

Yapı ve Kredi Bankası A.Ş.

**Publicly announced consolidated financial statements
and related disclosures at March 31, 2011 together with
independent auditor's review report**

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

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at March 31, 2011 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at March 31, 2011 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Selim Elhedef, SMMM
Partner

Istanbul, May 10 2011

(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 March 31, 2011**

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

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

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

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

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

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira** 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 Application and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of 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

Gianni F. G. PAPA
President of Audit Committee

Francesco GIORDANO
Member of Audit Committee

Füsün 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
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Section one		
	General information about the Group	
I.	History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status, if any	1
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	1
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	2
IV.	Information on the individual and corporate shareholders having control shares of the Parent Bank	3
V.	Summary information on the Parent Bank's activities and service types	3
Section two		
	Consolidated financial statements	
I.	Consolidated balance sheet	4
II.	Consolidated off-balance sheet commitments	6
III.	Consolidated income statement	7
IV.	Consolidated statement of income and expense items accounted under shareholders' equity	8
V.	Consolidated statement of changes in shareholders' equity	9
VI.	Consolidated statement of cash flows	11
Section three		
	Explanations on accounting policies	
I.	Basis of presentation	12
II.	Explanations on strategy of using financial instruments and foreign currency transactions	13
III.	Information on consolidation principles	14
IV.	Explanations on forward and option contracts and derivative instruments	17
V.	Explanations on interest income and expense	18
VI.	Explanations on fee and commission income and expense	19
VII.	Explanations on financial assets	19
VIII.	Explanations on impairment of financial assets	21
IX.	Explanations on offsetting financial assets	21
X.	Explanations on sales and repurchase agreements and securities lending transactions	22
XI.	Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	22
XII.	Explanations on goodwill and other intangible assets	23
XIII.	Explanations on property and equipment	24
XIV.	Explanations on leasing transactions	24
XV.	Explanations on provisions, contingent assets and liabilities	25
XVI.	Explanations on obligations related to employee rights	25
XVII.	Explanations on taxation	27
XVIII.	Explanations on borrowings	29
XIX.	Explanations on issuance of share certificates	29
XX.	Explanations on avalized drafts and letter of acceptances	29
XXI.	Explanations on government grants	29
XXII.	Profit reserves and profit distribution	30
XXIII.	Earnings per share	30
XXIV.	Related parties	30
XXV.	Cash and cash equivalents	30
XXVI.	Operating segments	31
XXVII.	Reclassifications	31
XXVIII.	Legal mergers under common control	31
XXIX.	Other accounting policies	31
Section four		
	Information related to financial position of the Group	
I.	Explanations on consolidated capital adequacy ratio	34
II.	Explanations on consolidated market risk	38
III.	Explanations on consolidated operational risk	38
IV.	Explanations on consolidated currency risk	38
V.	Explanations on consolidated interest rate risk	41
VI.	Explanations on consolidated liquidity risk	43
VII.	Explanations on consolidated operating segments	44
Section five		
	Explanations and notes related to consolidated financial statements	
I.	Explanations and notes related to consolidated assets	47
II.	Explanations and notes related to consolidated liabilities	63
III.	Explanations and notes related to consolidated off-balance sheet accounts	71
IV.	Explanations and notes related to consolidated income statement.	73
V.	Explanations and notes related to consolidated statement of cash flows	77
VI.	Explanations and notes related to Group's mergers, transfers and companies acquired by Banks	78
VII.	Explanations and notes related to Group's risk group	79
VIII.	Explanations and notes related to subsequent events	80
Section six		
	Other explanations	
I.	Other explanations on Group's operations	82
Section seven		
	Independent auditor's review report	
I.	Explanations on independent auditor's review report	83
II.	Explanations and notes prepared by independent auditor	83

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at March 31, 2011

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

Section one

General information about the Group

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at March 31, 2011 (continued)

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

General information about the Group (continued)

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

As of March 31, 2011, 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 ⁽¹⁾	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Füsun Akkal BOZOK	Member
Alessandro M.DECIO ⁽¹⁾	Member
O. Turgay DURAK	Member
Massimiliano FOSSATI	Member
Vittorio G.M. OGLIENGO	Member

- (1) According to the resolution of the Ordinary General Assembly of the Bank dated March 31, 2011, Federico GHIZZONI has resigned from his duty as Vice Chairman and Gianni F.G. PAPA was appointed as Vice Chairman, Alessandro M. DECIO has resigned from his duty as member of Board of Directors and Francesco GIORDANO was appointed as member of Board of Directors effective from April 1, 2011.

General Manager and Assistant General Managers:

Name	Responsibility
H. Faik AÇIKALIN	General Manager
Carlo VIVALDI	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 Cihangir KAVUNCU	Human Resources Management
Erhan ÖZÇELİK ⁽¹⁾	Private Banking and Asset Management
Mehmet Erkan ÖZDEMİR	Compliance Officer
Stefano PERAZZINI	Internal Audit
Yüksel RİZELİ	Information Systems and Operation Management
Luca RUBAGA ⁽²⁾	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 ⁽¹⁾	Treasury Management

- (1) Erhan ÖZÇELİK has resigned from his duty as vice president of Private Banking and Asset Management effective from April 30, 2011; and according to the resolution of the Board of Directors of the Bank dated April 27, 2011, Mert YAZICIOĞLU has resigned from his duty as vice president of Treasury Management and was appointed as vice president of Private Banking and Asset Management effective from April 30, 2011. Mert ÖNCÜ was appointed as vice president of Treasury Management, pursuant to the approval of the Banking Regulation and Supervision Agency ("BRSA").
- (2) Luca RUBAGA has resigned from his duty as vice president of Organization and Logistics Management effective from April 1, 2011. According to the resolution of the Board of Directors of the Bank dated April 27, 2011, in line with the preparations for redesigning the Organization and Logistics Department, it was resolved to cancel the Assistant General Manager position for the Organization and Logistics Department and units under this management started to report to other managements as per their functions.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at March 31, 2011 (continued)

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

General information about the Group (continued)

Audit Committee Members:

Name	Responsibility
Federico GHIZZONI ⁽¹⁾	Chairman
Füsün Akkal BOZOK	Member
Vittorio G.M. OGLIENGO ⁽¹⁾	Member

(1) According to the resolution of the Ordinary General Assembly of the Bank dated March 31, 2011, Federico GHIZZONI has resigned from his duty as Chairman of Audit Committee and Gianni F.G. PAPA was appointed as Chairman of Audit Committee, Vittorio G.M. OGLIENGO has resigned from his duty as member of Audit Committee and Francesco GIORDANO was appointed as member of Audit Committee effective from April 1, 2011.

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 March 31, 2011, the Parent Bank has 867 branches operating in Turkey and 1 Branch in off-shore region (December 31, 2010 - 867 branches operating in Turkey, 1 branch in off-shore region).

As of March 31, 2011, the Parent Bank has 14.437 employees (December 31, 2010 - 14.411 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of March 31, 2011 the Group has 16.787 employees (December 31, 2010 - 16.780 employees).

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at March 31, 2011 and December 31, 2010

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

Section two Consolidated financial statements

I. Consolidated balance sheet

		(31/03/2011)			(31/12/2010)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	2.223.644	3.937.130	6.160.774	2.558.311	3.476.115	6.034.426
II. Financial assets at fair value through profit or (loss) (net)	I-b	1.109.816	78.726	1.188.542	938.171	131.944	1.070.115
2.1 Trading financial assets		1.109.816	78.726	1.188.542	938.171	131.944	1.070.115
2.1.1 Government debt securities		455.300	13.044	468.344	239.553	60.999	300.552
2.1.2 Share certificates		14.425	-	14.425	6.448	-	6.448
2.1.3 Trading derivative financial assets		572.450	64.867	637.317	622.779	70.745	693.524
2.1.4 Other marketable securities		67.641	815	68.456	69.391	200	69.591
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-c	1.730.646	3.335.459	5.066.105	708.938	1.854.792	2.563.730
IV. Money markets		308.952	-	308.952	970.970	-	970.970
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from istanbul stock exchange money market		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		308.952	-	308.952	970.970	-	970.970
V. Available-for-sale financial assets (net)	I-d	6.130.979	1.416.993	7.547.972	4.422.875	1.453.105	5.875.980
5.1 Share certificates		16.348	280	16.628	16.331	269	16.600
5.2 Government debt securities		4.799.022	1.031.534	5.830.556	3.339.007	1.077.982	4.416.989
5.3 Other marketable securities		1.315.609	385.179	1.700.788	1.067.537	374.854	1.442.391
VI. Loans and receivables	I-e	36.011.694	21.004.984	57.016.678	34.957.515	19.718.347	54.675.862
6.1 Loans		35.622.211	20.977.277	56.599.488	34.562.909	19.680.071	54.242.980
6.1.1 Bank's risk group		492.101	562.862	1.054.963	733.913	494.603	1.228.516
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		35.130.110	20.414.415	55.544.525	33.828.996	19.185.468	53.014.464
6.2 Loans under follow-up		1.769.648	112.340	1.881.988	1.766.342	141.624	1.907.966
6.3 Specific provisions (-)		(1.380.165)	(84.633)	(1.464.798)	(1.371.736)	(103.348)	(1.475.084)
VII. Factoring receivables		854.957	766.395	1.621.352	1.082.586	742.306	1.824.892
VIII. Held-to-maturity securities (net)	I-f	3.993.402	7.861.163	11.854.565	5.319.830	7.655.114	12.974.944
8.1 Government debt securities		3.993.402	7.861.163	11.854.565	5.319.830	7.655.114	12.974.944
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-g	3.940	71.798	75.738	3.940	71.906	75.846
9.1 Consolidated based on equity method		-	71.798	71.798	-	71.906	71.906
9.2 Unconsolidated		3.940	-	3.940	3.940	-	3.940
9.2.1 Financial investments in associates		3.940	-	3.940	3.940	-	3.940
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
X. Subsidiaries (net)	I-h	2.300	-	2.300	2.300	-	2.300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-i	22.006	-	22.006	22.265	-	22.265
11.1 Accounted based on equity method		22.006	-	22.006	22.265	-	22.265
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-j	411.943	1.631.618	2.043.561	384.445	1.605.169	1.989.614
12.1 Financial lease receivables		491.873	1.886.429	2.378.302	461.940	1.869.514	2.331.454
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(79.930)	(254.811)	(334.741)	(77.495)	(264.345)	(341.840)
XIII. Hedging derivative financial assets	I-k	61.956	7.950	69.906	34.463	3.738	38.201
13.1 Fair value hedge		47.653	-	47.653	34.463	-	34.463
13.2 Cash flow hedge		14.303	7.950	22.253	-	3.738	3.738
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)		1.114.937	17.168	1.132.105	1.139.529	16.986	1.156.515
XV. Intangible assets (net)	I-l	1.240.872	1.325	1.242.197	1.241.866	1.214	1.243.080
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		261.379	1.325	262.704	262.373	1.214	263.587
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		320.552	2.154	322.706	317.180	2.248	319.428
17.1 Current tax asset		-	491	491	-	1.223	1.223
17.2 Deferred tax asset		320.552	1.663	322.215	317.180	1.025	318.205
XVIII. Assets held for resale and related to discontinued operations (net)	I-n	78.751	-	78.751	82.416	-	82.416
18.1 Held for sale purposes		78.751	-	78.751	82.416	-	82.416
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-o	976.198	849.914	1.826.112	957.024	936.450	1.893.474
Total assets		56.597.545	40.982.777	97.580.322	55.144.624	37.669.434	92.814.058

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at March 31, 2011 and December 31, 2010

