

# **Yapı ve Kredi Bankası A.Ş.**

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

(Convenience translation of publicly announced unconsolidated 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 unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at June 30, 2010 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the 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 Bank'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.

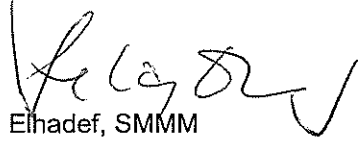
Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at June 30, 2010 and of the results of its operations and its cash flows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

The unconsolidated financial statements of the Bank as of and for the six months period ended June 30, 2009 and as of and for the year ended December 31, 2009 prepared in accordance with the accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411 were reviewed and audited, respectively, by another audit firm, who in their report dated August 4, 2009 stated that nothing has come to their attention that causes them to believe that the unconsolidated financial statements of the Bank as of and for the six months ended June 30, 2009 do not give a true and fair view of the financial position, results of operations and cash flows in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles, and in their report dated March 2, 2010 expressed an unqualified opinion on the financial statements as of and for the year ended December 31, 2009.

**Additional paragraph for convenience translation:**

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

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

  
Selim Elhadeef, SMMM  
Partner

Istanbul, August 3, 2010

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

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

Yapı ve Kredi Bankası A.Ş.  
Genel Müdürlük  
Yapı Kredi Plaza D Blok  
Levent 34330 İstanbul

Tel: (0212) 339 70 00  
Faks: (0212) 339 60 00  
www.yapikredi.com.tr

E-Mail: [financialreports@yapikredi.com.tr](mailto:financialreports@yapikredi.com.tr)

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

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

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

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

**H. Faik AÇIKALIN**  
Chief Executive Officer

**Marco CRAVARIO**  
Chief Financial Officer

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

**Federico GHIZZONI**  
President of Audit Committee

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

**Füsun Akkal BOZOK**  
Member of Audit Committee

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

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

## **Section one**

General Information about the Bank	
I. History of the Bank including its incorporation date, initial legal status and amendments to legal status, if any	1
II. Explanation about the Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling group of the Bank	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	1
IV. Information on the individual and corporate shareholders having control shares of the Bank	3
V. Summary information on the Bank's activities and service types	3

## **Section two**

Unconsolidated financial statements	
I. Balance sheet	4
II. Off-balance sheet commitments	6
III. Income statements	7
IV. Statement of income and expense items accounted under shareholders' equity	9
V. Statement of changes in shareholders' equity	10
VI. Statement of cash flows	12

## **Section three**

Explanations on accounting policies	
I. Basis of presentation	13
II. Explanations on strategy of using financial instruments and foreign currency transactions	14
III. Explanations on investments in associates, subsidiaries and joint ventures	14
IV. Explanations on forward and option contracts and derivative instruments	14
V. Explanations on interest income and expense	16
VI. Explanations on fee and commission income and expenses	16
VII. Explanations on financial assets	16
VIII. Explanations on impairment of financial assets	18
IX. Explanations on offsetting financial assets	18
X. Explanations on sales and repurchase agreements and securities lending transactions	18
XI. Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	19
XII. Explanations on goodwill and other intangible assets	19
XIII. Explanations on property and equipment	20
XIV. Explanations on leasing transactions	21
XV. Explanations on provisions, contingent assets and liabilities	21
XVI. Explanations on obligations related to employee rights	22
XVII. Explanations on taxation	23
XVIII. Explanations on borrowings	24
XIX. Explanations on issuance of share certificates	24
XX. Explanations on avalized drafts and letter of acceptances	25
XXI. Explanations on government grants	25
XXII. Profit reserves and profit distribution	25
XXIII. Earnings per share	25
XXIV. Related parties	26
XXV. Cash and cash equivalents	26
XXVI. Explanations on operating segments	26
XXVII. Reclassifications	26

## **Section four**

Information related to financial position of the Bank	
I. Explanations on capital adequacy ratio	27
II. Explanations on market risk	30
III. Explanations on operational risk	30
IV. Explanations on currency risk	31
V. Explanations on interest rate risk	33
VI. Explanations on liquidity risk	36
VII. Explanations on operating segments	37

## **Section five**

Explanations and notes related to unconsolidated financial statements	
I. Explanations and notes related to assets	39
II. Explanations and notes related to liabilities	53
III. Explanations and notes related to off-balance sheet accounts	61
IV. Explanations and notes related to income statement	63
V. Explanations and notes related to statement of cash flows	67
VI. Explanations and notes related to the Bank's risk group	69
VII. Explanations and notes related to subsequent events	70

## **Section six**

Other explanations	
I. Other explanations on the Bank's operations	72

## **Section seven**

Independent auditor's review report	
I. Explanations on independent auditor's review report	73
II. Explanations and notes prepared by independent auditor	73

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010**

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

**Section one**

**General information about the Bank**

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

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

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

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

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

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

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at June 30, 2010

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

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

Board of Directors Members:

Name	Responsibility
Tayfun BAYAZIT	Chairman
Federico GHIZZONI	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Alessandro M. DECIO	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Füsun Akkal BOZOK	Member
Carlo VIVALDI	Member
Vittorio G. M. OGLIENGO	Member
O. Turgay DURAK	Member
Stephan WINKELMEIER <sup>(1)</sup>	Member

<sup>(1)</sup> As of June 11, 2010, Stephan WINKELMEIER has resigned from his duty as member of the Board of Directors and as of July 27, 2010, Massimiliano FOSSATI was appointed as member of the Board of Directors.

General Manager and Assistant General Managers:

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

<sup>(1)</sup> As of July 27, 2010, Massimiliano FOSSATI has resigned from his duty as vice president of Risk Management and was appointed as member of the Board of Directors. According to the decision of the Board of Directors dated July 30, 2010; Wolfgang SCHILK was appointed as vice president of Risk Management, unless the response of the application to the BRSA is negative in 7 days.

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010**

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

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

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

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

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

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

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

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

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

As of June 30, 2010, the Bank has 846 branches operating in Turkey and 1 branch in off-shore region (December 31, 2009 - 837 branches operating in Turkey, 1 branch in off-shore region). As of June 30, 2010, the Bank has 14.438 employees (December 31, 2009 - 14.333 employees).



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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements as of June 30, 2010 and December 31, 2009 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

#### Section two Unconsolidated financial statements

##### I. Balance sheet

		(30/06/2010)			(31/12/2009)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	1,837.114	2.520.990	4.358.104	1.784.268	2.190.797	3.975.065
II. Financial assets at fair value through profit or (loss) (net)	I-b	386.120	99.262	485.382	665.087	168.811	833.898
2.1 Trading financial assets		386.120	99.262	485.382	665.087	168.811	833.898
2.1.1 Government debt securities		38.397	66.132	104.529	117.747	109.402	227.149
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		347.723	32.958	380.681	547.340	59.219	606.559
2.1.4 Other marketable securities		-	172	172	-	190	190
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	322.056	1.960.817	2.282.873	409.144	1.240.512	1.649.656
IV. Money markets		1.420.287	-	1.420.287	1,530.286	-	1,530.286
4.1 Interbank money market placements		1,400.253	-	1,400.253	1,500.271	-	1,500.271
4.2 Receivables from Istanbul Stock Exchange Money Market		20.034	-	20.034	30.015	-	30.015
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. Financial assets available-for-sale (net)	I-d	1,638.005	919.682	2,557.687	570.377	693.914	1,264.291
5.1 Share certificates		5,408	146	5,554	5,400	2,083	7,483
5.2 Government debt securities		1,512,061	673,865	2,185,926	520,530	652,026	1,172,556
5.3 Other marketable securities		120,536	245,671	366,207	44,447	39,805	84,252
VI. Loans and receivables	I-e	30,858,715	15,166,677	46,025,392	24,725,350	13,132,466	37,857,816
6.1 Loans and receivables		30,318,136	15,158,600	45,476,736	24,328,531	13,126,626	37,455,157
6.1.1 Loans to bank's risk group		689,313	146,741	836,054	466,589	150,558	617,147
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		29,628,823	15,011,859	44,640,682	23,861,942	12,976,068	36,838,010
6.2 Loans under follow-up		1,930,186	13,819	1,944,005	2,569,983	11,022	2,581,005
6.3 Specific provisions (-)		(1,389,607)	(5,742)	(1,395,349)	(2,173,164)	(5,182)	(2,178,346)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	I-f	5,291,333	6,515,638	11,806,971	5,841,634	6,173,158	12,014,792
8.1 Government debt securities		5,291,333	6,515,638	11,806,971	5,841,634	6,173,158	12,014,792
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-g	3,940	43,404	47,344	3,940	43,404	47,344
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		3,940	43,404	47,344	3,940	43,404	47,344
9.2.1 Investments in financial associates		3,940	43,404	47,344	3,940	43,404	47,344
9.2.2 Investments in non-financial associates		-	-	-	-	-	-
X. Subsidiaries (net)	I-h	1,417,392	397,041	1,814,433	1,417,392	389,148	1,806,540
10.1 Unconsolidated financial subsidiaries		1,415,092	397,041	1,812,133	1,415,092	389,148	1,804,240
10.2 Unconsolidated non-financial subsidiaries		2,300	-	2,300	2,300	-	2,300
XI. Joint ventures (net)		-	-	-	-	-	-
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	I-j	31,351	-	31,351	127,678	953	128,631
13.1 Fair value hedge		31,351	-	31,351	127,678	953	128,631
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)		1,041,083	-	1,041,083	1,086,374	-	1,086,374
XV. Intangible assets (net)	I-k	1,202,659	-	1,202,659	1,186,024	-	1,186,024
15.1 Goodwill		979,493	-	979,493	979,493	-	979,493
15.2 Other		223,166	-	223,166	206,531	-	206,531
XVI. Investment property (net)	I-l	-	-	-	-	-	-
XVII. Tax asset		316,424	-	316,424	211,670	-	211,670
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		316,424	-	316,424	211,670	-	211,670
XVIII. Assets held for resale and related to discontinued operations (net)	I-m	92,552	-	92,552	86,966	-	86,966
18.1 Held for sale		92,552	-	92,552	86,966	-	86,966
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-n	635,532	899,401	1,534,933	428,958	452,101	881,059
<b>Total assets</b>		<b>46,494,563</b>	<b>28,522,912</b>	<b>75,017,475</b>	<b>40,075,148</b>	<b>24,485,264</b>	<b>64,560,412</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements as of June 30, 2010 and December 31, 2009 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

