.688	124.914
Other non-cash loans	19.035.440	16.380.720
<b>Total</b>	<b>19.323.827</b>	<b>16.586.055</b>

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

<b>September 30, 2010</b>	<b>Group I</b>		<b>Group II<sup>(1)</sup></b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-cash loans</b>				
Letters of guarantee	7.908.575	7.011.079	133.492	46.739
Bank acceptances	-	157.664	-	-
Letters of credit	11.936	3.562.877	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.199	482.706	-	3.560
<b>Total</b>	<b>7.925.710</b>	<b>11.214.326</b>	<b>133.492</b>	<b>50.299</b>

<b>December 31, 2009</b>	<b>Group I</b>		<b>Group II<sup>(1)</sup></b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-cash loans</b>				
Letters of guarantee	6.101.988	6.991.089	149.639	54.025
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>6.106.839</b>	<b>10.269.339</b>	<b>149.639</b>	<b>60.238</b>

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

**b. Information on contingent liabilities:**

The Group has recorded a provision of TL 39.070 (December 31, 2009 – TL 26.668) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

According to the decision of Turkish Competition Authority numbered 09-36/919-M dated August 19, 2009 and numbered 09-37/924-M dated August 24, 2009, an investigation has been initiated in accordance to the Law on Protection of Competition No. 4054 on the allegations that 8 banks, including the Parent Bank, concurred on a collusion of salary payment promotions offered to public institutions and private companies. The investigation is still ongoing and depending on the final decision of Turkish Competition Authority, a penalty may arise.

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

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



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

**a. Information on interest income:**

1. Information on interest income on loans:

	September 30, 2010		September 30, 2009	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	1.636.432	200.396	2.166.991	338.453
Medium/long-term loans <sup>(1)</sup>	1.142.357	404.707	1.190.245	353.767
Interest on loans under follow-up	60.519	36	44.567	169
Premiums received from resource utilisation support fund	-	-	-	-
<b>Total</b>	<b>2.839.308</b>	<b>605.139</b>	<b>3.401.803</b>	<b>692.389</b>

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

2. Information on interest income on banks:

	September 30, 2010		September 30, 2009	
	TL	FC	TL	FC
From the CBRT <sup>(1)</sup>	-	-	-	-
From domestic banks	18.564	10.367	11.121	16.850
From foreign banks	5.363	14.911	3.390	25.479
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>23.927</b>	<b>25.278</b>	<b>14.511</b>	<b>42.329</b>

(1) Does not include interest income from Reserve Deposits.

3. Information on interest income on marketable securities:

	September 30, 2010		September 30, 2009	
	TL	FC	TL	FC
From trading financial assets	7.272	5.484	13.010	9.580
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	103.299	41.477	59.877	41.389
From held-to-maturity investments	415.355	374.581	666.008	386.718
<b>Total</b>	<b>525.926</b>	<b>421.542</b>	<b>738.895</b>	<b>437.687</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

	September 30, 2010	September 30, 2009
Interests received from associates and subsidiaries	546	1.174

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	September 30, 2010		September 30, 2009	
	TL	FC	TL	FC
Banks	115.594	150.789	154.380	225.778
The CBRT	-	-	-	-
Domestic banks	47.786	9.119	46.325	10.999
Foreign banks	67.808	141.670	108.055	214.779
Headquarters and branches abroad	-	-	-	-
Other institutions	-	144	-	170
<b>Total<sup>(1)</sup></b>	<b>115.594</b>	<b>150.933</b>	<b>154.380</b>	<b>225.948</b>

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	September 30, 2010	September 30, 2009
Interests paid to associates and subsidiaries	1.020	1.843