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

I. Consolidated balance sheet

		(31/03/2011)			(31/12/2010)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
1.1	Deposits of the Bank's risk group	4.039.076	3.653.220	7.692.296	3.707.671	3.157.886	6.865.557
1.2	Other	27.951.347	20.415.277	48.366.624	28.553.504	19.787.941	48.341.445
II.	Derivative financial liabilities held for trading	347.957	54.285	402.242	294.227	64.941	359.168
III.	Borrowings	1.615.611	8.544.823	10.160.434	2.026.611	8.046.459	10.073.070
IV.	Money markets	2.680.371	3.953.853	6.634.224	469.580	3.181.436	3.651.016
4.1	Funds from interbank money market	-	38.586	38.586	-	29.843	29.843
4.2	Funds from istanbul stock exchange money market	500.562	-	500.562	401.755	-	401.755
4.3	Funds provided under repurchase agreements	2.179.809	3.915.267	6.095.076	67.825	3.151.593	3.219.418
V.	Marketable securities issued (net)	-	1.342.879	1.342.879	-	1.394.904	1,394.904
5.1	Bills	-	20.310	20.310	-	19.485	19.485
5.2	Asset backed securities	-	1.322.569	1.322.569	-	1.375.419	1,375.419
5.3	Bonds	-	-	-	-	-	-
VI.	Funds	-	-	-	-	-	-
6.1	Borrower funds	-	-	-	-	-	-
6.2	Other	-	-	-	-	-	-
VII.	Miscellaneous payables	3.441.013	528.001	3,969.014	3,421.542	784.429	4,205.971
VIII.	Other liabilities	739.302	852.436	1,591.738	703.682	340.801	1,044.483
IX.	Factoring payables	-	-	-	-	-	-
X.	Lease payables (net)	-	-	-	-	-	-
10.1	Financial lease payables	-	-	-	-	-	-
10.2	Operational lease payables	-	-	-	-	-	-
10.3	Other	-	-	-	-	-	-
10.4	Deferred lease expenses (-)	-	-	-	-	-	-
XI.	Hedging derivative financial liabilities	289.987	84.201	374.188	352.025	101.638	453.663
11.1	Fair value hedge	270.862	-	270.862	313.917	-	313.917
11.2	Cash flow hedge	19.125	84.201	103.326	38.108	101.638	139.746
11.3	Foreign net investment hedge	-	-	-	-	-	-
XII.	Provisions	2.591.721	719.651	3,311.372	2,576.902	702.836	3,279.738
12.1	General loan loss provision	558.989	341.257	900.246	520.460	306.393	826.853
12.2	Restructuring provisions	-	-	-	-	-	-
12.3	Reserve for employee rights	179.774	3.884	183.658	178.753	3.214	181.967
12.4	Insurance technical provisions (net)	671.946	301.499	973.445	614.469	316.238	930.707
12.5	Other provisions	1.181.012	73.011	1.254.023	1,263.220	76.991	1,340.211
XIII.	Tax liability	281.221	1.595	282.816	286.688	2.312	289.000
13.1	Current tax liability	281.221	1.261	282.482	286.688	180	286.868
13.2	Deferred tax liability	-	334	334	-	2.132	2.132
XIV.	Liabilities for assets held for sale and related to discontinued operations (net)	-	-	-	-	-	-
14.1	Held for sale purpose	-	-	-	-	-	-
14.2	Related to discontinued operations	-	-	-	-	-	-
XV.	Subordinated loans	-	2,248.098	2,248.098	-	2,110.274	2,110.274
XVI.	Shareholders' equity	11,308.177	(103.780)	11,204.397	10,824.482	(78.713)	10,745.769
16.1	Paid-in capital	4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves	832.606	(103.780)	728.826	812.686	(78.713)	733.973
16.2.1	Share premium	543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits	-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	111.573	48.626	160.199	187.262	65.535	252.797
16.2.4	Property and equipment revaluation differences	-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences	-	-	-	-	-	-
16.2.6	Revaluation differences of investment property	-	-	-	-	-	-
16.2.7	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)	30.511	(152.406)	(121.895)	812	(144.248)	(143.436)
16.2.9	Value increase in property and equipment held for sale and related to discontinued operations	-	-	-	-	-	-
16.2.10	Other capital reserves	146.641	-	146.641	80.731	-	80.731
16.3	Profit reserves	5.197.101	-	5,197.101	3,202.502	-	3,202.502
16.3.1	Legal reserves	266.973	-	266.973	163.959	-	163.959
16.3.2	Status reserves	-	-	-	-	-	-
16.3.3	Extraordinary reserves	4.930.128	-	4,930.128	3,038.543	-	3,038.543
16.3.4	Other profit reserves	-	-	-	-	-	-
16.4	Income or (loss)	870.350	-	870.350	2,399.148	-	2,399.148
16.4.1	Prior years' income or (loss)	338.858	-	338.858	151.117	-	151.117
16.4.2	Current year income or (loss)	531.492	-	531.492	2,248.031	-	2,248.031
16.5	Minority interest	61.069	-	61.069	63.095	-	63.095
Total liabilities and shareholders' equity		55,285.783	42,294.539	97,580.322	53,216.914	39,597.144	92,814.058

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at March 31, 2011 and December 31, 2010

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

II. Consolidated off-balance sheet commitments

		(31/03/2011)			(31/12/2010)			
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I+II+III)		56.471.632	55.817.793	112.289.425	46.872.065	56.333.943	103.206.008
I	Guarantees and warranties	III-a-2, 3	8.281.302	12.709.302	20.990.604	7.798.109	11.894.444	19.692.553
1.1	Letters of guarantee		8.258.547	7.341.902	15.600.449	7.790.097	7.167.366	14.947.463
1.1.1	Guarantees subject to state tender law		485.625	585.056	1.070.681	510.007	596.097	1.106.104
1.1.2	Guarantees given for foreign trade operations		908.877	6.628.213	7.537.090	840.037	6.434.849	7.274.886
1.1.3	Other letters of guarantee		6.864.045	128.633	6.992.678	6.430.053	136.420	6.566.473
1.2	Bank acceptances		-	147.286	147.286	-	165.797	165.797
1.2.1	Import letter of acceptance		-	147.286	147.286	-	165.797	165.797
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		12.738	4.444.416	4.457.154	12.337	3.987.536	3.999.873
1.3.1	Documentary letters of credit		12.738	4.435.248	4.447.986	12.337	3.974.126	3.986.463
1.3.2	Other letters of credit		-	9.168	9.168	-	13.410	13.410
1.4	Prefinancing given as guarantee		143	2.065	2.208	143	2.062	2.205
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the central bank of the republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		9.874	355.847	365.721	5.532	269.072	274.604
1.9	Other collaterals		-	417.786	417.786	-	302.611	302.611
II	Commitments	III -a-1	22.780.548	1.653.794	24.434.342	19.805.392	2.819.338	22.624.730
2.1	Irrevocable commitments		22.338.864	1.653.794	23.992.658	19.370.406	2.819.338	22.189.744
2.1.1	Asset purchase and sale commitments		729.401	1.171.380	1.900.781	-	2.544.040	2.544.040
2.1.2	Deposit purchase and sales commitments		29	-	29	44	9.797	9.841
2.1.3	Share capital commitments to associates and subsidiaries		2.000	-	2.000	2.000	-	2.000
2.1.4	Loan granting commitments		3.473.981	448.448	3.922.429	3.070.259	233.241	3.303.500
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		4.034.789	-	4.034.789	3.653.626	-	3.653.626
2.1.8	Tax and fund liabilities from export commitments		-	35.883	35.883	-	39.486	39.486
2.1.9	Commitments for credit card limits		12.521.342	23.684	12.545.026	11.706.172	21.507	11.727.679
2.1.10	Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		1.541.439	10.282	1.551.721	898.819	10.753	909.572
2.2	Revocable commitments		441.684	-	441.684	434.986	-	434.986
2.2.1	Revocable loan granting commitments		441.684	-	441.684	434.986	-	434.986
2.2.2	Other revocable commitments		-	-	-	-	-	-
III	Derivative financial instruments		25.409.782	41.454.697	66.864.479	19.268.564	41.620.161	60.888.725
3.1	Hedging derivative financial instruments		6.051.907	10.388.428	16.440.335	3.446.632	9.397.626	12.844.258
3.1.1	Transactions for fair value hedge		2.041.907	2.134.268	4.176.175	2.106.632	2.210.606	4.317.238
3.1.2	Transactions for cash flow hedge		4.010.000	8.254.160	12.264.160	1.340.000	7.187.020	8.527.020
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		19.357.875	31.066.269	50.424.144	15.821.932	32.222.535	48.044.467
3.2.1	Forward foreign currency buy/sell transactions		2.593.926	5.283.956	7.877.882	2.081.770	3.206.163	5.287.933
3.2.1.1	Forward foreign currency transactions-buy		413.049	3.507.407	3.920.456	637.179	2.004.987	2.642.166
3.2.1.2	Forward foreign currency transactions-sell		2.180.877	1.776.549	3.957.426	1.444.591	1.201.176	2.645.767
3.2.2	Swap transactions related to foreign currency and interest rates		10.248.524	18.086.911	28.335.435	6.030.332	21.979.345	30.009.877
3.2.2.1	Foreign currency swap-buy		8.105.631	4.244.781	12.350.412	5.869.467	7.636.788	13.506.255
3.2.2.2	Foreign currency swap-sell		1.801.293	10.057.040	11.858.333	1.960.865	11.000.969	12.961.824
3.2.2.3	Interest rate swap-buy		170.800	1.892.545	2.063.345	100.000	1.670.799	1.770.799
3.2.2.4	Interest rate swap-sell		170.800	1.892.545	2.063.345	100.000	1.670.799	1.770.799
3.2.3	Foreign currency, interest rate and securities options		5.808.220	7.237.361	13.045.581	5.159.829	6.683.197	11.843.026
3.2.3.1	Foreign currency options-buy		2.460.857	3.781.446	6.242.303	2.330.226	3.125.062	5.455.288
3.2.3.2	Foreign currency options-sell		2.954.675	3.328.333	6.283.008	2.524.459	2.944.966	5.469.425
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		196.644	63.791	260.435	152.572	340.122	492.694
3.2.3.6	Securities options-sell		196.044	63.791	259.835	152.572	273.047	425.619
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	1	-	1
3.2.5.1	Interest rate futures-buy		-	-	-	1	-	1
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		707.205	458.041	1.165.246	550.000	353.830	903.830
B	Custody and pledges received (IV+V+VI)		94.470.345	20.577.524	115.047.869	105.034.734	20.439.132	125.473.866
IV	Items held in custody		49.742.920	3.900.044	53.642.964	63.860.271	3.846.300	67.706.571
4.1	Customer fund and portfolio balances		5.182	108	5.290	5.569	102	5.671
4.2	Investment securities held in custody		41.035.937	3.453.027	44.488.964	55.522.712	3.387.712	58.910.424
4.3	Checks received for collection		6.974.389	84.557	7.058.946	6.615.323	62.224	6.677.547
4.4	Commercial notes received for collection		1.724.637	340.301	2.064.938	1.713.892	375.385	2.089.277
4.5	Other assets received for collection		-	22.051	22.051	-	20.877	20.877
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		2.775	-	2.775	2.775	-	2.775
4.8	Custodians		-	-	-	-	-	-
V	Pledges received		43.805.827	16.073.546	59.879.373	40.304.331	15.999.918	56.304.249
5.1	Marketable securities		217.772	167	217.939	281.601	167	281.768
5.2	Guarantee notes		483.561	378.773	862.334	433.773	380.268	814.041
5.3	Commodity		61.910	-	61.910	58.680	-	58.680
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		30.179.971	11.523.563	41.703.534	27.491.727	11.473.952	38.965.679
5.6	Other pledged items		12.862.793	4.168.274	17.031.067	12.038.550	4.142.785	16.181.335
5.7	Pledged items-depository		-	2.769	2.769	-	2.746	2.746
VI	Accepted independent guarantees and warranties		921.598	603.934	1.525.532	870.132	592.914	1.463.046
Total off-balance sheet commitments (A+B)			150.941.977	76.395.317	227.337.294	151.906.799	76.773.075	228.679.874