#### I. Balance sheet

Liabilities	Note (Section Five)	(30/06/2010)			(31/12/2009)		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	28.116.758	18.406.169	46.522.927	22.998.513	17.834.824	40.833.337
1.1 Deposits of bank's risk group		2.773.047	2.821.116	5.594.163	1.860.251	2.497.743	4.357.994
1.2 Other		25.343.711	15.585.053	40.928.764	21.138.262	15.337.081	36.475.343
II. Derivative financial liabilities held for trading	II-b	515.550	50.653	566.203	222.091	45.286	267.377
III. Funds borrowed	II-c	674.347	5.466.277	6.140.624	757.536	4.551.003	5.308.539
IV. Money markets		630.260	1.949.959	2.580.219	64.764	861.631	926.395
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		630.260	1.949.959	2.580.219	64.764	861.631	926.395
V. Marketable securities issued (net)		-	-	-	-	-	-
5.1 Bonds		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bills		-	-	-	-	-	-
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		2.949.826	556.666	3.506.492	2.637.294	354.417	2.991.711
VIII. Other liabilities	II-d	841.267	474.984	1.316.251	501.690	374.678	876.368
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables	II-e	-	9.151	9.151	-	5.593	5.593
10.1 Financial lease payables		-	9.469	9.469	-	5.800	5.800
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		-	(318)	(318)	-	(207)	(207)
XI. Derivative financial liabilities held for hedging	II-f	248.083	79.075	327.158	357.513	100	357.613
11.1 Fair value hedge		233.632	-	233.632	357.513	100	357.613
11.2 Cash flow hedge		14.451	79.075	93.526	-	-	-
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	1.934.943	413.068	2.348.011	1.942.146	391.390	2.333.536
12.1 General loan loss provision		613.531	348.861	962.392	552.701	339.212	891.913
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		167.183	-	167.183	149.789	-	149.789
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.154.229	64.207	1.218.436	1.239.656	52.178	1.291.834
XIII. Tax liability	II-h	350.126	-	350.126	168.553	-	168.553
13.1 Current tax liability		350.126	-	350.126	168.553	-	168.553
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-i	-	1.978.102	1.978.102	-	2.224.023	2.224.023
XVI. Shareholders' equity	II-j	9.374.582	(2.371)	9.372.211	8,179.769	87.598	8,267.367
16.1 Paid-in capital		4.347.051	-	4.347.051	4,347.051	-	4,347.051
16.2 Capital reserves		635.028	(2.371)	632.657	612.063	87.598	699.661
16.2.1 Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences	II-j	3.049	89.379	92.428	6.213	87.598	93.811
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)		7.976	(91.750)	(83.774)	-	-	-
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		80.122	-	80.122	61.969	-	61.969
16.3 Profit reserves		3.202.502	-	3.202.502	1.865.878	-	1.865.878
16.3.1 Legal reserves		163.959	-	163.959	96.220	-	96.220
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		3.038.543	-	3.038.543	1.769.658	-	1.769.658
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Income or (loss)		1.190.001	-	1.190.001	1.354.777	-	1.354.777
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1.190.001	-	1.190.001	1.354.777	-	1.354.777
<b>Total liabilities and shareholders' equity</b>		<b>45.635.742</b>	<b>29.381.733</b>	<b>75.017.475</b>	<b>37.829.869</b>	<b>26.730.543</b>	<b>64.560.412</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2010 and December 31, 2009  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

### II. Off-balance sheet commitments

		(30/06/2010)			(31/12/2009)			
		Note (Section five)	TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>Off-balance sheet commitments (I+II+III)</b>		<b>45,613,536</b>	<b>63,366,933</b>	<b>108,980,469</b>	<b>33,515,201</b>	<b>39,708,236</b>	<b>73,223,437</b>
<b>I.</b>	<b>Guarantees and warranties</b>	<b>III-a-2,3</b>	<b>7,389,387</b>	<b>11,521,042</b>	<b>18,910,429</b>	<b>6,224,437</b>	<b>9,921,476</b>	<b>16,145,913</b>
1.1	Letters of guarantee		7,352,554	7,325,157	14,677,711	6,219,586	6,784,084	13,003,670
1.1.1	Guarantees subject to state tender law		521,168	532,895	1,054,063	477,787	441,239	919,026
1.1.2	Guarantees given for foreign trade operations		779,080	6,792,262	7,571,342	683,494	6,342,845	7,026,339
1.1.3	Other letters of guarantee		6,052,306	-	6,052,306	5,058,305	-	5,058,305
1.2	Bank acceptances		-	182,365	182,365	-	151,669	151,669
1.2.1	Import letter of acceptance		-	182,365	182,365	-	151,669	151,669
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		12,814	3,531,782	3,544,596	1,410	2,589,754	2,591,164
1.3.1	Documentary letters of credit		12,814	3,531,782	3,544,596	1,410	2,589,754	2,591,164
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Prefinancing given as guarantee		143	2,100	2,243	143	2,008	2,151
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		3,876	228,594	232,470	2,398	197,374	199,772
1.9	Other warranties		-	251,044	251,044	900	196,587	197,487
<b>II.</b>	<b>Commitments</b>	<b>III-a-1</b>	<b>18,480,753</b>	<b>1,538,233</b>	<b>20,018,986</b>	<b>16,411,945</b>	<b>2,996,032</b>	<b>19,407,977</b>
2.1	Irrevocable commitments		18,109,882	1,538,233	19,648,115	16,411,945	2,996,032	19,407,977
2.1.1	Asset purchase and sale commitments		-	1,248,532	1,248,532	-	517,280	517,280
2.1.2	Deposit purchase and sales commitments		281	-	281	5,419	-	5,419
2.1.3	Share capital commitments to associates and subsidiaries		2,000	-	2,000	2,000	-	2,000
2.1.4	Loan granting commitments		2,444,181	278,147	2,722,328	2,693,259	376,669	3,069,928
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	1,209,483	2,088,453	3,297,936
2.1.7	Commitments for cheques		3,558,870	-	3,558,870	1,468,823	-	1,468,823
2.1.8	Tax and fund liabilities from export commitments		38,655	-	38,655	38,261	-	38,261
2.1.9	Commitments for credit card limits		11,286,548	-	11,286,548	10,952,962	-	10,952,962
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		779,367	11,554	790,921	41,738	13,630	55,368
2.2	Revocable commitments		370,871	-	370,871	-	-	-
2.2.1	Revocable loan granting commitments		370,871	-	370,871	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
<b>III.</b>	<b>Derivative financial instruments</b>		<b>19,763,396</b>	<b>50,307,658</b>	<b>70,071,054</b>	<b>10,878,819</b>	<b>26,790,728</b>	<b>37,669,547</b>
3.1	Derivative financial instruments for hedging purposes		3,510,632	6,861,730	10,372,362	1,957,152	2,011,741	3,968,893
3.1.1	Transactions for fair value hedge		2,110,632	2,255,830	4,366,462	1,957,152	2,011,741	3,968,893
3.1.2	Transactions for cash flow hedge		1,400,000	4,605,900	6,005,900	-	-	-
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		16,252,764	43,445,928	59,698,692	8,921,667	24,778,987	33,700,654
3.2.1	Forward foreign currency buy/sell transactions		2,837,621	11,942,465	14,780,086	2,047,518	2,894,878	4,942,396
3.2.1.1	Forward foreign currency transactions-buy		613,592	6,723,999	7,337,591	964,150	1,501,122	2,465,272
3.2.1.2	Forward foreign currency transactions-sell		2,224,029	5,218,466	7,442,495	1,083,368	1,393,756	2,477,124
3.2.2	Swap transactions related to foreign currency and interest rates		8,838,108	26,131,756	34,969,864	5,410,890	17,149,577	22,560,467
3.2.2.1	Foreign currency swap-buy		7,012,412	7,793,856	14,806,268	3,839,391	4,476,702	8,316,093
3.2.2.2	Foreign currency swap-sell		1,625,696	13,006,044	14,631,740	1,571,499	6,265,821	7,837,320
3.2.2.3	Interest rate swap-buy		100,000	2,665,928	2,765,928	-	3,203,527	3,203,527
3.2.2.4	Interest rate swap-sell		100,000	2,665,928	2,765,928	-	3,203,527	3,203,527
3.2.3	Foreign currency, interest rate and securities options		4,576,468	5,147,758	9,724,222	1,463,259	4,209,477	5,672,736
3.2.3.1	Foreign currency options-buy		1,984,662	2,591,276	4,575,938	530,200	1,279,554	1,809,754
3.2.3.2	Foreign currency options-sell		2,030,574	2,556,480	4,587,054	653,793	1,168,323	1,822,116
3.2.3.3	Interest rate options-buy		-	-	-	16,194	880,800	896,994
3.2.3.4	Interest rate options-sell		-	-	-	16,194	880,800	896,994
3.2.3.5	Securities options-buy		280,615	-	280,615	129,092	-	129,092
3.2.3.6	Securities options-sell		280,615	-	280,615	117,786	-	117,786
3.2.4	Foreign currency futures		569	547	1,116	-	-	-
3.2.4.1	Foreign currency futures-buy		-	547	547	-	-	-
3.2.4.2	Foreign currency futures-sell		569	-	569	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	223,404	223,404	-	525,055	525,055
<b>B.</b>	<b>Custody and pledges received (IV+V+VI)</b>		<b>77,302,079</b>	<b>18,625,645</b>	<b>95,927,724</b>	<b>70,610,465</b>	<b>17,464,080</b>	<b>88,074,545</b>
<b>IV.</b>	<b>Items held in custody</b>		<b>42,997,779</b>	<b>3,589,289</b>	<b>46,587,068</b>	<b>43,161,556</b>	<b>3,411,481</b>	<b>46,573,037</b>
4.1	Customer fund and portfolio balances		-	97	97	-	-	107
4.2	Investment securities held in custody		34,968,416	3,287,626	38,256,042	36,727,671	3,133,759	39,861,430
4.3	Checks received for collection		6,461,748	46,588	6,508,334	4,983,674	37,425	5,021,099
4.4	Commercial notes received for collection		1,564,840	245,097	1,809,937	1,450,211	218,405	1,668,616
4.5	Other assets received for collection		-	19,803	19,803	-	21,785	21,785
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		2,775	-	2,775	-	-	-
4.8	Custodians		-	-	-	-	-	-
<b>V.</b>	<b>Pledges received</b>		<b>33,488,827</b>	<b>14,462,875</b>	<b>47,951,702</b>	<b>26,604,251</b>	<b>13,446,313</b>	<b>40,050,564</b>
5.1	Marketable securities		210,264	170	210,434	199,083	163	199,246
5.2	Guarantee notes		403,947	356,254	760,201	303,643	355,528	659,171
5.3	Commodity		11,765	-	11,765	11,329	-	11,329
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		23,523,245	10,401,856	33,925,101	17,764,131	9,282,461	27,056,592
5.6	Other pledged items		9,339,606	3,701,823	13,041,429	8,326,065	3,795,462	12,121,527
5.7	Pledged items-depository		-	2,772	2,772	-	2,699	2,699
<b>VI.</b>	<b>Accepted independent guarantees and warranties</b>		<b>815,473</b>	<b>563,561</b>	<b>1,379,034</b>	<b>844,658</b>	<b>608,286</b>	<b>1,450,944</b>
<b>Total off-balance sheet commitments (A+B)</b>			<b>122,915,615</b>	<b>81,992,578</b>	<b>204,908,193</b>	<b>104,125,666</b>	<b>57,172,316</b>	<b>161,297,982</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements As of June 30, 2010 and 2009