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

##### 3. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	September 30, 2009
		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	1.348	386	2	-	122	10.230	-	12.088	8.083
Saving deposits	650	243.601	687.206	13.490	5.483	8.850	-	959.280	1.326.872
Public sector deposits	-	791	3.505	8	11	97	-	4.412	4.841
Commercial deposits	9.119	124.911	232.186	8.803	1.166	1.704	-	377.889	546.248
Other deposits	-	4.482	33.489	963	20	65	-	39.019	39.321
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11.117</b>	<b>374.171</b>	<b>956.388</b>	<b>23.264</b>	<b>6.802</b>	<b>20.946</b>	<b>-</b>	<b>1.392.688</b>	<b>1.925.365</b>
<b>FC</b>									
Foreign currency deposits	4.398	90.730	155.855	28.961	6.583	27.102	497	314.126	465.485
Bank deposits	-	5.638	4.571	2.249	9.847	-	-	22.305	12.200
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	227	16	11	15	36	-	305	243
<b>Total</b>	<b>4.398</b>	<b>96.595</b>	<b>160.442</b>	<b>31.221</b>	<b>16.445</b>	<b>27.138</b>	<b>497</b>	<b>336.736</b>	<b>477.928</b>
<b>Grand total</b>	<b>15.515</b>	<b>470.766</b>	<b>1.116.830</b>	<b>54.485</b>	<b>23.247</b>	<b>48.084</b>	<b>497</b>	<b>1.729.424</b>	<b>2.403.293</b>

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

	September 30, 2010	September 30, 2009
<b>Gain</b>	<b>13.728.583</b>	<b>10.441.806</b>
Gain from capital market transactions	72.602	156.683
Derivative financial transactions gains	7.929.409	6.178.016
Foreign exchange gains	5.726.572	4.107.107
<b>Loss(-)</b>	<b>(13.730.412)</b>	<b>(10.072.572)</b>
Loss from capital market transactions	(4.810)	(4.024)
Derivative financial transactions losses	(8.374.830)	(5.731.649)
Foreign exchange loss	(5.350.772)	(4.336.899)
<b>Net gain/loss</b>	<b>(1.829)</b>	<b>369.234</b>

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

	September 30, 2010	September 30, 2009
Effect of changes in foreign exchange rates	95.725	713.783
Effect of the changes in interest rates	(541.146)	(267.416)
<b>Total</b>	<b>(445.421)</b>	<b>446.367</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of loans under follow-up.

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

	September 30, 2010	September 30, 2009
Specific provisions for loans and other receivables	504.256	934.668
III. Group loans and receivables	4.892	50.338
IV. Group loans and receivables	3.400	399.032
V. Group loans and receivables	495.964	485.298
General provision expenses	1.126	158.714
Provision expense for possible risks	27.137	17.138
Marketable securities impairment expenses	807	796
Financial assets at fair value through profit or loss	807	-
Available-for-sale financial assets	-	796
Impairment of investments in associates, subsidiaries and held-to-maturity securities	49.556	68.583
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	49.556	68.583
Other	6.169	4.530
<b>Total</b>	<b>589.051</b>	<b>1.184.429</b>

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

	September 30, 2010	September 30, 2009
Personnel expenses	833.430	755.531
Reserve for employee termination benefits	3.414	622
Provision expense for pension fund	-	62.371
Impairment expenses of property and equipment	29	-
Depreciation expenses of property and equipment	106.590	107.948
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	32.879	28.240
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	179	-
Depreciation expenses of assets held for resale	1.382	1.976
Impairment expenses of fixed assets held for sale	-	-
Other operating expenses	632.154	602.416
Operational lease expenses	85.152	82.080
Repair and maintenance expenses	18.193	18.171
Advertising expenses	63.660	54.940
Other expense	465.149	447.225
Loss on sales of assets	1.932	219
Other	342.106	254.755
<b>Total</b>	<b>1.954.095</b>	<b>1.814.078</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

Income before tax includes net interest income amounting to TL 2.703.706 (September 30, 2009 – TL 2.907.276), net fee and commission income amounting to TL 1.270.993 (September 30, 2009 – TL 1.125.981) and total other operating expense amounting TL 1.954.095 (September 30, 2009 – TL 1.814.078).

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

As of September 30, 2010, the Group has current tax expense amounting to TL 421.368 (September 30, 2009 – TL 412.960) and deferred tax credit amounting to TL 11.638 (September 30, 2009 – TL 59.749 deferred tax credit).