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at March 31, 2011 and 2010

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

III. Consolidated income statement

Income and expense items		Note (Section five)	01/01-31/03/2011	01/01-31/03/2010
I.	Interest income	IV-a	1.721.737	1.603.256
1.1	Interest on loans	IV-a-1	1.214.062	1.103.090
1.2	Interest received from reserve deposits		103	16.806
1.3	Interest received from banks	IV-a-2	23.057	12.125
1.4	Interest received from money market transactions		1.676	15.684
1.5	Interest received from marketable securities portfolio	IV-a-3	400.380	376.018
1.5.1	Trading financial assets		4.155	3.863
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		132.935	48.372
1.5.4	Held to maturity investments		263.290	323.783
1.6	Financial lease income		51.117	52.472
1.7	Other interest income		31.342	27.061
II.	Interest expense	IV-b	(837.174)	(608.804)
2.1	Interest on deposits	IV-b-3	(671.542)	(506.525)
2.2	Interest on funds borrowed	IV-b-1	(114.085)	(88.418)
2.3	Interest expense on money market transactions		(45.161)	(7.584)
2.4	Interest on securities issued		(5.356)	(6.050)
2.5	Other interest expenses		(1.030)	(227)
III.	Net interest income (I + II)		884.563	994.452
IV.	Net fees and commissions income		451.115	400.734
4.1	Fees and commissions received		543.067	467.940
4.1.1	Non-cash loans		58.827	55.509
4.1.2	Other	IV-k	484.240	412.431
4.2	Fees and commissions paid		(91.952)	(67.206)
4.2.1	Non-cash loans		(1.099)	(80)
4.2.2	Other		(90.853)	(67.126)
V.	Dividend income		4.009	231
VI.	Trading gain/(loss) (net)	IV-c	49.910	(21.310)
6.1	Trading gains/(losses) on securities		1.145	16.904
6.2	Derivative financial transactions gains/(losses)	IV-d	30.941	(358.179)
6.3	Foreign exchange gains/(losses)		17.824	319.965
VII.	Other operating income	IV-e	316.349	198.099
VIII.	Total operating income (III+IV+V+VI+VII)		1.705.946	1.572.206
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(312.848)	(167.552)
X.	Other operating expenses (-)	IV-g	(710.933)	(689.715)
XI.	Net operating income/(loss) (VIII-IX-X)		682.165	714.939
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		1.970	1.283
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)		684.135	716.222
XVI.	Tax provisions for continuing operations (±)	IV-i	(152.625)	(152.722)
16.1	Current tax provision		(134.517)	(223.494)
16.2	Deferred tax provision		(18.108)	70.772
XVII.	Net profit/loss from continuing operations (XV±XVI)		531.510	563.500
XVIII.	Income from discontinued operations		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	Profit /losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI.	Tax provision for discontinued operations (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/loss (XVII+XXII)	IV-j	531.510	563.500
23.1	Group's profit/loss		531.492	562.016
23.2	Minority interest profit/losses (-)	IV-l	18	1.484
	Earnings/(loss) per share (in TL full)		0,0012	0,0013

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at March 31, 2011 and 2010

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

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

	Income and expense items accounted under shareholders' equity	(31/03/2011)	(31/03/2010)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	(159.399)	(3.432)
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	37.129	(17.352)
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	56.466	(37.879)
VI.	Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(29.405)	20.090
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	219	-
IX.	Deferred tax on valuation differences	23.916	4.215
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(71.074)	(34.358)
XI.	Current year profit/loss	531.510	563.500
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	774	1.360
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(35.419)	(5.271)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	566.155	567.411
XII.	Total profit/loss related to the current period (X-XI)	460.436	529.142

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity at March 31, 2010

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

V. Consolidated statement of changes in shareholders' equity

March 31, 2010	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities 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	To shareholde equ
I. Period opening balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.1
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.1
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(2.648)	-	-	-	-	(2.648)	(127)	(2.77)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(14.231)	-	(14.231)	-	(14.23)
3.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(30.303)	-	(30.303)	-	(30.30)
3.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	16.072	-	16.072	-	16.0
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(17.352)	-	-	-	-	(17.352)	-	(17.35)
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current year income or loss		-	-	-	-	-	-	-	-	562.016	-	-	-	-	-	-	562.016	1.484	563.5
XX. Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	(693)	(65)
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(693)	(65)
20.2 Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+V+.....+VIII+XIX+XX)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.122	562.016	151.117	141.401	-	-	(71.426)	-	8.956.664	57.925	9.014.58

(*) Total legal reserves and extraordinary reserves of the consolidated entities amounting to TL 388.714 and TL 3.367.865 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

The accompanying 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 March 31, 2011

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

V. Consolidated statement of changes in shareholders' equity

March 31, 2011	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities 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
I. Prior period-end balance		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.248.031	151.117	252.797	-	-	(143.436)	10.682.674	63.095	10.745.769	
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(129.862)	-	-	-	-	(129.862)	(236)	(130.098)
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	21.649	-	21.649	-	21.649
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	45.173	-	45.173	-	45.173
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(23.524)	-	(23.524)	-	(23.524)
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		-	-	-	-	-	-	-	-	-	-	37.264	-	-	(108)	-	37.156	-	37.156
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219	-	219
XVII. Current year income or loss		-	-	-	-	-	-	-	-	531.492	-	-	-	-	-	-	531.492	18	531.510
XVIII. Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	(1.808)	(1.808)
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.808)	(1.808)
18.2 Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (+II+III+.....+XVII+XVIII)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	531.492	338.858	160.199	-	-	(121.895)	-	11.143.328	61.069	11.204.397

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

The accompanying 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 March 31, 2011 and 2010

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

VI. Consolidated statement of cash flows

	Note (Section five)	(31/03/2011)	(31/03/2010)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		1.089.563	1.660.635
1.1.1 Interest received		1.966.351	1.799.890
1.1.2 Interest paid		(802.186)	(612.994)
1.1.3 Dividend received		4.009	231
1.1.4 Fees and commissions received		543.787	468.174
1.1.5 Other income		249.667	98.107
1.1.6 Collections from previously written-off loans and other receivables		427.297	396.272
1.1.7 Payments to personnel and service suppliers		(718.780)	(618.570)
1.1.8 Taxes paid		(162.396)	(124.833)
1.1.9 Other	V-c	(418.186)	254.358
1.2 Changes in operating assets and liabilities		1.406.182	(2.670.629)
1.2.1 Net (increase) in trading securities		(210.013)	(62.425)
1.2.2 Net (increase) / decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase) in banks		(151.914)	(188.911)
1.2.4 Net (increase) in loans		(2.631.681)	(3.720.983)
1.2.5 Net decrease/ (increase) in other assets		78.515	(312.995)
1.2.6 Net (decrease) / increase in bank deposits		(439.276)	469.704
1.2.7 Net increase in other deposits		1.281.826	1.065.506
1.2.8 Net increase in funds borrowed		3.044.832	51.532
1.2.9 Net increase in payables		-	-
1.2.10 Net increase in other liabilities	V-c	433.893	27.943
I. Net cash flows from banking operations		2.495.745	(1.009.994)
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(684.002)	(279.661)
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		(25.648)	(19.740)
2.4 Disposals of property and equipment		1.961	6.604
2.5 Purchase of investments available-for-sale		(1.954.593)	(3.063.607)
2.6 Sale of investments available-for -sale		146.565	2.406.092
2.7 Purchase of investment securities		(454.061)	(509.240)
2.8 Sale of investment securities		1.601.774	900.230
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		(91.683)	(155.612)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		(89.875)	(155.160)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(1.808)	(693)
3.5 Payments for finance leases		-	241
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	V-c	100.829	(66.355)
V. Net increase in cash and cash equivalents (I+II+III+IV)		1.820.889	(1.511.622)
VI. Cash and cash equivalents at beginning of the period	V-a	6.105.032	5.047.843
VII. Cash and cash equivalents at end of the period	V-a	7.925.921	3.536.221

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 March 31, 2011

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

Section three

Explanations on accounting policies

I. Basis of presentation:

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

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

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

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

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

The accounting policies and valuation principles applied in the preparation of interim financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 2010. TAS/TFRS changes (TFRIC 14 (Change) "Repayments of a Minimum Funding Instrument "; TAS 32 (Change), "Classification on Rights Issue"; TFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments; TAS 24, "Related Party Disclosures", Improvements to TFRS(Published in 2009)) (effective from January 1, 2011) do not have an effect on the Group's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXIX. below.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

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

Additional paragraph for convenience translation into English:

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

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

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

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date 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 loans accounts.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

III. Information on consolidation principles:

a. Consolidation principles applied:

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

1. Consolidation principles of subsidiaries:

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) March 31,2011	Direct and indirect rates (%) March 31,2011
Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	98,85	98,85
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbajian	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	Special Purpose Company	-	-

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

2. Consolidation principles of associates:

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

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

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

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

Title	(City/ Country)	Main activities	Effective rates March 31, 2011	Direct and indirect rates March 31, 2011
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

3. Consolidation principles of joint ventures:

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

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

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

Title	(City/ Country)	Main activities	Effective	Direct and
			rates (%)	indirect
			March 31,	rates (%)
			March 31,	March 31,
			2011	2011
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	GYO	30,45	30,45

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.

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

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

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. As a result, the fair 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.

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 instruments at fair value through profit or loss".

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

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

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

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

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

Credit default swaps are the contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events return for the premium paid by the buyer for the contract.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or the asset pool. Since the active assets in the reference asset pool are recorded in the balance sheet of the issuer or the owner of the active assets; the issuer or the owner of the active assets can assume the offering of the credit linked bonds as an insurance for the credit losses of the active assets that are in the reference asset pool.

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

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

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

V. Explanations on interest income and expense:

Interest income and expenses are recognised in the income statement on 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 March 31, 2011 (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 March 31, 2011 (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 Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture. General provisions are determined in accordance with the "incurred loss" model taking into consideration the factors listed above and the principles of TAS 39. The general loan loss provision determined through this methodology is higher than the minimum amount required by the related regulations.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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.

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

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

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

IX. Explanations on offsetting financial assets:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 March 31, 2011 (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 depreciation but is tested annually or more frequently for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36").

b. Other intangible assets:

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

The 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 March 31, 2011 (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 a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from the financial leasing 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 March 31, 2011 (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 March 31, 2011 (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. With the new law, the Banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum two years with the decision of the Council of Ministers. The transfer period is extended for another two years with the decision of the Council of Ministers numbered 2011/1559 published in the Official Gazette dated April 9, 2011.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

The main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalized. The Constitutional Court announced that it has rejected the cancellation request with the decision taken in the meeting dated March 30, 2011. The decision with reasoning is not yet published in the Official Gazette. The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law

c. Defined contribution plans:

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

d. Short term benefits of employee:

According to 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 March 31, 2011 (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 March 31, 2011 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 future taxable profit will be available against which the deferred tax asset can be utilised.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

c. Transfer pricing:

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

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

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

XVIII. Explanations on borrowings:

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

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

XIX. Explanations on issuance of share certificates:

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

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

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

As of March 31, 2011 and December 31, 2010, the Group has no government grants.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

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.

	March 31, 2011	March 31, 2010
Group's profit	531.492	562.016
Weighted average number of issued ordinary shares (Thousand)	434.705.128	434.705.128
Earnings per share (Disclosed in full TL)	0,0012	0,0013

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

No bonus shares were issued during 2011. (December 31, 2010 - no bonus shares were issued).

XXIV. Related parties:

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

XXV. Cash and cash equivalents:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

XXVI. Operating segments:

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

XXVII.Reclassifications:

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

XXVIII. Legal mergers under common control:

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

XXIX. Other accounting policies:

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

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

Explanations related to insurance technical reserves

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

Non-life

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

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

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

Life and pension and non-life

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

No additional provision was required as a result of the liability adequacy tests. The guaranteed returns in the life insurance portfolio are limited to the lower of guaranteed rate of return and annual inflation rate.