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

#### III. Income statements

Income and expense items		Note (Section Five)	01/01-30/06/2010	01/01-30/06/2009
I.	Interest income	IV-a	2.841.371	3.623.778
1.1	Interest on loans	IV-a-1	2.204.482	2.800.214
1.2	Interest received from reserve deposits		34.899	71.218
1.3	Interest received from banks	IV-a-2	10.229	17.237
1.4	Interest received from money market transactions		32.364	27.195
1.5	Interest received from marketable securities portfolio	IV-a-3	558.787	707.710
1.5.1	Trading financial assets		5.508	10.743
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		78.900	43.884
1.5.4	Held to maturity investments		474.379	653.083
1.6	Financial lease income		-	-
1.7	Other interest income		610	204
II.	Interest expense	IV-b	(1.214.399)	(1.959.968)
2.1	Interest on deposits	IV-b-3	(1.065.372)	(1.674.767)
2.2	Interest on funds borrowed	IV-b-1	(134.957)	(237.034)
2.3	Interest expense on money market transactions		(13.595)	(47.527)
2.4	Interest on securities issued		-	-
2.5	Other interest expenses		(475)	(640)
III.	Net interest income (I + II)		1.626.972	1.663.810
IV.	Net fees and commissions income		757.107	689.209
4.1	Fees and commissions received		873.740	813.691
4.1.1	Non-cash loans		101.881	96.958
4.1.2	Other		771.829	716.733
4.2	Fees and commissions paid		(116.603)	(144.482)
4.2.1	Non-cash loans		(66)	(57)
4.2.2	Other		(116.537)	(144.425)
V.	Dividend income		155.181	142.686
VI.	Trading gain/(loss) (net)	IV-c	(17.081)	386.602
6.1	Trading gains/(losses) on securities		28.997	114.363
6.2	Derivative financial transactions gains/(losses)	IV-d	(920.316)	346.736
6.3	Foreign exchange gains/(losses)		874.238	(74.497)
VII.	Other operating income	IV-e	481.345	155.395
VIII.	Total operating income (III+IV+V+VI+VII)		3.003.524	3.017.702
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(331.722)	(763.768)
X.	Other operating expenses (-)	IV-g	(1.211.062)	(1.114.740)
XI.	Net operating income/(loss) (VIII-IX-X)		1.460.740	1.139.194
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		-	-
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-h	1.460.740	1.139.194
XVI.	Tax provision for continuing operations (±)	IV-i	(270.739)	(215.436)
16.1	Current tax provision		(353.662)	(189.726)
16.2	Deferred tax provision		82.923	(25.710)
XVII.	Net profit/loss from continuing operations (XV±XVI)		1.190.001	923.758
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	1.190.001	923.758
	Earnings/(loss) per share		0,0027	0,0021

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements As of June 30, 2010 and 2009

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

#### III. Income statements

Income and expense items		Note (Section Five)	01/04-30/06/2010	01/04-30/06/2009
I.	Interest income	IV-a	1.381.906	1.671.322
1.1	Interest on loans	IV-a-1	1.125.939	1.336.102
1.2	Interest received from reserve deposits		18.188	29.541
1.3	Interest received from banks	IV-a-2	5.015	8.739
1.4	Interest received from money market transactions		17.323	14.122
1.5	Interest received from marketable securities portfolio	IV-a-3	215.066	282.647
1.5.1	Trading financial assets		2.605	5.746
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		41.634	20.482
1.5.4	Held to maturity investments		170.827	256.419
1.6	Financial lease income		-	-
1.7	Other interest income		375	171
II.	Interest expense	IV-b	(650.928)	(853.941)
2.1	Interest on deposits	IV-b-3	(574.142)	(721.994)
2.2	Interest on funds borrowed	IV-b-1	(68.188)	(104.608)
2.3	Interest expense on money market transactions		(8.284)	(26.932)
2.4	Interest on securities issued		-	-
2.5	Other interest expenses		(314)	(407)
III.	Net interest income (I + II)		730.978	817.381
IV.	Net fees and commissions income		392.799	350.466
4.1	Fees and commissions received		456.357	422.583
4.1.1	Non-cash loans		50.092	49.025
4.1.2	Other		406.265	373.558
4.2	Fees and commissions paid		(63.558)	(72.117)
4.2.1	Non-cash loans		(38)	(28)
4.2.2	Other		(63.520)	(72.089)
V.	Dividend income		7.893	192
VI.	Trading gain/(loss) (net)	IV-c	(10.218)	270.966
6.1	Trading gains/(losses) on securities		16.564	91.295
6.2	Derivative financial transactions gains/(losses)	IV-d	(547.922)	353.573
6.3	Foreign exchange gains/(losses)		521.140	(173.902)
VII.	Other operating income	IV-e	315.253	115.798
VIII.	Total operating income (III+IV+V+VI+VII)		1.436.705	1.554.803
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(178.501)	(450.935)
X.	Other operating expenses (-)	IV-g	(571.804)	(569.584)
XI.	Net operating income/(loss) (VIII-IX-X)		686.400	534.284
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		-	-
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-h	686.400	534.284
XVI.	Tax provision for continuing operations (±) (±)	IV-i	(135.488)	(103.672)
16.1	Current tax provision		(145.993)	(78.402)
16.2	Deferred tax provision		10.505	(25.270)
XVII.	Net profit/loss from continuing operations (XV±XVI)		550.912	430.612
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	550.912	430.612
	Earnings/(loss) per share		0,0013	0,0010