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

	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Income before tax provision	2.303.300	1.635.387
Tax calculated with tax rate of 20%	460.660	327.077
Disallowables, deductions and other, net	(27.654)	26.134
<b>Total provision for taxes on income</b>	<b>433.006</b>	<b>353.211</b>

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

1. As of 30 September 2010, as a result of changes in the internal composition of the loan portfolio, the Parent Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. As a result of the revision, TL 114 million is recorded as income. Apart this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance. (September 30, 2009 - The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

**k. Other items in income statement do not exceed 10% of the total.**

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

	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Income/(loss) of minority interest	4.477	8.908

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

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

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

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

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

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

	September 30, 2010	September 30, 2009
<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
Time deposits in banks	1.434.307	1.192.583
<b>Total cash and cash equivalents</b>	<b>5.047.843</b>	<b>4.188.682</b>

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

	September 30, 2010	September 30, 2009
<b>Cash</b>	<b>3.920.040</b>	<b>2.088.432</b>
Cash and effectives	667.700	569.396
Demand deposits in banks	3.252.340	1.519.036
<b>Cash equivalents</b>	<b>1.830.159</b>	<b>3.348.936</b>
Interbank money market	24.325	1.827.483
Time deposits in banks	1.805.834	1.521.453
<b>Total cash and cash equivalents</b>	<b>5.750.199</b>	<b>5.437.368</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

**b Information on cash and cash equivalents that are not in use due to legal limitations and other reasons:**

As of September 30, 2010, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 4.484.201 (December 31, 2009 – TL 3.536.809).

**c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:**

Decrease in "Other account" amounting to TL 917.421 (September 30, 2009 - TL 1.213.028) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.334.795 (September 30, 2009 – TL 144.487) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 184.053 as of September 30, 2010.

To conform to changes in presentation of financial statements as of September 30, 2010, the effects of the change in foreign exchange rates on cash and cash equivalents has been calculated as an increase of TL 14.818 and related reclassifications have been made on comparative figures as of September 30, 2009.

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

**2010**

(i) None.

**2009**

(i) As a result of the Extraordinary General Assembly Meetings, dated June 30, 2009, of Yapı Kredi Menkul, and of UCM it has been decided that Yapı Kredi Menkul'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 December 31, 2008. As a result of this operation, the share of the Bank in Yapı Kredi Menkul'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 TL 1.432 and classified as share certificates under available for sale portfolio.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

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

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

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

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

<b>September 30, 2010</b>	<b>Associates, subsidiaries and joint ventures</b>		<b>Direct and indirect shareholders of the Group</b>		<b>Other real and legal persons that have been included in the risk group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Group's risk group <sup>(1)(2)</sup></b>						
Loans and other receivables						
Balance at the beginning of the period	5.128	1.281	68.674	54.926	545.598	550.074
Balance at the end of the period	18.122	1.243	210.914	66.323	666.608	582.007
<b>Interest and commission income received</b>	<b>546</b>	<b>34</b>	<b>3.417</b>	<b>717</b>	<b>63.530</b>	<b>2.879</b>

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

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

<b>December 31, 2009</b>	<b>Associates, subsidiaries and joint ventures</b>		<b>Direct and indirect shareholders of the Group</b>		<b>Other real and legal persons that have been included in the risk group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Group's risk group <sup>(1)(2)</sup></b>						
Loans and other receivables						
Balance at the beginning of the period	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 <sup>(3)</sup></b>	<b>1.174</b>	<b>13</b>	<b>12.124</b>	<b>862</b>	<b>38.377</b>	<b>2.236</b>

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

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

(3) Income statement figures represent the balances for the 9 months period ended at September 30, 2009.