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations on accounting policies (continued)

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

- a. The capital adequacy ratio of the Group is 14,35% (December 31, 2010 - 15,43%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of 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 ⁽¹⁾					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	20.026.397	4.534.120	8.224.816	46.615.062	378.358	152.175
Cash	799.064	272	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.677.272	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	3.360.527	-	147.279	-	-
Interbank money market placements	-	-	-	-	-	-
Receivables from reverse repurchase transactions	-	290.000	-	-	-	-
Reserve requirements	2.618.070	-	-	-	-	-
Loans	2.138.968	866.441	8.099.713	41.469.181	378.358	152.175
Non-performing receivables (net)	-	-	-	402.020	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.401.545	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	36.228	-	-
Miscellaneous receivables	-	391	-	654.299	-	-
Interest and income accruals	157.357	15.090	125.103	660.220	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.789.841	-	-
Fixed assets	-	-	-	1.059.485	-	-
Other assets	234.121	1.399	-	396.509	-	-
Off-balance sheet items	313.642	2.709.299	397.246	14.094.715	-	-
Non-cash loans and commitments	313.642	1.560.329	397.246	13.924.599	-	-
Derivative financial instruments	-	1.148.970	-	170.116	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets⁽²⁾	20.340.039	7.243.419	8.622.062	60.709.777	378.358	152.175

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

(2) Not weighted.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

	Risk weights ⁽¹⁾					
	Consolidated					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	21.309.361	6.330.001	8.615.328	49.915.759	378.358	152.175
Cash	959.936	272	-	10.979	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.677.272	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	4.816.077	-	228.849	-	-
Interbank money market placements	-	-	-	-	-	-
Receivables from reverse repurchase transactions	-	308.898	-	-	-	-
Reserve requirements	2.618.070	-	-	-	-	-
Loans	2.547.836	1.161.240	8.348.221	44.167.431	378.358	152.175
Non-performing receivables (net)	-	-	-	417.190	-	-
Lease receivables	8.523	6.064	138.855	1.861.563	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.721.762	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	36.228	-	-
Miscellaneous receivables	272.319	373	-	912.102	-	-
Interest and income accruals	170.719	35.678	128.252	704.878	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	2.300	-	-
Fixed assets	-	-	-	1.106.231	-	-
Other assets	332.924	1.399	-	468.008	-	-
Off-balance sheet items	338.607	2.734.265	430.723	14.312.034	-	-
Non-cash loans and commitments	338.607	1.567.114	430.723	14.136.793	-	-
Derivative financial instruments	-	1.167.151	-	175.241	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets ⁽²⁾	21.647.968	9.064.266	9.046.051	64.227.793	378.358	152.175

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

(2) Not weighted.

d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Amount subject to credit risk (ASCR)	67.341.379	64.043.140	71.435.559	68.300.334
Amount subject to market risk (ASMR)	2.537.513	1.410.150	3.194.888	1.949.350
Amount subject to operational risk (ASOR)	8.842.703	7.806.018	9.764.669	8.999.966
Shareholders' equity	11.708.987	11.820.819	12.106.766	12.227.770
Shareholders' equity/(ASCR+ASMR+ASOR)*100	14,87	16,14	14,35	15,43

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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:

	March 31, 2011	December 31, 2010
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	266.973	163.959
First legal reserve (Turkish Commercial Code 466/1)	266.973	163.959
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	4.930.128	3.038.543
Reserves allocated by the General Assembly	4.930.128	3.038.543
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves, extraordinary reserves	-	-
Profit	870.350	2.399.148
Current period profit (net)	531.492	2.248.031
Prior period profit	338.858	151.117
Provisions for possible risks up to 25% of core capital	135.909	124.712
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	146.641	80.731
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	61.069	63.095
Uncovered portion of loss with reserves (-)	-	-
Current period loss (net)	-	-
Prior period loss	-	-
Leasehold improvements (-)	95.177	102.899
Prepaid expenses (-)	-	138.650
Intangible assets (-)	1.242.197	1.243.080
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
Total core capital	9.964.628	9.276.491

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

	March 31, 2011	December 31, 2010
Supplementary capital		
General provisions	900.246	826.853
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans ⁽¹⁾	1.905.348	2.097.218
45% of marketable securities valuation differences	72.090	113.759
Investments in associates and subsidiaries	(21.815)	(5.269)
Available-for-sale financial assets	93.905	119.028
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-	-
Total supplementary capital	2.877.684	3.037.830
Tier III capital		
Capital	12.842.312	12.314.321
Deductions from the capital	735.546	86.551
Investments in unconsolidated financial institutions and banks	3.940	3.940
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
Investments in financial institutions (domestic, foreign) and banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the bank	93.804	71.906
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	9.448	10.705
Other	628.354	-
Total shareholders' equity	12.106.766	12.227.770

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 March 31, 2011 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333, dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

a. Information on market risk:

	March 31, 2011	December 31, 2010
(I) Capital to be employed for general market risk - standard method	174.228	78.386
(II) Capital to be employed for specific risk – standard method	65.557	62.568
(III) Capital to be employed for currency risk – standard method	15.276	13.723
(IV) Capital to be employed for commodity risk – standard method	-	390
(V) Capital to be employed for settlement risk – standard method	-	-
(VI) Capital to be employed for market risk due to options - standard method	530	881
(VII) Capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	255.591	155.948
(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)	3.194.888	1.949.350

III. Explanations on consolidated operational risk:

The Group calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Group, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of March 31, 2011, the total amount subject to operational risk is TL 9.764.669 (December 31, 2010 –TL 8.999.966) and the amount of the related capital requirement is TL 781.174 (December 31, 2010 - TL 719.998).

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 March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

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

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

(Exchange rates presented as full TL)

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	TL 1,50950	TL 2,12700	TL 0,01813
March 30, 2010 bid rate	TL 1,51600	TL 2,13800	TL 0,01846
March 29, 2010 bid rate	TL 1,50970	TL 2,12180	TL 0,01843
March 28, 2010 bid rate	TL 1,50470	TL 2,12950	TL 0,01850
March 25, 2010 bid rate	TL 1,50830	TL 2,12960	TL 0,01860
March 24, 2010 bid rate	TL 1,51540	TL 2,14710	TL 0,01869

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 1,53553
Euro : TL 2,14800
Yen : TL 0,01876

As of December 31, 2010;

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

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:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

March 31, 2011	EURO	USD	Yen	Other FC	Total
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.724.312	1.137.721	387	74.710	3.937.130
Banks	1.117.888	2.097.842	4.343	115.386	3.335.459
Financial assets at fair value through profit or loss	19.491	58.960	-	275	78.726
Money market placements	-	-	-	-	-
Available-for-sale financial assets	286.823	1.082.989	-	47.181	1.416.993
Loans ⁽¹⁾	8.249.613	14.704.059	70.234	656.946	23.680.852
Investments in associates, subsidiaries and joint ventures	-	-	-	71.798	71.798
Held-to-maturity investments	689.082	7.172.081	-	-	7.861.163
Hedging derivative financial assets	-	7.950	-	-	7.950
Tangible assets	659	-	-	16.509	17.168
Intangible assets	-	-	-	1.325	1.325
Other assets	1.667.064	1.378.216	1.339	184.109	3.230.728
Total assets	14.754.932	27.639.818	76.303	1.168.239	43.639.292
Liabilities					
Bank deposits	728.309	164.983	13	44.784	938.089
Foreign currency deposits	6.529.523	15.777.318	7.361	816.206	23.130.408
Funds from money market	322.815	3.599.711	-	31.327	3.953.853
Funds borrowed from other financial institutions	4.959.533	3.522.600	40.098	22.592	8.544.823
Marketable securities issued	551.298	791.352	-	229	1.342.879
Miscellaneous payables	292.401	205.703	8.138	21.759	528.001
Hedging derivative financial liabilities	-	84.201	-	-	84.201
Other liabilities	2.822.150	616.243	269	19.251	3.457.913
Total liabilities	16.206.029	24.762.111	55.879	956.148	41.980.167
Net on balance sheet position	(1.451.097)	2.877.707	20.424	212.091	1.659.125
Net off balance sheet position	1.540.087	(3.429.991)	(20.405)	(1.650)	(1.911.959)
Financial derivative assets	5.122.314	14.156.809	23.281	468.965	19.771.369
Financial derivative liabilities	3.582.227	17.586.800	43.686	470.615	21.683.328
Non-cash loans	4.399.940	7.743.949	333.118	232.295	12.709.302
December 31, 2010					
Total assets	13.016.015	25.494.815	90.329	1.169.013	39.770.172
Total liabilities	16.460.431	21.750.270	55.503	1.023.055	39.289.259
Net on-balance sheet position	(3.444.416)	3.744.545	34.826	145.958	480.913
Net off-balance sheet position	4.390.714	(4.821.403)	(49.169)	27.141	(452.717)
Financial derivative assets	7.702.003	12.339.276	140.930	401.513	20.583.722
Financial derivative liabilities	3.311.289	17.160.679	190.099	374.372	21.036.439
Non-cash loans	3.989.735	7.344.613	324.972	235.124	11.894.444

(1) Includes FC indexed loans amounting to TL 2.703.575 (December 31, 2010 – TL 2.161.909) 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 March 31, 2011 (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 effects due to the interest rate volatility are analyzed. In these analyses possible losses are calculated for the change in fair value of interest sensitive products by applying shock tests to interest rates.

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

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

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

March 31, 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	6.160.774	6.160.774
Banks	2.438.868	511.594	732.773	398.504	-	984.366	5.066.105
Financial assets at fair value through profit/loss	139.692	246.774	291.952	392.322	47.102	70.700	1.188.542
Money market placements	308.952	-	-	-	-	-	308.952
Available-for-sale financial assets	768.611	208.474	656.568	2.826.080	3.071.611	16.628	7.547.972
Loans	8.177.135	5.464.306	13.155.588	18.209.897	10.868.469	1.141.283	57.016.678
Held-to-maturity investments	423.942	1.045.136	2.314.439	2.005.239	6.065.809	-	11.854.565
Other assets	1.032.143	349.310	1.761.784	1.020.092	44.744	4.228.661	8.436.734
Total assets	13.289.343	7.825.594	18.913.104	24.852.134	20.097.735	12.602.412	97.580.322
Liabilities							
Bank deposits	313.908	374.056	206.499	76.355	104.944	255.049	1.330.811
Other deposits	33.128.804	9.946.533	2.054.137	370.383	31.620	9.196.632	54.728.109
Funds from money market	2.925.361	1.411.036	2.297.827	-	-	-	6.634.224
Miscellaneous payables	5.142	1.180	-	-	-	3.962.692	3.969.014
Marketable securities issued	-	1.322.569	213	-	19.507	590	1.342.879
Funds borrowed from other financial institutions	5.909.757	691.574	2.827.081	194.621	537.401	-	10.160.434
Other liabilities and shareholders' equity	988.676	642.424	1.502.730	317.298	112.990	15.850.733	19.414.851
Total liabilities	43.271.648	14.389.372	8.888.487	958.657	806.462	29.265.696	97.580.322
Balance sheet long position	-	-	10.024.617	23.893.477	19.291.273	-	53.209.367
Balance sheet short position	(29.982.305)	(6.563.778)	-	-	-	(16.663.284)	(53.209.367)
Off-balance sheet long position	3.418.020	5.686.181	658.732	-	-	-	9.762.933
Off-balance sheet short position	-	-	-	(9.497.962)	(882.750)	-	(10.380.712)
Total position	(26.564.285)	(877.597)	10.683.349	14.395.515	18.408.523	(16.663.284)	(617.779)