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements  
As of June 30, 2010 and 2009**

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

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

Income and expense items accounted under shareholders' equity		(30/06/2010)	(30/06/2009)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	(6.195)	25.150
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	3.925	258
V.	Profit /loss on cash flow hedges (effective part of the fair value changes)	(104.718)	-
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	-	-
IX.	Deferred tax on valuation differences	21.831	(2.743)
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(85.157)	22.665
XI.	Current year profit/loss	1.190.001	923.758
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	2.306	3.315
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(1.451)	-
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	1.189.146	920.443
XII.	<b>Total income/loss accounted for the period (X+XI)</b>	<b>1.104.844</b>	<b>946.423</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated statement of changes in shareholders' equity as of June 30, 2009**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**V. Statement of changes in shareholders' equity**

June 30, 2009	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation	Share profits reserves	Legal reserves	Status reserves	Extraord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets reevaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations reevaluation fund	Total shareholders' equity
I. Period opening balance		4.347.051	-	543.881	-	44.089	-	822.644	18.513	-	1.042.601	-	34.268	-	-	-	-	6.853.047
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	-	44.089	-	822.644	18.513	-	1.042.601	-	34.268	-	-	-	-	6.853.047
IV. Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	22.407	-	-	-	-	22.407
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	258	-	-	-	-	258
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		-	-	-	-	-	-	-	-	-	923.758	-	-	-	-	-	-	923.758
XX. Profit distribution		-	-	-	-	-	-	947.014	43.456	-	(1.042.601)	-	-	-	-	-	-	-
20.1 Dividend paid		-	-	-	-	52.131	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	52.131	-	947.014	43.456	-	(1.042.601)	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+...+XVIII+XIX+XX)		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	-	923.758	-	56.933	-	-	-	-	7.799.470

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

GÜNEY

BAĞIMSIZ DENETİM VE  
SERBEST MUHÜR MALİ MÜŞ. A.Ş.

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

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated statement of changes in shareholders' equity as of June 30, 2010**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**V. Statement of changes in shareholders' equity**

	June 30, 2010	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extraord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Prior period end balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.369	1.354.777	-	93.811	-	-	-	-	8.267.367
	Changes in the period																	
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(5.308)	-	-	-	-	(5.308)
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(83.774)	-	(83.774)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	3.925	-	-	-	-	3.925
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	1.190.001	-	-	-	-	-	-	1.190.001
XVIII.	Profit distribution		-	-	-	67.739	-	1.268.885	18.153	-	(1.354.777)	-	-	-	-	-	-	-
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	67.739	-	1.268.885	18.153	-	(1.354.777)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance		4.347.051	-	543.881	-	163.959	-	3.035.543	80.122	1.190.001	-	92.428	-	-	(83.774)	-	9.372.211
	(I+II+III+...+XVI+XVII+XVIII)																	

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

GÜNCEL

BAĞIMSIZ DENETİM VE  
SERBEST MÜHÜRCELİMİZ A.Ş.



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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated statements of cash flows as June 30, 2010 and 2009

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

#### VI. Statement of cash flows

	Notes (Section five)	30/06/2010	30/06/2009
<b>A. Cash flows from banking operations</b>			
1.1 Operating profit before changes in operating assets and liabilities		1.496.396	1.378.852
1.1.1 Interest received		2.846.059	3.810.787
1.1.2 Interest paid		(1.157.751)	(2.056.237)
1.1.3 Dividend received		145.822	90.041
1.1.4 Fees and commissions received		873.942	813.626
1.1.5 Other income		(417.814)	286.696
1.1.6 Collections from previously written-off loans and other receivables		764.551	699.410
1.1.7 Payments to personnel and service suppliers		(933.417)	(1.043.188)
1.1.8 Taxes paid		(327.836)	(40.711)
1.1.9 Other	V-c	(297.160)	(1.181.572)
1.2 Changes in operating assets and liabilities		152.203	(1.764.615)
1.2.1 Net (increase)/decrease in trading securities		114.763	(18.222)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net decrease in banks		813.925	1.341.268
1.2.4 Net decrease/(increase) in loans		(8.073.838)	252.687
1.2.5 Net (increase) in other assets		(655.866)	(1.105.523)
1.2.6 Net increase/(decrease) in bank deposits		91.112	560.362
1.2.7 Net (decrease)/increase in other deposits		5.564.877	(2.115.688)
1.2.8 Net (decrease)/increase in funds borrowed		1.507.897	(1.204.680)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase in other liabilities	V-c	789.333	525.181
<b>I. Net cash flows from banking operations</b>		<b>1.648.599</b>	<b>(385.763)</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>		<b>(745.341)</b>	<b>387.973</b>
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(61.504)	(71.974)
2.4 Disposals of property and equipment		6.799	16.240
2.5 Purchase of investments available-for-sale		(4.311.659)	(1.357.431)
2.6 Sale of investments available-for-sale		3.031.873	1.476.871
2.7 Purchase of investment securities		(385.086)	-
2.8 Sale of investment securities		974.236	324.267
2.9 Other		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>		<b>932.488</b>	<b>709.120</b>
3.1 Cash obtained from funds borrowed and securities issued		1.608.768	710.810
3.2 Cash used for repayment of funds borrowed and securities issued		(663.616)	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(12.664)	(1.690)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>	V-c	<b>(116.483)</b>	<b>47.261</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>1.719.263</b>	<b>758.591</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	V-a	<b>4.457.804</b>	<b>3.660.024</b>
<b>VII. Cash and cash equivalents at end of the period</b>	V-a	<b>6.177.067</b>	<b>4.418.615</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010**

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

**Section three**

**Explanations on accounting policies**

**I. Basis of presentation:**

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

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

The Bank has no joint ventures as of June 30, 2010 and December 31, 2009.

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

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

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to TAS 39; in case, (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another derivative 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

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

**VII. Explanations on financial assets:**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

Held-to-maturity financial assets are non-derivative financial assets other than loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity and that are not initially classified as financial assets at fair value through profit/loss or available for sale. Held-to-maturity financial assets are initially recognized at total of acquisition and transaction cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortized cost" using the "effective interest method" after their 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 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.

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

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

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective interest method", or the fair value if one exists, is lower than its carrying value, then the provision classes of Uniform Chart of Accounts are used and ,provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

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

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

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

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

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

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

The Bank has no securities lending transactions.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**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 sale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

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

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

The Bank has no discontinued operations.

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

**a. Goodwill:**

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

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to amortisation but is tested annually or more frequently for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. The Bank allocated its goodwill to Retail Banking, Corporate and Commercial Banking, Private Banking and Wealth Management.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**b. Other intangible assets:**

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

The 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 an other intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

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

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

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

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

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

Buildings	2%
Movables, Movables Acquired under Financial Leasing	20%

The depreciation charge for items remaining in property and equipment for less than the 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 revalued 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

**XIV. Explanations on leasing transactions:**

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

**Financial lease**

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

**Operational lease**

Leases, in which the majority of risk and return of property belongs to the lessor, are classified as operational lease. Operational lease transactions are accounted according to the principles of the agreement on an accrual basis.

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

**a. Employee termination benefits**

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

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

**b. Pension rights**

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

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

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No. 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No. 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008 and came into force.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

The main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalized. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation. The Bank accounts a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

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

According to TAS 19, liabilities derived from vacation pay liability 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:**

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

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

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

**b. Deferred tax:**

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

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

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

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

**XVIII. Explanations on borrowings:**

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

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

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

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

No dividend payments were announced after the balance sheet date.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations on accounting policies (continued)**

**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 June 30, 2010 and December 31, 2009, the Bank has no government grants.