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

<b>Group's risk group <sup>(1)</sup></b>	<b>Associates, subsidiaries and joint ventures</b>		<b>Direct and indirect shareholders of the Group</b>		<b>Other real and legal persons that have been included in the risk group</b>	
	<b>September 30, 2010</b>	<b>December 31, 2009</b>	<b>September 30, 2010</b>	<b>December 31, 2009</b>	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Deposit <sup>(2)</sup></b>						
Beginning of the period	41.731	25.966	3.060.980	3.999.194	2.330.627	1.693.037
End of the period	26.404	41.731	3.260.995	3.060.980	2.586.695	2.330.627
<b>Interest expense on deposits <sup>(3)</sup></b>	<b>1.020</b>	<b>1.843</b>	<b>138.668</b>	<b>170.428</b>	<b>100.810</b>	<b>113.718</b>

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

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

(3) December 31, 2009 columns represent balances for the 9 months period ended September 30, 2009.



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

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2010 (continued)

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

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

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

Group's risk group <sup>(1)</sup>	Associates , subsidiaries and joint Direct and indirect shareholders of ventures of the group		Other real and legal persons that have been included in the risk group	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Transactions at fair value through profit or loss <sup>(2)</sup>				
Beginning of the period <sup>(3)</sup>	-	-	378.169	171.366
End of the period <sup>(3)</sup>	-	-	137.486	378.169
<b>Total gain / loss<sup>(4)</sup></b>	-	-	<b>(15.737)</b>	<b>8.980</b>
Transactions for hedging purposes <sup>(2)</sup>				
Beginning of the period <sup>(3)</sup>	-	-	-	-
End of the period <sup>(3)</sup>	-	-	-	-
<b>Total gain / loss<sup>(4)</sup></b>	-	-	-	-

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

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

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

(4) December 31, 2009 columns represent balances for the 9 months period ended September 30, 2009.

#### b. Information regarding benefits provided to the Group's key management:

Salaries and benefits paid to the Group's top management amount to TL 23.244 (September 30, 2009 – TL 30.867) as of September 30, 2010.

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

- According to the resolution of the Board of Directors of the Bank dated October 20, 2010, and in accordance with the "Regulation on the Principles of Corporate Governance of Banks" issued by BRSA and "Capital Markets Board's Corporate Governance Principles", the Parent Bank decided to establish the Corporate Governance Committee to improve the Bank's corporate governance structure and processes and transparency and members of the board of directors Vittorio G. M. Ogliengo and O. Turgay Durak were appointed as members of this Committee.
- The Parent Bank obtained a syndicated loan from 48 international banks from 22 countries, 48 banks, consisting of 2 credit tranches with 1 year maturity amounting USD 1.250 million; one tranche amounting to USD 342,5 million with total cost of Libor+1,30% and the other tranche amounting to EUR 670 million with total cost of Euribor+1,30%. The agreement was signed on September 29, 2010. Loan is withdrawn on October 5, 2010.
- On October 11, 2010, the Parent Bank signed a 5-year maturity loan agreement with UniCredit Luxembourg amounting to USD 750 million with a total cost of 5,1875% per annum.
- According to the resolution of the Board of Directors of Yapı Kredi Sigorta A.Ş dated October 27, 2010; as a result of the recent changes made in the Turkish Insurance Legislation regarding technical reserves, its possible effects in capital adequacy calculation and the need for additional evaluations to be made to ensure the most proper decision for the benefit of the shareholders and the investors regarding spin-off; it has been decided to end the spin-off procedure that was started for Yapı Kredi Emeklilik A.Ş. shares owned by Yapı Kredi Sigorta A.Ş. over June 30, 2010 financial statements before the finalisation of applications, taking into consideration that the procedure is not foreseen to be completed within the 6 month period required by the legislation. The procedure will be evaluated in the future considering developments that may occur in the sector.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

**Section six**

**Other explanations and notes**

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

The Parent Bank's shares in UniCredit Menkul Değerler A.Ş included in the available for sale securities portfolio (TL 3.418 nominal, 10,73% of the Company 's capital) have been sold to KFS as of July 9, 2010 for a consideration of TL 8.548.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2010 (continued)**

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

## **Section seven**

### **Independent auditor's review report**

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

The consolidated financial statements as of and for the period ended September 30, 2010 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated November 10, 2010 is presented preceding the consolidated financial statements.

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

None.