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

December 31, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic Turkey	-	-	-	-	-	6.034.426	6.034.426
Banks	540.361	755.486	385.433	402.066	-	480.384	2.563.730
Financial assets at fair value through profit/loss	282.589	377.955	132.778	85.728	126.666	64.399	1.070.115
Money market placements	970.970	-	-	-	-	-	970.970
Available-for-sale financial assets	670.127	167.152	793.347	2.234.836	1.989.900	20.618	5.875.980
Loans	10.327.087	5.869.082	13.962.312	15.694.640	7.841.257	981.484	54.675.862
Held-to-maturity investments	2.020.451	2.173.896	822.733	2.169.162	5.788.702	-	12.974.944
Other assets	1.013.925	1.502.890	754.359	986.972	39.670	4.350.215	8.648.031
Total assets	15.825.510	10.846.461	16.850.962	21.573.404	15.786.195	11.931.526	92.814.058
Liabilities							
Bank deposits	571.638	367.371	219.328	328.878	103.660	193.023	1.783.898
Other deposits	36.476.310	6.290.441	933.054	366.958	30.530	9.325.811	53.423.104
Funds from money market	1.378.265	1.892.553	380.198	-	-	-	3.651.016
Miscellaneous payables	2.606.114	1.166	-	-	-	1.598.691	4.205.971
Marketable securities issued	-	1.375.419	-	-	19.033	452	1.394.904
Funds borrowed from other financial institutions	5.645.591	735.268	2.846.779	312.164	533.095	173	10.073.070
Other liabilities and shareholders' equity	159.008	1.198.528	1.678.196	313.473	123.616	14.809.274	18.282.095
Total liabilities	46.836.926	11.860.746	6.057.555	1.321.473	809.934	25.927.424	92.814.058
Balance sheet long position	-	-	10.793.407	20.251.931	14.976.261	-	46.021.599
Balance sheet short position	(31.011.416)	(1.014.285)	-	-	-	(13.995.898)	(46.021.599)
Off-balance sheet long position	3.042.205	4.589.973	423.157	-	-	-	8.055.335
Off-balance sheet short position	-	-	-	(7.757.173)	(500.565)	-	(8.257.738)
Total position	(27.969.211)	3.575.688	11.216.564	12.494.758	14.475.696	(13.995.898)	(202.403)

b. Average interest rates for monetary financial instruments:

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

March 31, 2011 ⁽¹⁾	EURO	USD	Yen	TL
Assets ⁽³⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,72	0,66	-	6,72
Banks	5,26	4,82	-	7,02
Financial assets at fair value through profit/loss	-	-	-	6,80
Money market placements	7,88	6,48	-	8,62
Available-for-sale financial assets	4,98	4,33	4,82	12,78
Loans ⁽²⁾	5,26	6,71	-	9,02
Held-to-maturity investments	-	-	-	-
Liabilities ⁽³⁾				
Bank deposits	2,97	3,63	0,30	8,15
Other deposits	-	1,61	-	7,11
Funds from money market	-	-	-	-
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,71	2,43	2,39	14,98
Funds borrowed from other financial institutions	-	-	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

December 31, 2010 ⁽¹⁾	EURO	USD	Yen	TL
Assets⁽³⁾	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,19	-	7,91
Financial assets at fair value through profit/loss	8,02	4,62	-	8,24
Money market placements	-	-	-	6,02
Available-for-sale financial assets	6,89	6,81	-	7,72
Loans ⁽²⁾	4,95	4,35	4,72	12,87
Held-to-maturity Investments	5,23	6,76	-	9,98
Liabilities⁽³⁾				
Bank deposits	0,55	1,05	-	8,13
Other deposits	2,54	2,78	0,30	8,71
Funds from money market	1,75	1,49	-	5,42
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,44	2,46	2,38	10,74

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

(2) Does not include credit card receivables.

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

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.

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

Breakdown of assets and liabilities according to their outstanding maturities:

March 31, 2011	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified ^{(1), (2)}	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.542.704	2.618.070	-	-	-	-	-	6.160.774
Banks	984.366	2.650.022	507.083	648.436	276.198	-	-	5.066.105
Financial assets at fair value through profit or loss	56.275	123.853	192.517	274.122	464.193	63.157	14.425	1.188.542
Money market placements	-	308.952	-	-	-	-	-	308.952
Available-for-sale financial assets	61.787	3	26.443	202.130	2.959.865	4.281.116	16.628	7.547.972
Loans	-	8.647.012	5.400.615	13.119.670	18.415.245	11.016.946	417.190	57.016.678
Held-to-maturity investments	-	-	3.602	760.825	3.982.794	7.107.344	-	11.854.565
Other assets ⁽¹⁾	827.409	1.091.017	454.352	1.861.046	1.187.744	69.769	2.945.397	8.436.734
Total assets	5.472.541	15.438.929	6.584.612	16.866.229	27.286.039	22.538.332	3.393.640	97.580.322
Liabilities								
Bank deposits	255.049	313.908	374.056	206.499	76.355	104.944	-	1.330.811
Other deposits	9.196.632	33.128.804	9.946.533	2.054.137	370.383	31.620	-	54.728.109
Funds borrowed from other financial institutions	-	2.456.656	624.983	3.746.671	2.495.710	836.414	-	10.160.434
Funds from money market	-	2.617.750	1.031.241	2.465.515	392.813	126.905	-	6.634.224
Marketable securities issued	-	229	83.502	263.465	976.176	19.507	-	1.342.879
Miscellaneous payables	346.312	3.508.989	12.071	15.504	138	103	85.897	3.969.014
Other liabilities ⁽²⁾	1.847.776	1.187.528	267.572	744.454	1.927.919	1.666.899	11.772.703	19.414.851
Total liabilities	11.645.769	43.213.864	12.339.958	9.496.245	6.239.494	2.786.392	11.858.600	97.580.322
Net liquidity gap	(6.173.228)	(27.774.935)	(5.755.346)	7.369.984	21.046.545	19.751.940	(8.464.960)	-
December 31, 2010								
Total assets	4.906.941	17.015.258	7.824.814	14.252.544	25.241.212	19.943.555	3.629.734	92.814.058
Total liabilities	10.148.828	45.325.130	8.930.873	7.119.134	6.493.608	3.611.710	11.184.775	92.814.058
Net liquidity gap	(5.241.887)	(28.309.872)	(1.106.059)	7.133.410	18.747.604	16.331.845	(7.555.041)	-

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

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

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), Verimli Card, Taksitçi Card, Share Program and Communication Program. The Parent Bank also offers debit cards and a prepaid card named World Hediye Card.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

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.

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

March 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other ⁽¹⁾	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue	590.731	352.289	71.621	31.103	639.212	16.981	1.701.937
Operating costs	(362.259)	(113.527)	(27.179)	(11.016)	(522.801)	13.001	(1.023.781)
Net operating income	228.472	238.762	44.442	20.087	116.411	29.982	678.156
Dividend income ⁽³⁾					4.009		4.009
Income/Loss from Investments accounted based on equity method					1.970		1.970
Income before tax	228.472	238.762	44.442	20.087	122.390	29.982	684.135
Tax provision ⁽³⁾					(152.625)		(152.625)
Net income	228.472	238.762	44.442	20.087	(30.235)	29.982	531.510
Minority interest					(18)		(18)
Group income/loss	228.472	238.762	44.442	20.087	(30.253)	29.982	531.492
Segment assets	28.460.733	31.687.761	1.339.485	4.232.941	32.709.345	(949.987)	97.480.278
Investments in associates, subsidiaries and joint ventures					100.044		100.044
Total assets	28.460.733	31.687.761	1.339.485	4.232.941	32.809.389	(949.987)	97.580.322
Segment liabilities	25.359.969	21.691.696	11.730.252	3.542.824	24.994.103	(942.919)	86.375.925
Shareholders' equity					11.204.397		11.204.397
Total liabilities	25.359.969	21.691.696	11.730.252	3.542.824	36.198.500	(942.919)	97.580.322

(1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Information related to financial position of the Group (continued)

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other ⁽¹⁾	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue ⁽⁴⁾	648.203	322.119	83.922	33.438	511.035	(26.742)	1.571.975
Operating costs ⁽⁴⁾	(276.798)	(100.306)	(28.015)	(8.712)	(452.398)	8.962	(857.267)
Net operating profit	371.405	221.813	55.907	24.726	58.637	(17.780)	714.708
Dividend income ^{(3) (4)}					231		231
Income/Loss from investments accounted based on equity method ^{(3) (4)}					1.283		1.283
Income before tax	371.405	221.813	55.907	24.726	60.151	(17.780)	716.222
Tax provision ⁽³⁾					(152.722)		(152.722)
Net income	371.405	221.813	55.907	24.726	(92.571)	(17.780)	563.500
Minority interest ⁽⁴⁾					(1.484)		(1.484)
Group income/loss⁽⁴⁾	371.405	221.813	55.907	24.726	(94.055)	(17.780)	562.016
Segment assets	26.522.965	33.129.240	1.275.280	4.193.536	28.578.708	(986.082)	92.713.647
Investments in associates, subsidiaries and joint ventures					100.411		100.411
Total assets	26.522.965	33.129.240	1.275.280	4.193.536	28.679.119	(986.082)	92.814.058
Segment liabilities	23.676.641	21.843.565	11.257.345	3.551.013	22.718.162	(978.437)	82.068.289
Shareholders' equity					10.745.769		10.745.769
Total liabilities	23.676.641	21.843.565	11.257.345	3.551.013	33.463.931	(978.437)	92.814.058

- (1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.
- (2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
- (3) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.
- (4) Income statement figures represent balances for the 3 months period ended March 31, 2010.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Cash	529.713	186.914	513.679	188.190
The CBRT	1.693.931	3.601.411	2.044.632	3.172.303
Other	-	148.805	-	115.622
Total	2.223.644	3.937.130	2.558.311	3.476.115

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

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Demand Unrestricted Account	1.693.931	983.341	2.044.632	865.256
Time Unrestricted Account	-	-	-	-
Reserve Requirement ⁽¹⁾	-	2.618.070	-	2.307.047
Total	1.693.931	3.601.411	2.044.632	3.172.303

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

3. Information on reserve requirements:

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

a) TL liabilities;

- Demand, notice deposits and private current accounts 12%,
- Up to 1 month time deposit accounts (1 month included) 10%,
- Up to 3 months time deposit accounts (3 months included) 9%,
- Up to 6 months time deposit accounts (6 months included) 7%,
- Up to 1 year time deposit accounts 6%,
- 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
- Liabilities excluding deposit 9%.

b) Foreign currency liabilities 11%.

As of March 31, 2011, the Group's reserve deposits, including those at foreign banks, amount to TL 5.388.383 (December 31, 2010 – TL 5.255.231).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 March 31, 2011, the Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2010 - TL 43.734) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 71.622 (December 31, 2010 – TL 72.723).
2. Positive differences related to trading derivative financial assets:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	58.402	3.196	27.563	1.723
Swap transactions	441.099	32.670	541.681	37.956
Futures transactions	-	-	-	-
Options	72.949	29.001	53.535	31.066
Other	-	-	-	-
Total	572.450	64.867	622.779	70.745

c. Information on banks:

1. Information on banks:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	1.730.646	3.335.459	708.938	1.854.792
Domestic	1.629.629	861.226	682.482	658.248
Foreign	101.017	2.474.233	26.456	1.196.544
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	1.730.646	3.335.459	708.938	1.854.792

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

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

As of March 31, 2011, available-for-sale financial assets given as collateral/blocked amount to TL 526.214 (December 31, 2010 – TL 512.549) and available for sale financial assets subject to repo transactions are TL 347.993 (December 31, 2010 – TL 196.783).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	March 31, 2011	December 31, 2010
Debt securities	7.523.158	5.804.928
Quoted on stock exchange ⁽¹⁾	6.009.617	4.494.573
Not quoted ⁽²⁾	1.513.541	1.310.355
Share certificates	58.420	58.401
Quoted on stock exchange	363	354
Not quoted	58.057	58.047
Impairment provision (-)	(95.393)	(44.332)
Other ⁽³⁾	61.787	56.983
Total	7.547.972	5.875.980

(1) As of March 31, 2011, Eurobonds amounting to TL 985.467 (December 31, 2010 – TL 809.457) have been classified under debt securities quoted on Stock Exchange, even though they are not quoted on a stock exchange since they are traded in the secondary market.

(2) As of March 31, 2011, not quoted debt securities amounting to TL 897.214 (December 31, 2010 – TL 729.227) are credit linked notes.