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

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

**XXIII. Earnings per share:**

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

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Net Income/(loss) to be appropriated to ordinary shareholders	1.190.001	923.758
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
<b>Earnings per share (disclosed in full TL)</b>	<b>0,0027</b>	<b>0,0021</b>

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

#### **Explanations on accounting policies (continued)**

#### **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 VI. of Section Five.

#### **XXV. Cash and cash equivalents:**

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

#### **XXVI. Explanations on operating segments:**

Information about operating segments which are determined in line with "Turkish 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, 2009 and June 30, 2009, to conform to changes in presentation in the June 30, 2010 financials.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Section four**

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

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

- a. The capital adequacy ratio of the Bank is 16,13% (December 31, 2009 - 17,78%).
- b. The capital adequacy ratio of the Bank is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders Equity" published as of November 1, 2006 (together referred as "Regulation Regarding Capital Adequacy"). The following tables show the details of "Risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

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

	Risk weights <sup>(1)</sup>					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (net)</b>	<b>20.256.348</b>	<b>2.943.138</b>	<b>7.918.023</b>	<b>38.907.730</b>	<b>361.364</b>	<b>51.119</b>
Cash	654.383	519	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.154.425	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	2.158.650	-	121.978	-	-
Interbank money market placements	1.420.000	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements	1.617.182	-	-	-	-	-
Loans	2.217.927	755.504	7.786.166	33.554.208	361.364	51.119
Non-performing receivables (net)	-	-	-	548.656	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.576.183	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	7.122	-	-
Miscellaneous receivables	-	14	-	842.817	-	-
Interest and income accruals	286.825	15.033	131.857	583.938	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.789.844	-	-
Fixed assets	-	-	-	1.041.028	-	-
Other assets	329.423	13.418	-	418.139	-	-
<b>Off-balance sheet items</b>	<b>293.402</b>	<b>1.752.236</b>	<b>425.802</b>	<b>12.792.527</b>	-	-
Non-cash loans and commitments	293.402	626.312	425.802	12.657.731	-	-
Derivative financial instruments	-	1.125.924	-	134.796	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets <sup>(2)</sup></b>	<b>20.549.750</b>	<b>4.695.374</b>	<b>8.343.825</b>	<b>51.700.257</b>	<b>361.364</b>	<b>51.119</b>

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

(2) Not weighted



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	December 31, 2009
Amount subject to credit risk (ASCR)	57.455.528	47.294.053
Amount subject to market risk (ASMR)	1.796.975	1.029.475
Amount subject to operational risk (ASOR)	7.806.018	6.209.003
<b>Shareholders' equity</b>	<b>10.815.951</b>	<b>9.697.491</b>
<b>Shareholders' equity/(ASCR+ASMR+ASOR)*100</b>	<b>16,13</b>	<b>17,78</b>

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

	June 30, 2010	December 31, 2009
<b>Core capital</b>		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	163.959	96.220
First legal reserve (Turkish Commercial Code 466/1)	163.959	96.220
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	3.038.543	1.769.658
Reserves allocated by the general assembly	3.038.543	1.769.658
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	1.190.001	1.354.777
Current period net profit	1.190.001	1.354.777
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	113.745	89.004
Profit on disposal of associates, subsidiaries and immovables	80.122	61.969
Primary subordinated loans (up to 15% of core capital)	-	-
Portion of loss not covered with reserves (-)	-	-
Current period net loss	-	-
Prior periods loss	-	-
Leasehold improvements (-)	78.791	91.257
Prepaid expenses (-)	138.132	131.956
Intangible assets (-)	1.202.659	1.186.024
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
<b>Total core capital</b>	<b>8.057.720</b>	<b>6.853.323</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

	June 30, 2010	December 31, 2009
<b>Supplementary capital</b>		
General provisions	838.232	681.657
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans <sup>(1)</sup>	1.964.155	2.208.374
45% of marketable securities valuation differences	41.593	42.215
Investments in associates and subsidiaries	-	-
Available-for-sale financial assets	41.593	42.215
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)reserves, status reserves and extraordinary reserves)	-	-
<b>Total supplementary capital</b>	<b>2.843.980</b>	<b>2.932.246</b>
<b>Tier III capital</b>		
Capital	10.901.700	9.785.569
<b>Deductions from the capital</b>	<b>85.749</b>	<b>88.078</b>
Investments in unconsolidated financial institutions (domestic, foreign) and banks in which 10% or more equity interest exist	71.933	71.933
Investments in financial institutions (domestic, foreign) and banks, in which less than 10% equity interest exist and that exceeds 10% or more of the total core and supplementary capital of the bank	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	13.816	16.145
Other	-	-
<b>Total shareholders' equity</b>	<b>10.815.951</b>	<b>9.697.491</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**II. Explanations on market risk:**

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

**a. Information on market risk:**

	June 30, 2010	December 31, 2009
(I) Capital to be employed for general market risk - standard method	105.716	64.833
(II) Capital to be employed for specific risk - standard method	29.492	6.206
(III) Capital to be employed for currency risk - standard method	8.111	11.126
(IV) Capital to be employed for commodity risk - standard method	100	-
(V) Capital to be employed for settlement risk - standard method	-	-
(VI) Capital to be employed for market risk due to options - standard method	339	193
(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)	143.758	82.358
<b>(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)</b>	<b>1.796.975</b>	<b>1.029.475</b>

**III. Explanations on operational risk:**

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2009, 2008 and 2007 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of June 30, 2010, the total amount subject to operational risk is TL 7.806.018 (December 31, 2009 - TL 6.209.003 ) and the amount of the related capital requirement is TL 624.481 (December 31, 2009 - TL 496.720 ).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**IV. Explanations on currency risk:**

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

The Bank keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/momentary 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 abstain from risk whenever needed. In order to guard against extreme volatility during the year Stress tests are applied.

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

	USD	EUR	Yen
<b>Balance sheet evaluation rate</b>	<b>TL 1,53530</b>	<b>TL 1,87360</b>	<b>TL 0,01726</b>
June 29, 2010 bid rate	TL 1,52510	TL 1,88430	TL 0,01703
June 28, 2010 bid rate	TL 1,53560	TL 1,88880	TL 0,01709
June 25, 2010 bid rate	TL 1,53150	TL 1,88240	TL 0,01707
June 24, 2010 bid rate	TL 1,51900	TL 1,86550	TL 0,01678
June 23, 2010 bid rate	TL 1,51500	TL 1,86210	TL 0,01667

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

USD : TL 1,53040  
Euro : TL 1,87043  
Yen : TL 0,01675

**As of December 31, 2009;**

	USD	EUR	Yen
<b>Balance sheet evaluation rate</b>	<b>TL 1,46800</b>	<b>TL 2,10620</b>	<b>TL 0,01589</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

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

	EURO	USD	Yen	Other FC	Total
<b>June 30, 2010</b>					
<b>Assets</b>					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.431.336	78.514	345	10.795	2.520.990
Banks	552.696	1.340.496	4.495	63.130	1.960.817
Financial assets at fair value through profit or loss	52.846	46.050	362	4	99.262
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	38.172	881.510	-	-	919.682
Loans <sup>(1)</sup>	4.819.501	11.601.329	46.744	565.159	17.032.733
Investments in associates, subsidiaries and joint ventures	275.967	121.074	-	43.404	440.445
Held-to-maturity investments	468.325	6.047.313	-	-	6.515.638
Hedging derivative financial assets	-	-	-	-	-
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets	259.383	473.608	11	145.496	878.498
<b>Total assets</b>	<b>8.898.226</b>	<b>20.589.894</b>	<b>51.957</b>	<b>827.988</b>	<b>30.368.065</b>
<b>Liabilities</b>					
Bank deposits	86.480	89.098	973	230.114	406.665
Foreign currency deposits	5.629.705	11.835.504	16.931	517.364	17.999.504
Funds from interbank money market	891.494	1.058.465	-	-	1.949.959
Funds borrowed from other financial institutions	2.927.772	2.536.834	709	962	5.466.277
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	201.983	338.518	596	15.569	556.666
Hedging derivative financial liabilities	-	79.075	-	-	79.075
Other liabilities	2.197.877	312.585	565	3.750	2.514.777
<b>Total liabilities</b>	<b>11.935.311</b>	<b>16.250.079</b>	<b>19.774</b>	<b>767.759</b>	<b>28.972.923</b>
<b>Net on-balance sheet position</b>	<b>(3.037.085)</b>	<b>4.339.815</b>	<b>32.183</b>	<b>60.229</b>	<b>1.395.142</b>
<b>Net off-balance sheet position</b>	<b>3.042.156</b>	<b>(4.730.426)</b>	<b>(34.788)</b>	<b>90.006</b>	<b>(1.633.052)</b>
Financial derivative assets	8.062.476	15.666.040	71.321	537.466	24.337.303
Financial derivative liabilities	5.020.320	20.396.466	106.109	447.460	25.970.355
<b>Non-cash loans</b>	<b>3.735.531</b>	<b>7.262.081</b>	<b>290.037</b>	<b>233.393</b>	<b>11.521.042</b>
<b>December 31, 2009</b>					
Total assets	8.300.801	17.015.001	62.694	674.811	26.053.307
Total liabilities	11.251.148	14.224.545	27.321	752.635	26.255.649
<b>Net on-balance sheet position</b>	<b>(2.950.347)</b>	<b>2.790.456</b>	<b>35.373</b>	<b>(77.824)</b>	<b>(202.342)</b>
<b>Net off-balance sheet position</b>	<b>2.973.373</b>	<b>(2.601.197)</b>	<b>(38.335)</b>	<b>107.377</b>	<b>441.218</b>
Financial derivative assets	3.985.289	9.326.291	14.865	289.528	13.615.973
Financial derivative liabilities	1.011.916	11.927.488	53.200	182.151	13.174.755
<b>Non-cash loans</b>	<b>3.354.765</b>	<b>6.123.306</b>	<b>315.590</b>	<b>127.815</b>	<b>9.921.476</b>

<sup>(1)</sup> Includes FX indexed loans amounting to TL 1.874.133 (December 31, 2009 – TL 1.593.570 ) which have been disclosed as TL in the financial statements.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are presented monthly to Executive Committee as Asset and Liability Management. By using sensitivity and scenario analyses, the possible loss effects on the equity are analyzed due to the interest rate volatility not only within the current year but also for the future periods.