(3) As of March 31, 2011, other available-for-sale financial assets include mutual funds amounting to TL 61.787 (December 31, 2010 – TL 56.983).

e. Explanations on loans:

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

	March 31, 2011		December 31, 2010	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	10.596	123.306	7.962	81.282
Loans granted to employees	80.208	81	85.204	83
Total	90.804	123.387	93.166	81.365

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Cash loans	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Non-specialised loans	55.018.901	-	1.473.140	107.447
Discount and purchase notes	790.594	-	2.528	-
Export loans	8.824.296	-	190.138	-
Import loans				
Loans granted to financial sector	1.252.660	-	-	-
Foreign loans	1.401.663	-	50.225	-
Consumer loans	10.349.351	-	414.013	3.979
Credit cards	8.303.177	-	182.913	39.178
Precious metal loans	309.040	-	4.602	-
Other ⁽¹⁾	23.788.120	-	628.721	64.290
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Total	55.018.901	-	1.473.140	107.447

- (1) As explained in the Note I.k of Section V, TL 140.521 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 March 31, 2011 (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
Consumer loans-TL	119.844	10.250.822	10.370.666
Real estate loans	8.695	5.537.510	5.546.205
Automotive loans	11.851	972.947	984.798
Consumer loans	422	44.098	44.520
Other	98.876	3.696.267	3.795.143
Consumer loans-FC indexed	-	195.774	195.774
Real estate loans	-	185.917	185.917
Automotive loans	-	2.018	2.018
Consumer loans	-	4.928	4.928
Other	-	2.911	2.911
Consumer loans-FC	4.847	24.103	28.950
Real estate loans	-	-	-
Automotive loans	164	1.376	1.540
Consumer loans	2.516	13.816	16.332
Other	2.167	8.911	11.078
Individual credit cards-TL	8.017.907	150.270	8.168.177
With installments	4.045.639	129.314	4.174.953
Without installments	3.972.268	20.956	3.993.224
Individual credit cards-FC	309	90	399
With installments	309	90	399
Without installments	-	-	-
Personnel loans-TL	3.911	33.926	37.837
Real estate loans	16	1.189	1.205
Automotive loans	19	1.004	1.023
Consumer loans	-	-	-
Other	3.876	31.733	35.609
Personnel loans-FC indexed	-	7	7
Real estate loans	-	7	7
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	85	168	253
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	18	-	18
Other	67	168	235
Personnel credit cards-TL	41.136	407	41.543
With installments	23.155	407	23.562
Without installments	17.981	-	17.981
Personnel credit cards-FC	25	-	25
With installments	25	-	25
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	133.673	-	133.673
Credit deposit account-FC (real person)	183	-	183
Total	8.321.920	10.655.567	18.977.487

(1) TL 543 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 March 31, 2011 (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
Commercial installments loans-TL	685.510	4.316.819	5.002.329
Business loans	667	312.701	313.368
Automotive loans	53.463	1.348.915	1.402.378
Consumer loans	-	350	350
Other	631.380	2.654.853	3.286.233
Commercial installments loans-FC indexed	33.403	480.924	514.327
Business loans	-	30.241	30.241
Automotive loans	1.165	93.258	94.423
Consumer loans	-	-	-
Other	32.238	357.425	389.663
Commercial installments loans-FC	846.985	926.747	1.773.732
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	140.117	17.830	157.947
Other	706.868	908.917	1.615.785
Corporate credit cards-TL	311.759	3.365	315.124
With installment	107.560	3.365	110.925
Without installment	204.199	-	204.199
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	392.342	-	392.342
Credit deposit account-FC (legal person)	889	-	889
Total	2.270.888	5.727.855	7.998.743

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

	March 31, 2011	December 31, 2010
Domestic loans	55.147.600	52.677.468
Foreign loans	1.451.888	1.565.512
Total	56.599.488	54.242.980

6. Loans granted to investments in associates and subsidiaries:

	March 31, 2011	December 31, 2010
Direct loans granted to associates and subsidiaries	27.398	25.085
Indirect loans granted to associates and subsidiaries	-	-
Total	27.398	25.085

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

7. Specific provisions provided against loans:

	March 31, 2011	December 31, 2010
Loans and other receivables with limited collectability	47.485	54.980
Loans and other receivables with doubtful collectability	276.993	340.240
Uncollectible loans and other receivables	1.140.320	1.079.864
Total	1.464.798	1.475.084

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
March 31, 2011			
(Gross amounts before specific reserves)	43.695	27.307	84.619
Restructured loans and other receivables	43.695	27.307	84.619
Rescheduled loans and other receivables	-	-	-
December 31, 2010			
(Gross amounts before specific reserves)	28.592	34.388	62.729
Restructured loans and other receivables	28.592	34.388	62.729
Rescheduled loans and other receivables	-	-	-

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
December 31, 2010	247.452	374.080	1.286.434
Additions (+)	355.387	24.670	19.656
Transfers from other categories of non- performing loans (+)	-	195.232	168.542
Transfer to other categories of non-performing loans (-)	(195.232)	(168.542)	-
Collections (-)	(172.554)	(76.697)	(178.046)
FX valuation differences	446	5	1.155
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
March 31, 2011	235.499	348.748	1.297.741
Specific provision (-)	(47.485)	(276.993)	(1.140.320)
Net balance on balance sheet	188.014	71.755	157.421

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
March 31, 2011			
Period end balance	24.153	924	87.263
Specific provision (-)	(9.593)	(314)	(74.726)
Net balance on-balance sheet	14.560	610	12.537
December 31, 2010			
Period end balance	13.651	662	127.311
Specific provision (-)	(7.433)	(219)	(95.696)
Net balance on-balance sheet	6.218	443	31.615

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
March 31, 2011 (net)			
Loans granted to real persons and corporate entities (gross)	235.499	348.083	1.213.729
Specific provision amount (-)	(47.485)	(276.328)	(1.056.308)
Loans granted to real persons and corporate entities (net)	188.014	71.755	157.421
Banks (gross)	-	665	-
Specific provision amount (-)	-	(665)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-
December 31, 2010 (net)	192.472	33.840	206.570
Loans granted to real persons and corporate entities (gross)	247.452	373.357	1.201.042
Specific provision amount (-)	(54.980)	(339.517)	(994.472)
Loans granted to real persons and corporate entities (net)	192.472	33.840	206.570
Banks (gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

f. Information on held-to-maturity investments:

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

	March 31, 2011	December 31, 2010
Government bond	11.854.565	12.974.944
Treasury bill	-	-
Other debt securities	-	-
Total	11.854.565	12.974.944

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

	March 31, 2011	December 31, 2010
Debt securities	11.975.890	13.053.379
Quoted on stock exchange ⁽¹⁾	11.975.890	13.053.379
Not quoted	-	-
Impairment provision (-)	(121.325)	(78.435)
Total	11.854.565	12.974.944

(1) As of March 31, 2011, Eurobonds amounting to TL 7.861.163 (December 31, 2010 – TL 7.665.114) 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:

	March 31, 2011	December 31, 2010
Beginning balance	12.974.944	13.318.719
Foreign currency differences on monetary assets ⁽¹⁾	70.224	33.702
Purchases during year	454.061	3.020.222
Disposals through sales and redemptions	(1.601.774)	(3.383.510)
Impairment provision (-)	(42.890)	(14.189)
Period end balance	11.854.565	12.974.944

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

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

As of March 31, 2011, held-to-maturity investments given as collateral/blocked amount to TL 2.069.370 (December 31, 2010 – TL 1.463.634). Held-to-maturity investments subject to repo transactions amount to TL 6.679.796 (December 31, 2010- TL 3.464.024).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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	45.045	19.875	2.527	767	-	4.175	2.663	-
2	20.567	17.454	6.356	181	3	1.589	1.905	-

Financial statement information disclosed above shows March 31, 2011 results.

2. Consolidated investments in associates:

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

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	2.163.415	147.035	4.355	10.721	1.781	8.235	10.574	-

Financial statement information disclosed above shows March 31, 2011 results.

- (1) Financial statement information in the table above has been disclosed in CHF. As of March 31, 2011 the evaluation rate for CHF is full TL 1,6344 (December 31, 2010 – full TL 1,6027).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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:

	March 31, 2011	December 31, 2010
Balance at the beginning of the period	71.906	58.939
Movements during the period	(108)	12.967
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	2.229	8.744
Sales	-	-
Revaluation (decrease)/increase(1)	(2.337)	4.223
Impairment provision	-	-
Balance at the end of the period	71.798	71.906
Capital Commitments	-	-
Share percentage at the end of the period (%)	30,67	30,67

(1) Includes TL 2.489 (December 31, 2010 – TL 2.069) of dividend received in the current period.

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

	March 31, 2011	December 31, 2010
Banks	71.798	71.906
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	71.798	71.906

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 March 31, 2011 (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 subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group 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

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
1	13.407	10.440	171	8	-	875	952	-
2	37.239	22.915	3.983	252	498	218	594	-

Financial statement information disclosed above shows March 31, 2011 results.

2. Information on consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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 are in thousands of EURO.
- (2) Financial figures presented in note 2 are in thousands of USD.
- (3) Financial figures presented in note 2 are in thousands of AZN. As of March 31, 2011 the evaluation rate for AZN is full TL 1,9043 (December 31,2010 – full TL 1,8891).
- (4) Includes the balances for Sticing Custody Services YKB.
- (5) Includes the balances for Yapı Kredi Invest LLC.

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

	Total assets	Shareholder's equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value ⁽¹⁾
1	45.399	45.358	-	-	-	(81)	53	-
2	902.965	266.116	5.555	13.280	1.697	60.027	49.080	-
3	1.672.404	93.859	625	28.870	-	10.550	6.882	-
4	194.116	62.670	6.277	3.315	347	1.973	2.480	-
5	921.032	198.495	19.629	7.942	3.834	21.482	31.518	1.208.000
6	2.264.672	762.226	2.087	52.006	-	27.020	24.575	1.910.600
7	85.140	75.695	35	892	(538)	(1.944)	1.094	38.700
8	722.920	118.533	18.785	3.368	2.011	6.853	5.078	-
9	64.114	47.305	755	1.898	19	11.368	12.187	-
10	1.683.608	214.512	310	17.060	3.133	5.091	6.222	-
11	167.094	51.798	4.389	2.508	119	1.302	1.804	-

(1) Calculated with the ISE market prices as of March 31, 2011 considering the total number of shares.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at March 31, 2011.

2 (iii). Movement schedule of consolidated subsidiaries:

	March 31, 2011	December 31, 2010
Balance at the beginning of the period	1.787.541	1.779.648
Movements during the period	-	7.893
Purchases	-	-
Transfers	-	-
Bonus shares obtained	-	7.893
Share of current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	-
Balance at the end of the period	1.787.541	1.787.541
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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:

	March 31, 2011	December 31, 2010
Banks	286.137	286.137
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	447.569	447.569
Total financial subsidiaries	1.787.541	1.787.541

2 (v). Subsidiaries quoted to stock exchange:

	March 31, 2011	December 31, 2010
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	876.095	876.095

i. Information on joint ventures (net):

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures :

2 (i). Information on consolidated Joint Ventures:

	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non- current assets	Long term liabilities	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	83.994	19.969	467	3.225	(4.298)

Financial statements in the table above has been obtained from the financial statements as at March 31, 2011.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

j. Information on lease receivables (net):

1) Breakdown according to maturities:

	March 31, 2011		December 31, 2010	
	Gross	Net	Gross	Net
Less than 1 year	908.364	747.151	881.135	714.985
Between 1- 4 years	1.184.724	1.026.814	1.151.085	991.929
More than 4 years	285.214	269.596	299.234	282.700
Total	2.378.302	2.043.561	2.331.454	1.989.614

2) Information for net investments in finance leases:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Gross lease receivables	491.873	1.886.429	461.940	1.869.514
Unearned financial income from leases (-)	(79.930)	(254.811)	(77.495)	(264.345)
Amount of cancelled leases (-)	-	-	-	-
Total	411.943	1.631.618	384.445	1.605.169

k. Information on hedging derivative financial assets:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge	47.653	-	34.463	-
Cash flow hedge	14.303	7.950	-	3.738
Foreign net investment hedge	-	-	-	-
Total	61.956	7.950	34.463	3.738

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 March 31, 2011 is a liability amounting to TL 223.209 (December 31, 2010 - TL 279.454) At March 31, 2011, the fair value difference of the hedging instruments since the inception date is TL 147.603 (December 31, 2010 - TL 240.233) and the fair value difference of the hedged item is TL 140.521 (December 31, 2010 - TL 224.429)

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 intangible assets:

	March 31, 2011	December 31, 2010
Net book value at the beginning of the period	1.243.080	1.194.649
Additions during the period	13.071	90.675
Unused and disposed Items (-)	-	(159)
Impairment reversal	-	4.015
Amortisation expenses (-)	(13.989)	(46.100)
Foreign exchange valuation differences	35	-
Net book value at the closing of the period	1.242.197	1.243.080

m. Information on investment property:

None (December 31, 2010 - None).