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

The bank utilizes TL/Foreign currency interest 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 maturity 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:**

June 30, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with The Central Bank of the Republic of Turkey	1.426.031	-	-	-	-	2.932.073	4.358.104
Banks	1.139.801	386.966	16.416	231.466	-	508.224	2.282.873
Financial assets at fair value through profit/loss	81.389	121.672	248.112	24.705	9.504	-	485.382
Interbank money market placements	1.420.287	-	-	-	-	-	1.420.287
Available-for-sale financial assets	245.086	65.493	1.005.952	601.060	634.542	5.554	2.557.687
Loans	9.813.480	4.470.309	12.079.024	12.483.642	6.630.280	548.657	46.025.392
Held-to-maturity investments	1.272.862	2.651.152	1.774.005	2.022.865	4.086.087	-	11.806.971
Other assets	690.467	5.469	25.882	-	-	5.358.961	6.080.779
<b>Total assets</b>	<b>16.089.403</b>	<b>7.701.061</b>	<b>15.149.391</b>	<b>15.363.738</b>	<b>11.360.413</b>	<b>9.353.469</b>	<b>75.017.475</b>
<b>Liabilities</b>							
Bank deposits	67.181	226.369	2.000	232.450	-	328.604	856.604
Other deposits	32.117.234	3.820.832	1.146.176	8.436	-	8.573.645	45.666.323
Funds from interbank money market	1.215.288	456.290	908.641	-	-	-	2.580.219
Miscellaneous payables	2.401.956	-	-	-	-	1.104.536	3.506.492
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	231.822	3.545.565	1.867.651	307.069	188.517	-	6.140.624
Other liabilities and shareholders' equity	467.834	216.426	2.192.325	4.009	20	13.386.599	16.267.213
<b>Total liabilities</b>	<b>36.501.315</b>	<b>8.265.482</b>	<b>6.116.793</b>	<b>551.964</b>	<b>188.537</b>	<b>23.393.384</b>	<b>75.017.475</b>
Balance sheet long position	-	-	9.032.598	14.811.774	11.171.876	-	35.016.248
Balance sheet short position	(20.411.912)	(564.421)	-	-	-	(14.039.915)	(35.016.248)
Off-balance sheet long position	1.633.396	3.777.032	1.059.563	-	-	-	6.469.991
Off-balance sheet short position	-	-	-	(6.272.013)	(211.864)	-	(6.483.877)
<b>Total position</b>	<b>(18.778.516)</b>	<b>3.212.611</b>	<b>10.092.161</b>	<b>8.539.761</b>	<b>10.960.012</b>	<b>(14.039.915)</b>	<b>(13.886)</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

December 31, 2009	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with The Central Bank of the Republic of Turkey	1.302.424	-	-	-	-	2.672.641	3.975.065
Banks	986.918	185.850	36.870	-	-	440.018	1.649.656
Financial assets at fair value through profit/loss	137.021	450.720	73.039	154.701	18.417	-	833.898
Interbank money market placements	1.530.286	-	-	-	-	-	1.530.286
Available-for-sale financial assets	304.701	128.945	82.455	91.046	649.661	7.483	1.264.291
Loans	8.858.288	4.266.184	8.963.150	9.945.374	5.422.161	402.659	37.857.816
Held-to-maturity investments	1.235.458	3.347.635	1.313.963	2.110.168	4.007.568	-	12.014.792
Other assets	214.174	127.839	28	84	-	5.092.483	5.434.608
<b>Total assets</b>	<b>14.569.270</b>	<b>8.507.173</b>	<b>10.469.505</b>	<b>12.301.373</b>	<b>10.097.807</b>	<b>8.615.284</b>	<b>64.560.412</b>
<b>Liabilities</b>							
Bank deposits	162.110	180.681	2.041	-	-	371.059	715.891
Other deposits	26.626.419	4.788.729	1.399.410	16.272	-	7.286.616	40.117.446
Funds from interbank money market	410.728	466.328	49.339	-	-	-	926.395
Miscellaneous payables	2.132.082	-	-	-	-	859.629	2.991.711
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	873.212	3.665.984	730.713	38.630	-	-	5.308.539
Other liabilities and shareholders' equity	147.164	1.122.409	1.212.604	323.803	48.626	11.645.824	14.500.430
<b>Total liabilities</b>	<b>30.351.715</b>	<b>10.224.131</b>	<b>3.394.107</b>	<b>378.705</b>	<b>48.626</b>	<b>20.163.128</b>	<b>64.560.412</b>
<b>Balance sheet long position</b>	-	-	<b>7.075.398</b>	<b>11.922.668</b>	<b>10.049.181</b>	-	<b>29.047.247</b>
<b>Balance sheet short position</b>	<b>(15.782.445)</b>	<b>(1.716.958)</b>	-	-	-	<b>(11.547.844)</b>	<b>(29.047.247)</b>
Off-balance sheet long position	918.820	2.076.247	2.621.914	-	-	-	5.616.981
Off-balance sheet short position	-	-	-	(4.678.080)	(417.983)	-	(5.096.063)
<b>Total position</b>	<b>(14.863.625)</b>	<b>359.289</b>	<b>9.697.312</b>	<b>7.244.588</b>	<b>9.631.198</b>	<b>(11.547.844)</b>	<b>520.918</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

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

June 30, 2010	EURO	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	5,20
Banks	0,40	0,73	-	7,08
Financial assets at fair value through profit/loss	7,78	4,45	-	12,25
Interbank money market placements	-	-	-	6,73
Available-for-sale financial assets	6,86	6,80	-	9,97
Loans <sup>(1)</sup>	5,03	4,58	4,40	14,61
Held-to-maturity Investments	4,82	6,57	-	9,87
<b>Liabilities</b>				
Bank deposits <sup>(2)</sup>	3,20	0,25	-	8,17
Other deposits <sup>(2)</sup>	2,75	3,30	0,30	9,71
Funds from interbank money market	2,86	1,77	-	7,64
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,35	1,51	3,11	16,17

December 31, 2009	EURO	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	5,20
Banks	0,36	0,60	-	6,98
Financial assets at fair value through profit/loss	7,41	6,43	-	8,51
Interbank money market placements	-	-	-	6,72
Available-for-sale financial assets	6,48	7,13	-	10,05
Loans <sup>(1)</sup>	5,87	4,97	4,58	17,90
Held-to-maturity investments	4,79	6,72	-	11,37
<b>Liabilities</b>				
Bank deposits <sup>(2)</sup>	0,19	0,17	-	7,13
Other deposits <sup>(2)</sup>	2,20	2,28	0,29	9,25
Funds from interbank money market	3,13	1,62	-	6,41
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,03	1,52	-	14,95

(1) Does not include credit card loans.

(2) Does not include demand/non-interest transactions.



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**VI. Explanations on liquidity risk:**

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy of the Bank in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held, the liquidity position of the Bank in the short and long term is followed. During the monthly meetings of the Asset and Liability Committee, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

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

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
<b>June 30, 2010</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.722.734	1.635.370	-	-	-	-	-	4.358.104
Banks	508.224	1.139.801	386.966	16.416	231.466	-	-	2.282.873
Financial assets at fair value through profit or loss	-	58.079	109.767	233.213	61.402	22.921	-	485.382
Interbank money market placements	-	1.420.287	-	-	-	-	-	1.420.287
Available-for-sale financial assets	67.417	20	38.496	520.703	728.945	1.196.552	5.554	2.557.687
Loans	-	9.285.849	4.143.025	10.880.028	13.190.151	7.977.682	548.657	46.025.392
Held-to-maturity investments	-	-	508.216	2.620.651	4.592.017	4.086.087	-	11.806.971
Other assets (1)	518.147	859.128	1.187	20.579	16.114	-	4.665.624	6.080.779
<b>Total assets</b>	<b>3.816.522</b>	<b>14.398.534</b>	<b>5.187.657</b>	<b>14.291.590</b>	<b>18.820.095</b>	<b>13.283.242</b>	<b>5.219.835</b>	<b>75.017.475</b>
<b>Liabilities</b>								
Bank deposits	328.604	67.181	226.369	2.000	232.450	-	-	856.604
Other deposits	8.573.645	32.117.234	3.820.832	1.146.176	8.436	-	-	45.666.323
Funds borrowed from other financial institutions	-	53.600	1.434.146	1.675.809	2.400.797	576.272	-	6.140.624
Funds from interbank money market	-	1.215.288	456.290	908.641	-	-	-	2.580.219
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	359.830	3.146.662	-	-	-	-	-	3.506.492
Other liabilities (2)	122.387	2.124.673	195.396	324.227	1.513.937	2.342.104	9.644.489	16.267.213
<b>Total liabilities</b>	<b>9.384.466</b>	<b>38.724.638</b>	<b>6.133.033</b>	<b>4.056.853</b>	<b>4.155.620</b>	<b>2.918.376</b>	<b>9.644.489</b>	<b>75.017.475</b>
<b>Net liquidity gap</b>	<b>(5.567.944)</b>	<b>(24.326.104)</b>	<b>(945.376)</b>	<b>10.234.737</b>	<b>14.664.475</b>	<b>10.364.866</b>	<b>(4.424.654)</b>	<b>-</b>
<b>December 31, 2009</b>								
Total assets	3.488.255	12.475.000	5.223.608	10.432.081	16.492.561	11.469.212	4.979.695	64.560.412
Total liabilities	8.146.704	31.337.469	5.822.287	4.256.563	3.505.719	2.969.415	8.522.265	64.560.412
<b>Net liquidity gap</b>	<b>(4.658.449)</b>	<b>(18.862.469)</b>	<b>(598.679)</b>	<b>6.175.518</b>	<b>12.986.842</b>	<b>8.499.797</b>	<b>(3.542.570)</b>	<b>-</b>

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

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note 1. of Section three)

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

### **Information related to financial position of the Bank (continued)**

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

Through its new organizational structure launched in February 2009 aimed at further enhancing the customer-focused divisionalised service model as well as supporting the performances of business units in closer collaboration with product factories, the Bank carries out its banking operations through three main business units: (1) Retail Banking (including credit cards and SME banking), (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

The Bank's Retail Banking activities include credit cards, SME banking and individual banking. Retail Banking products and services offered to customers include credit cards, consumer loans (including general purpose loans, auto loans and mortgages), commercial installment loans, SME loans, time and demand deposits, investment accounts, life and non-life insurance products and payroll services. Credit card operations cover the management of products and services for member merchants as well as the sales and marketing operations for a variety of customer types. The Bank's Clubs and Programs within the World brand includes Gold Club, Platinum Club, Crystal Club, Adios (Travel Program), Adios Premium (VIP Travel Program), Play Card (Young Employees Program and Student Program), Fenerbahçe Worldcard, KoçAilem Worldcard, Business Club (Corporate Program, Trio Program, Company Program and SME Program), Share Program and Communication Program. The Bank also offers debit cards and a prepaid card named World Hediye Card.

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

June 30, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other	Total operations of the Bank
Operating revenue	1.340.654	541.774	89.401	876.514	2.848.343
Operating expenses	(605.951)	(218.923)	(30.724)	(687.186)	(1.542.784)
<b>Net operating income</b>	<b>734.703</b>	<b>322.851</b>	<b>58.677</b>	<b>189.328</b>	<b>1.305.559</b>
Dividend income <sup>(1)</sup>				155.181	155.181
<b>Profit before tax</b>	<b>734.703</b>	<b>322.851</b>	<b>58.677</b>	<b>344.509</b>	<b>1.460.740</b>
Tax provision <sup>(1)</sup>				(270.739)	(270.739)
<b>Net profit</b>	<b>734.703</b>	<b>322.851</b>	<b>58.677</b>	<b>73.770</b>	<b>1.190.001</b>
Segment assets	21.988.879	24.130.173	202.328	26.834.318	73.155.698
Investments in associates, subsidiaries and joint ventures				1.861.777	1.861.777
<b>Total assets</b>	<b>21.988.879</b>	<b>24.130.173</b>	<b>202.328</b>	<b>28.696.095</b>	<b>75.017.475</b>
Segment liabilities	20.112.921	17.660.399	10.512.780	17.359.164	65.645.264
Shareholders' equity				9.372.211	9.372.211
<b>Total liabilities</b>	<b>20.112.921</b>	<b>17.660.399</b>	<b>10.512.780</b>	<b>26.731.375</b>	<b>75.017.475</b>

December 31, 2009	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other	Total operations of the Bank
Operating revenue <sup>(2)</sup>	1.356.428	561.953	78.946	877.689	2.875.016
Operating expenses <sup>(2)</sup>	(1.163.209)	(137.710)	(30.071)	(547.518)	(1.878.508)
<b>Net operating income <sup>(2)</sup></b>	<b>193.219</b>	<b>424.243</b>	<b>48.875</b>	<b>330.171</b>	<b>996.508</b>
Dividend income <sup>(1)(2)</sup>				142.686	142.686
<b>Profit before tax <sup>(2)</sup></b>	<b>193.219</b>	<b>424.243</b>	<b>48.875</b>	<b>472.857</b>	<b>1.139.194</b>
Tax provision <sup>(1)(2)</sup>				(215.436)	(215.436)
<b>Net profit <sup>(1)</sup></b>	<b>193.219</b>	<b>424.243</b>	<b>48.875</b>	<b>257.421</b>	<b>923.758</b>
Segment assets	19.207.596	19.097.026	217.725	24.184.181	62.706.528
Investments in associates, subsidiaries and joint ventures				1.853.884	1.853.884
<b>Total assets</b>	<b>19.207.596</b>	<b>19.097.026</b>	<b>217.725</b>	<b>26.038.065</b>	<b>64.560.412</b>
Segment liabilities	20.518.455	12.836.441	9.794.385	13.143.764	56.293.045
Shareholders' equity				8.267.367	8.267.367
<b>Total liabilities</b>	<b>20.518.455</b>	<b>12.836.441</b>	<b>9.794.385</b>	<b>21.411.131</b>	<b>64.560.412</b>

(1) Dividend income and Tax provision are not allocated according to operating segments and presented as "Other".

(2) Income statement figures represent balances for the 6 months period ended June 30, 2009.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Section five**

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

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

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

1. Information on cash and the account of the CBRT:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Cash	410.916	156.874	481.580	155.808
The CBRT	1.426.198	2.363.597	1.302.688	2.034.806
Other	-	519	-	183
<b>Total</b>	<b>1.837.114</b>	<b>2.520.990</b>	<b>1.784.268</b>	<b>2.190.797</b>

2. Information on the account of the CBRT:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Demand unrestricted account <sup>(1)</sup>	1.426.198	746.415	1.302.688	678.258
Time unrestricted account	-	-	-	-
Reserve requirement	-	1.617.182	-	1.356.548
<b>Total</b>	<b>1.426.198</b>	<b>2.363.597</b>	<b>1.302.688</b>	<b>2.034.806</b>

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, the banks operating in Turkey are supposed to place reserves in the CBRT for their TL liabilities by 5% and for their foreign currency liabilities by 9,5% as USD and/or EUR. As of June 30, 2010, the corresponding interest rate for TL is 5,2%, no interest is earned on foreign currency reserve requirements.

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

1. As of June 30, 2010, financial assets at fair value through profit and loss subject to repo transactions amount to TL 40.579 (December 31, 2009 - TL 66.654 ), and the Bank does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2009 - None).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

2. Positive differences related to trading derivative financial assets:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward transactions	40.534	-	38.924	1.625
Swap transactions	269.928	20.423	503.759	30.800
Futures transactions	-	-	-	-
Options	37.261	12.535	4.657	26.794
Other	-	-	-	-
<b>Total</b>	<b>347.723</b>	<b>32.958</b>	<b>547.340</b>	<b>59.219</b>

c. **Information on banks:**

1. Information on banks:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Banks	322.056	1.960.817	409.144	1.240.512
Domestic	314.197	182.494	365.856	62.144
Foreign	7.859	1.778.323	43.288	1.178.368
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>322.056</b>	<b>1.960.817</b>	<b>409.144</b>	<b>1.240.512</b>

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

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

As of June 30, 2010, available-for-sale financial assets given as collateral/blocked amount to TL 15.799 (December 31, 2009 - TL 14.974 ). The Bank does not have available-for-sale financial assets subject to repo transactions. (December 31, 2009 – TL 17.585).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	December 31, 2009
Debt securities	2.491.622	1.213.485
Quoted on stock exchange <sup>(1)</sup>	2.226.953	1.174.286
Not quoted	264.669	39.199
Share certificates	47.356	49.283
Quoted on stock exchange	-	-
Not quoted	47.356	49.283
Impairment provision (-)	(48.708)	(43.530)
Other <sup>(2)</sup>	67.417	45.053
<b>Total</b>	<b>2.557.687</b>	<b>1.264.291</b>

(1) As of June 30, 2010, Eurobonds amounting to TL 655.749 (December 31, 2009 - TL 634.835 ) have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange since these are traded in the secondary market.