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

	March 31, 2011	December 31, 2010
Net book value at the beginning of the period	82.416	88.680
Additions	10.065	58.076
Disposals, net (-)	(13.742)	(64.936)
Impairment reversal	637	2.752
Impairment provision (-)	(52)	(219)
Depreciation (-)	(573)	(1.937)
Net book value at the end of period	78.751	82.416
Cost at the end of period	84.808	88.875
Accumulated depreciation at the end of period (-)	(6.057)	(6.459)
Net book value at the end of period	78.751	82.416

As of March 31, 2011, the Parent Bank booked impairment provision on assets held for resale with an amount of TL10.348 (December 31, 2010 - TL 10.933).

o. Information on other assets:

As of March 31, 2011, 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 March 31, 2011 (continued)

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

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

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

1 (i). March 31, 2011:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Total
Saving deposits	1.927.525	8.508	2.159.556	12.689.788	453.007	55.315	762.001	18.055.700
Foreign currency deposits	4.251.586	55.159	4.729.406	11.180.760	1.301.761	327.628	852.506	22.698.806
Residents in Turkey	3.676.095	52.337	4.665.610	9.897.167	960.077	131.478	525.456	19.908.220
Residents abroad	575.491	2.822	63.796	1.283.593	341.684	196.150	327.050	2.790.586
Public sector deposits	537.694	-	807	902	47.919	125	16	587.463
Commercial deposits	2.141.097	294	2.630.057	6.676.431	896.071	9.269	124.560	12.477.779
Other institutions deposits	36.971	-	17.470	150.176	267.597	97	4.448	476.759
Precious metals vault	301.759	-	-	52.841	29.076	19.913	28.013	431.602
Bank deposits	255.049	119.847	178.164	355.121	35.798	205.529	181.303	1.330.811
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	79.954	-	144.693	826	-	-	-	225.473
Foreign banks	163.420	119.847	33.471	354.295	35.798	205.529	181.303	1.093.663
Participation banks	11.675	-	-	-	-	-	-	11.675
Other	-	-	-	-	-	-	-	-
Total	9.451.681	183.808	9.715.460	31.106.019	3.031.229	617.876	1.952.847	56.058.920

1 (ii). December 31, 2010:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Total
Saving deposits	1.812.754	22.181	4.586.189	10.872.860	210.498	37.412	114.112	17.656.006
Foreign currency deposits	4.514.769	30.503	4.023.430	11.273.139	528.832	262.680	722.673	21.356.026
Residents in Turkey	3.838.021	16.092	3.864.195	9.765.581	250.273	149.836	341.088	18.225.086
Residents abroad	676.748	14.411	159.235	1.507.558	278.559	112.844	381.585	3.130.940
Public sector deposits	320.906	-	14.937	60.880	543	-	-	397.266
Commercial deposits	2.404.752	-	3.069.321	6.377.905	143.864	3.206	70.318	12.069.366
Other institutions deposits	34.853	-	85.306	1.478.796	288	65	990	1.600.298
Precious metals	237.777	-	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	193.023	149.383	419.083	163.480	196.727	229.668	432.534	1.783.898
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	68.087	-	357.762	4.022	-	-	246.138	676.009
Foreign banks	110.663	149.383	61.321	159.458	196.727	229.668	186.396	1.093.616
Participation banks	14.273	-	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-	-
Total	9.518.834	202.067	12.198.266	30.272.482	1.097.526	550.948	1.366.879	55.207.002

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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):

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Saving Deposits				
Saving deposits	8.927.046	8.779.823	8.929.502	8.651.347
Foreign currency savings deposit	2.409.036	2.448.173	6.044.151	5.572.934
Other deposits in the form of savings deposits	172.224	117.017	215.587	196.827
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	March 31, 2011	December 31, 2010
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving Deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	27.496	21.080
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	33.634	116.231

b. Information on trading derivative financial liabilities:

Trading derivative financial liabilities	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	83.835	2.641	38.372	321
Swap transactions	195.915	20.797	203.768	31.881
Futures transactions	-	-	-	-
Options	68.207	30.847	52.087	32.739
Other	-	-	-	-
Total	347.957	54.285	294.227	64.941

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Information on borrowings:

1. Information on borrowings:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	689.379	297.992	1.078.428	360.655
From foreign banks, institutions and funds	926.232	8.246.831	948.183	7.685.804
Total	1.615.611	8.544.823	2.026.611	8.046.459

2. Information on maturity structure of borrowings:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term	1.116.420	4.430.616	1.510.635	4.099.579
Medium and long-term	499.191	4.114.207	515.976	3.946.880
Total	1.615.611	8.544.823	2.026.611	8.046.459

d. Information on asset backed securities

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 511 million and EUR 258 million, the equivalent of TL 1.322.569 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010, and during 2011, a total of TL 89.875 is paid (2010 – TL 345.191).

e. Information on other liabilities:

As of March 31, 2011, other liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

1. Information on financial leasing agreements:

None (December 31, 2010 - None).

2. Information on operational leasing agreements:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 hedging derivative financial liabilities:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge	270.862	-	313.917	-
Cash flow hedge ⁽¹⁾	19.125	84.201	38.108	101.638
Foreign net investment hedge	-	-	-	-
Total	289.987	84.201	352.025	101.638

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

h. Information on provisions:

1. Information on general provisions:

	March 31, 2011	December 31, 2010
Provisions for Group I loans and receivables	623.170	596.325
Provisions for Group II loans and receivables	136.900	108.673
Provisions for non cash loans	71.690	61.702
Other	68.486	60.153
Total	900.246	826.853

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:

	March 31, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
Possibility of being eligible for retirement (%)	94,48	94,71

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 2.623,23 (full TL) effective from January 1, 2011 (January 1, 2010- TL 2.427,04 (full TL)) has been taken into consideration in calculating the reserve for employment termination benefits.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

Movement of employment termination benefit liability in the balance sheet:

	March 31, 2011	December 31, 2010
Prior period ending balance	101.700	100.482
Provision during the period	7.097	19.705
Paid during the period	(9.034)	(18.385)
Foreign currency differences	176	(102)
Balance at the end of the period	99.939	101.700

In addition, the Group has accounted for unused vacation rights provision amounting to TL 83.719 as of March 31, 2011 (December 31, 2010 - TL 80.267).

3. Other provisions:

	March 31, 2011	December 31, 2010
Pension fund provision	838.036	838.036
Non-cash loan provision	120.862	127.958
Provision for possible risks ⁽¹⁾	98.622	88.826
Provisions on credit cards and promotion campaigns related to banking services	38.379	39.697
Legal risk provision ⁽¹⁾	37.287	35.886
Provision on export commitment estimated tax and funds liability	35.883	39.486
Other	84.954	170.322
Total	1.254.023	1.340.211

(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 March 31, 2011, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 48.417 (December 31, 2010 – TL 21.327).

Provision related to the foreign currency difference of foreign currency indexed loans is netted from the loan amount 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 March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

i. Information on taxes payable:

(i) Information on taxes payable:

	March 31, 2011	December 31, 2010
Corporate Tax Payable	129.985	122.306
Taxation of Marketable Securities	50.413	81.688
Property Tax	1.423	1.359
Banking Insurance Transaction Tax ("BITT")	34.162	35.985
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.081	3.437
Other	41.845	23.497
Total	259.909	268.272

(ii) Information on premium payables:

	March 31, 2011	December 31, 2010
Social Security Premiums – employee	1.020	962
Social Security Premiums – employer	1.187	995
Bank Pension Fund Premiums – employee	8.947	7.291
Bank Pension Fund Premiums – employer	9.302	7.604
Pension Fund Deposit and Provisions – employee	-	-
Pension Fund Deposit and Provisions – employer	-	-
Unemployment Insurance – employee	706	581
Unemployment Insurance – employer	1.411	1.163
Other	-	-
Total	22.573	18.596

(iii) Information on deferred tax liability:

There is a net deferred tax liability of TL 334 (December 31, 2010 – TL 2.132) reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been net off in their standalone financial statements as per TAS 12.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

j. Information on subordinated loans:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.248.098	-	2.110.274
From other foreign institutions	-	-	-	-
Total	-	2.248.098	-	2.110.274

At March 31, 2006, Yapı Kredi obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. The Parent Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements. In addition, the Parent Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

k. Information on shareholders' equity:

1. Presentation of paid-in capital

	March 31, 2011	December 31, 2010
Common Stock	4.347.051	4.347.051
Preferred Stock		-

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

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

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

None (December 31, 2010 - None).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 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:

	March 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	(6.948)	48.504	108.075	63.235
Foreign currency difference ⁽¹⁾	118.521	122	79.187	2.300
Total	111.573	48.626	187.262	65.535

(1) Includes current period foreign currency differences.

I. Information on minority interest:

	March 31, 2011	March 31, 2010
Period opening balance	63.095	57.261
Current period income/(loss)	18	1.484
Dividends paid	(1.808)	(693)
Translation differences	(236)	(127)
Period ending balance	61.069	57.925

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	March 31, 2011	December 31, 2010
Commitments on credit cards limits	12.545.026	11.727.679
Loan granting commitments	3.922.429	3.303.500
Commitments for cheques	4.034.789	3.653.626
Other irrevocable commitments	3.490.414	3.504.939
Total	23.992.658	22.189.744

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 71.690 (December 31, 2010 – TL 61.702) and a specific provision regarding non-cash loans amounting to TL 120.862 (December 31, 2010 – TL 127.958).

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

	March 31, 2011	December 31, 2010
Bank acceptance loans	147.286	165.797
Letter of credits	4.457.154	3.999.873
Other guarantees and collaterals	785.715	579.420
Total	5.390.155	4.745.090

- 2 (ii). The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of March 31, 2011 is TL 15.600.449 (2010 – TL 14.947.463).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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:

	March 31, 2011	December 31, 2010
Non-cash loans given against cash loans	299.206	297.715
With original maturity of 1 year or less than 1 year	102.628	84.962
With original maturity of more than 1 year	196.578	212.753
Other non-cash loans	20.691.398	19.394.838
Total	20.990.604	19.692.553

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

March 31, 2011	Group I		Group II⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	8.171.742	7.286.666	86.805	55.236
Bank acceptances	-	147.286	-	-
Letters of credit	12.738	4.442.714	-	1.702
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	10.017	773.794	-	1.904
Total	8.194.497	12.650.460	86.805	58.842

December 31, 2010	Group I		Group II⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	7.698.324	7.133.344	81.773	34.022
Bank acceptances	-	165.797	-	-
Letters of credit	12.337	3.987.368	-	168
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.675	571.843	-	1.902
Total	7.716.336	11.858.352	81.773	36.092

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

b. Information on contingent liabilities:

The Group has recorded a provision of TL 37.287 (December 31, 2010 – TL 35.886) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account.

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 March 31, 2011 (continued)

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

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	March 31, 2011		March 31, 2010	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	481.439	35.259	523.240	75.446
Medium/long-term loans ⁽¹⁾	460.960	212.287	368.494	117.579
Interest on loans under follow-up	24.026	91	18.165	166
Premiums received from resource utilisation support fund	-	-	-	-
Total	966.425	247.637	909.899	193.191

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

2. Information on interest income on banks:

	March 31, 2011		March 31, 2010	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	11.799	4.951	3.313	3.017
From foreign banks	655	5.652	1.839	3.956
Headquarters and branches abroad	-	-	-	-
Total	12.454	10.603	5.152	6.973

3. Information on interest income on marketable securities:

	March 31, 2011		March 31, 2010	
	TL	FC	TL	FC
From trading financial assets	3.606	549	2.113	1.750
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	115.005	17.930	34.304	14.068
From held-to-maturity investments	105.130	158.160	177.029	146.754
Total	223.741	176.639	213.446	162.572

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

	March 31, 2011	March 31, 2010
Interests received from associates and subsidiaries	267	165

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

b. Information on interest expense:

1. Information on interest expense on borrowings:

	March 31, 2011		March 31, 2010	
	TL	FC	TL	FC
Banks	36.694	77.308	37.989	50.397
The CBRT	-	-	-	-
Domestic banks	10.329	4.719	11.611	3.594
Foreign banks	26.365	72.589	26.378	46.803
Headquarters and branches abroad	-	-	-	-
Other institutions	-	83	-	32
Total⁽¹⁾	36.694	77.391	37.989	50.429

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	March 31, 2011	March 31, 2010
Interests paid to associates and subsidiaries	139	345

3. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	March 31, 2010
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposits	46	-	6.485	-	-	-	-	6.531	1.248
Saving deposits	11	72.022	222.205	6.605	844	8.926	-	310.613	294.891
Public sector deposits	-	117	667	257	2	-	-	1.043	1.410
Commercial deposits	23	47.235	121.919	11.197	134	2.071	-	182.579	106.952
Other deposits	-	2.987	25.346	4.583	1	58	-	32.975	4.856
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	80	122.361	376.622	22.642	981	11.055	-	533.741	409.357
FC									
Foreign currency deposits	612	36.331	78.994	5.238	2.570	4.803	21	128.569	89.342
Bank deposits	-	1.527	3.037	463	2.514	1.542	-	9.083	7.731
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	115	5	8	9	12	-	149	95
Total	612	37.973	82.036	5.709	5.093	6.357	21	137.801	97.168
Grand total	692	160.334	458.658	28.351	6.074	17.412	21	671.542	506.525

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	March 31, 2011	March 31, 2010
Gain	5.350.183	4.408.276
Gain from capital market transactions	12.851	19.265
Derivative financial transactions gains	3.815.524	2.651.702
Foreign exchange gains	1.521.808	1.737.309
Loss(-)	(5.300.273)	(4.429.586)
Loss from capital market transactions	(11.706)	(2.361)
Derivative financial transactions losses	(3.784.583)	(3.009.881)
Foreign exchange loss	(1.503.984)	(1.417.344)
Net gain/loss	49.910	(21.310)

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

	March 31, 2011	March 31, 2010
Effect of changes in foreign exchange rates	79.400	(274.827)
Effect of the changes in interest rates	(48.459)	(83.352)
Total	30.941	(358.179)

e. Information on other operating income:

Other operating income mainly results from collections from provisions recorded as expense, release of provisions and net insurance income .

f. Provision for impairment of loans and other receivables:

	March 31, 2011	March 31, 2010
Specific provisions for loans and other receivables	169.615	39.842
III. Group loans and receivables	104.508	483
IV. Group loans and receivables	95	-
V. Group loans and receivables	65.012	39.359
General provision expenses	86.161	49.667
Provision expense for possible risks	8.661	14.368
Marketable securities impairment expenses	4.933	590
Financial assets at fair value through profit or loss	4.539	-
Available-for-sale financial assets	394	590
Impairment of investments in associates, subsidiaries and held-to-maturity securities	42.890	62.654
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	42.890	62.654
Other	588	431
Total	312.848	167.552

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

g. Information related to other operating expenses:

	March 31, 2011	March 31, 2010
Personnel expenses	330.216	269.780
Reserve for employee termination benefits	17	382
Provision expense for pension fund	-	29.113
Impairment expenses of property and equipment	10	15
Depreciation expenses of property and equipment	37.130	34.959
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	13.989	10.412
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	52	70
Depreciation expenses of assets held for resale	573	438
Impairment expenses of fixed assets held for sale	-	-
Other operating expenses	207.475	211.314
Operational lease expenses	30.632	27.975
Repair and maintenance expenses	4.664	5.623
Advertising expenses	15.813	18.356
Other expense	156.366	159.360
Loss on sales of assets	-	-
Other	121.471	133.232
Total	710.933	689.715

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

Income before tax includes net interest income amounting to TL 884.563 (March 31, 2010 - TL 994.452), net fee and commission income amounting to TL 451.115 (March 31, 2010 - TL 400.734) and total other operating expense amounting TL 710.933 (March 31, 2010 - TL 689.715).

i. Provision for taxes on income from continuing operations:

As of March 31, 2011, the Group has current tax expense amounting to TL 134.517 (March 31, 2010 - TL 223.494) and deferred tax expense amounting to TL 18.108 (March 31, 2010 - TL 70.772 deferred tax credit).

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

	March 31, 2011	March 31, 2010
Income before tax provision	684.135	716.222
Tax calculated with tax rate of 20%	136.827	143.244
Disallowables, deductions and other, net	15.013	8.542
Tax rate difference	785	936
Total provision for taxes on income	152.625	152.722

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance. (March 31, 2010 - The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance)
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

k. Other items in income statement:

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

l. Income/loss of minority interest:

	March 31, 2011	March 31, 2010
Income/(loss) of minority interest	18	1.484

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"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".
2. Effect of a change in the accounting policies: None.
3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

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

	March 31, 2011	March 31, 2010
Cash	4.127.914	2.032.372
Cash and effectives	702.227	655.382
Demand deposits in banks	3.425.687	1.376.990
Cash equivalents	1.977.118	3.015.471
Money market	970.536	1.581.164
Time deposits in banks	1.006.582	1.434.307
Total cash and cash equivalents	6.105.032	5.047.843

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	March 31, 2011	March 31, 2010
Cash	4.471.578	1.923.222
Cash and effectives	716.899	530.619
Demand deposits in banks	3.754.679	1.392.603
Cash equivalents	3.454.343	1.612.999
Money market	308.895	1.138.592
Time deposits in banks	3.145.448	474.407
Total cash and cash equivalents	7.925.921	3.536.221

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

As of March 31, 2011, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 5.388.224 (March 31, 2010 - TL 3.247.803). There is also TL 89.459 blocked amount in foreign banks account.

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

Decrease in "Other account" amounting to TL 418.186 (March 31, 2010 - TL 254.358 increase) 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 433.893 (March 31, 2010 - TL 27.943 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a increase approximately of TL 100.829 as of March 31, 2011 (March 31, 2010-TL 66.355 decrease).

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

2011

(i) None.

2010

(i) 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 March 31, 2011 (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:

March 31, 2011	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	27.398	1.249	302.737	123.306	775.226	723.393
Interest and commission income received	267	4	1.535	236	14.569	1.263

(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.

December 31, 2010	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Groups' risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	5.128	1.281	68.674	54.926	545.598	550.074
Balance at the end of the period	25.085	3.271	258.251	81.282	951.016	671.337
Interest and commission income received⁽³⁾	165	15	1.116	240	19.129	881

(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 3 months period ended at March 31, 2010.

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

Group's risk group ⁽¹⁾⁽²⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Deposit						
Beginning of the period	11.699	41.731	4.367.079	3.060.980	5.279.564	2.330.627
End of the period	18.090	11.699	4.886.393	4.367.079	5.391.136	5.279.564
Interest expense on deposits ⁽³⁾	139	345	49.001	19.338	64.715	24.244

(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, 2010 columns represent balances for the 3 months period ended March 31, 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 March 31, 2011 (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 ⁽¹⁾	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	December 31,		December 31,		December 31,	
	March 31, 2011	2010	March 31, 2011	2010	March 31, 2011	2010
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	38.038	-	187.782	378.169	642.637	710.036
End of the period ⁽³⁾	-	38.038	135.404	187.782	675.072	642.637
Total profit / loss⁽⁴⁾	-	-	336	(1.843)	(5.889)	21.763
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

- (1) Defined in subsection 2 of the 49th Article of the Banking Act No. 5411.
(2) The Bank's derivative instruments are classified as "Financial Instruments at Fair Value Through Profit or Loss" or "Derivative Financial Instruments Held for Hedging" according to TAS 39.
(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.
(4) December 31, 2010 columns represent balances for the 3 months period ended March 31, 2010.

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

Salaries and benefits paid to the Group's top management amount to TL 14.339 as of March 31, 2011(March 31, 2010 – TL 10.020).

VIII. Explanations and notes related to subsequent event

- 1- The Bank has decided to issue TL bills and/or bonds with different maturities up to TL 3,5 billion. Necessary authorization is given to Head office by the Board of Directors to perform the required procedures, to apply to BRSA, Capital Markets Board ("CMB") and other authorities and determine all terms and conditions of such issuance. In this context, the Bank made an application to CMB to obtain necessary permissions and registration of the securities to enable the public-offerings of bills with the nominal value amounting to TL 3,2 billion. The remaining part amounting to TL 300 million is planned to be sold as loan guaranteed or sold to qualified investors.
- 2- The Bank obtained a syndicated loan from participation of 47 international banks from 19 different countries, consisting of 2 credit tranches with 1 year maturity totalling to USD 1.450 million; one tranche amounting to USD 300,5 million with total cost of Libor+1,10% and the other tranche amounting to EUR 795 million with total cost of Euribor+1,10%. The agreement was signed on April 19, 2011.
- 3- In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette dated April 22, 2011; reserve requirement ratios are regulated as stated below. The new ratios are going to be valid starting from April 29, 2011.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

- a) TL liabilities;
- Demand, notice deposits and private current accounts 16%,
 - Up to 1 month time deposit accounts (1 month included) 16%,
 - Up to 3 months time deposit accounts (3 months included) 13%,
 - Up to 6 months time deposit accounts (6 months included) 9%,
 - Up to 1 year time deposit accounts 6%,
 - 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
 - Liabilities excluding deposit 13%
- b) Foreign currency liabilities;
- Demand, call deposits, private checking accounts, up to 1 month time deposit accounts, up to 3 months time deposit accounts, up to 6 months time deposit accounts and up to 1 year time deposit accounts 12%
 - 1 year and over 1 year time deposit accounts 11%,
 - Up to 1 year liabilities excluding deposit (1 year included) 12%,
 - Up to 3 years liabilities excluding deposit (3 years included) 11,5%,
 - Over 3 years liabilities excluding deposit 11%
- 4- As a result of the General Assembly Meeting of Yapı Kredi Bank Azerbaijan registered on April 20, 2011, the capital was decided to be increased by AZN 6.499 thousand through the profit of 2010.
- 5- Erhan ÖZÇELİK has resigned from his duty as vice president of Private Banking and Asset Management effective from April 30, 2011; and according to the resolution of the Board of Directors of the Bank dated April 27, 2011, Mert YAZICIOĞLU has resigned from his duty as vice president of Treasury Management and was appointed as vice president of Private Banking and Asset Management effective from April 30, 2011. Mert ÖNCÜ was appointed as vice president of Treasury Management, pursuant to the approval of the BRSA.
- 6- Luca RUBAGA has resigned from his duty as vice president of Organization and Logistics Management effective from April 1, 2011. According to the resolution of the Board of Directors of the Bank dated April 27, 2011, in line with the preparations for redesigning the Organization and Logistics Department, it was resolved to cancel the Assistant General Manager position for the Organization and Logistics Department and units under this management started to report to other managements as per their functions.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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

As per the Ordinary General Assembly meeting dated March 31, 2011, it has been decided that 2010 unconsolidated net profit of TL 2.060.290 will be distributed as follows: TL103.014 is transferred to legal reserves, TL 65.691 is transferred to other capital reserve in accordance with the 5th article 1/e section of the Corporate Tax Law numbered 5520 as 75% of the profit from the sale of real estate and the remaining TL 1.891.585 is transferred to extraordinary reserves.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2011 (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 March 31, 2011 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated May 10, 2011 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.