(2) As of June 30, 2010, other available-for-sale financial assets include mutual funds amounting to TL 67.417 (December 31, 2009 - TL 45.053 ).

e. **Explanations on loans:**

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

	June 30, 2010		December 31, 2009	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	29.186	95.124	58.004	54.926
Loans granted to employees	81.034	83	76.602	71
<b>Total</b>	<b>110.220</b>	<b>95.207</b>	<b>134.606</b>	<b>54.997</b>

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

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
<b>Cash Loans</b>				
Non-specialised loans	43.935.604	-	1.416.556	124.576
Discount and purchase notes	548.490	-	1.107	-
Export loans	5.021.610	-	153.108	-
Import loans	-	-	-	-
Loans granted to financial sector	1.057.276	-	36.146	-
Foreign loans	88.683	-	-	-
Consumer loans	7.877.102	-	393.025	-
Credit cards	7.725.563	-	235.479	100.425
Precious metal loans	316.463	-	4.555	-
Other <sup>(1)</sup>	21.300.417	-	593.136	24.151
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>43.935.604</b>	<b>-</b>	<b>1.416.556</b>	<b>124.576</b>

(1) As explained in the Note I.j of Section V, TL 187.829 of fair value difference of hedged items is classified under other loans.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	Short- term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>193.931</b>	<b>7.668.245</b>	<b>7.862.176</b>
Real estate loans	4.851	4.402.436	4.407.287
Automotive loans	16.699	641.494	658.193
Consumer loans	982	47.273	48.255
Other	171.399	2.577.042	2.748.441
<b>Consumer loans-FC indexed</b>	<b>7</b>	<b>255.735</b>	<b>255.742</b>
Real estate loans	7	240.052	240.059
Automotive loans	-	6.310	6.310
Consumer loans	-	2.519	2.519
Other	-	6.854	6.854
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual credit cards-TL</b>	<b>7.652.658</b>	<b>120.120</b>	<b>7.772.778</b>
With installments	3.542.090	49.871	3.591.961
Without installments	4.110.568	70.249	4.180.817
<b>Individual credit cards- FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>7.314</b>	<b>30.433</b>	<b>37.747</b>
Real estate loans	52	1.553	1.605
Automotive loans	69	1.019	1.088
Consumer loans	-	53	53
Other	7.193	27.808	35.001
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>28</b>	<b>28</b>
Real estate loans	-	22	22
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	6	6
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>42.419</b>	<b>184</b>	<b>42.603</b>
With installments	23.390	184	23.574
Without installments	19.029	-	19.029
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>114.434</b>	<b>-</b>	<b>114.434</b>
<b>Credit deposit account-FC (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8.010.763</b>	<b>8.074.745</b>	<b>16.085.508</b>

(1) TL 656 of the credit deposit account belongs to the loans used by personnel.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	Short-term	Medium and long-term	Total
<b>Commercial installments loans-TL</b>	<b>280.468</b>	<b>2.765.273</b>	<b>3.045.741</b>
Business loans	2.457	327.658	330.115
Automotive loans	43.562	803.031	846.593
Consumer loans	-	340	340
Other	234.449	1.634.244	1.868.693
<b>Commercial installments loans-FC indexed</b>	<b>32.526</b>	<b>284.713</b>	<b>317.239</b>
Business loans	41	22.241	22.282
Automotive loans	877	58.718	59.595
Consumer loans	-	-	-
Other	31.608	203.754	235.362
<b>Commercial installments loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>244.273</b>	<b>1.813</b>	<b>246.086</b>
With installment	62.930	1.813	64.743
Without installment	181.343	-	181.343
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit deposit account-TL (legal person)</b>	<b>210.966</b>	<b>-</b>	<b>210.966</b>
<b>Credit deposit account-FC (legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>768.233</b>	<b>3.051.799</b>	<b>3.820.032</b>

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

	June 30, 2010	December 31, 2009
Domestic loans	45.388.053	37.410.431
Foreign loans	88.683	44.726
<b>Total</b>	<b>45.476.736</b>	<b>37.455.157</b>

6. Loans granted to associates and subsidiaries:

	June 30, 2010	December 31, 2009
Direct loans granted to associates and subsidiaries	139.597	115.865
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>139.597</b>	<b>115.865</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

7. Specific provisions provided against loans:

	June 30, 2010	December 31, 2009
Loans and other receivables with limited collectibility	56.746	263.805
Loans and other receivables with doubtful collectibility	334.247	609.948
Uncollectible loans and other receivables	1.004.356	1.304.593
<b>Total</b>	<b>1.395.349</b>	<b>2.178.346</b>

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

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
<b>June 30, 2010</b>			
(Gross amounts before specific reserves)	11.936	29.530	38.540
Restructured loans and other receivables	11.936	29.530	38.540
Rescheduled loans and other receivables	-	-	-
<b>December 31, 2009</b>			
(Gross amounts before the specific reserves)	5.348	47.329	12.941
Restructured loans and other receivables	5.348	47.329	12.941
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
<b>December 31, 2009</b>	<b>357.776</b>	<b>680.225</b>	<b>1.543.004</b>
Additions (+)	790.961	63.675	43.462
Transfers from other categories of non-performing loans (+)	-	586.054	643.758
Transfer to other categories of non-performing loans (-)	(586.054)	(643.758)	-
Collections (-)	(294.789)	(186.384)	(283.378)
Write-offs(-) <sup>(1)</sup>	-	-	(770.547)
Corporate and commercial loans	-	-	(470.854)
Consumer loans	-	-	(72.025)
Credit cards	-	-	(227.370)
Other	-	-	(298)
<b>June 30, 2010</b>	<b>267.894</b>	<b>499.812</b>	<b>1.176.299</b>
Specific provision (-)	(56.746)	(334.247)	(1.004.356)
<b>Net balance on balance sheet</b>	<b>211.148</b>	<b>165.565</b>	<b>171.943</b>

<sup>(1)</sup> Also includes the effects of the sales of non-performing loan portfolios.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

According to the resolution of the Board of Directors of the Bank dated March 15, 2010, portfolios composed of SME loans, consumer loans and credit cards followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Consumer loan portfolio with principal amounting to TL 74.606 as of February 28, 2010 was sold to Standart Varlık Yönetim A.Ş. for a consideration of TL 6.450, credit card portfolio with principal amounting to TL 381.973 as of February 28, 2010 was sold to Girişim Varlık Yönetim A.Ş. for a consideration of TL 32.435 and SME loan portfolio with principal amounting to TL 224.390 as of February 28, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 31.232. Profit on these sales before taxes and legal expenses amounted to TL 11.817. TL181.200 of the total principal amounts sold was written off in prior periods.

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>June 30, 2010</b>			
Period end balance	4.138	1.288	8.393
Specific provision (-)	(828)	(234)	(4.680)
<b>Net Balance on-balance sheet</b>	<b>3.310</b>	<b>1.054</b>	<b>3.713</b>
<b>December 31, 2009</b>			
Period end balance	-	1.283	9.739
Specific provision (-)	-	(184)	(4.998)
<b>Net Balance on-balance sheet</b>	<b>-</b>	<b>1.099</b>	<b>4.741</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>June 30, 2010 (net)</b>	<b>211.148</b>	<b>165.565</b>	<b>171.943</b>
Loans granted to real persons and corporate entities (gross)	267.894	499.812	1.092.287
Specific provision amount (-)	(56.746)	(334.247)	(920.344)
Loans granted to real persons and corporate entities (net)	211.148	165.565	171.943
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-
<b>December 31, 2009 (net)</b>	<b>93.971</b>	<b>70.277</b>	<b>238.411</b>
Loans granted to real persons and corporate entities (gross)	357.776	680.225	1.458.992
Specific provision amount (-)	(263.805)	(609.948)	(1.220.581)
Loans granted to real persons and corporate entities (net)	93.971	70.277	238.411
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-

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

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

	June 30, 2010	December 31, 2009
Government bond	11.806.971	12.014.792
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>11.806.971</b>	<b>12.014.792</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	December 31, 2009
Debt securities	11.882.180	12.082.289
Quoted to stock exchange <sup>(1)</sup>	11.882.180	12.082.289
Not quoted	-	-
Impairment provision (-)	(75.209)	(67.497)
<b>Total</b>	<b>11.806.971</b>	<b>12.014.792</b>

(1) As of June 30, 2010, Eurobonds amounting to TL 5.729.224 have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange because they are traded in the secondary market. (December 31, 2009 - TL 5.333.387).

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

	June 30, 2010	December 31, 2009
<b>Beginning balance</b>	<b>12.014.792</b>	<b>11.529.009</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	389.041	(231.600)
Purchases during year	385.086	1.442.567
Disposals through sales and redemptions	(974.236)	(701.978)
Impairment provision (-)	(7.712)	(23.206)
<b>Period end balance</b>	<b>11.806.971</b>	<b>12.014.792</b>

(1) Includes the changes in the interest income accruals.

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

As of June 30, 2010, held-to-maturity investments given as collateral/blocked amount to TL 1.229.860 (December 31, 2009 - TL 919.450). Held-to-maturity investments subject to repo transactions amount to TL 2.950.197 (December 31, 2009 - TL 1.054.305).

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

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share holding percentages if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Banque de Commerce et de Placements S.A. <sup>(1)</sup>	Geneva/Switzerland	30,67	30,67
2	Kredi Kayıt Bürosu	Istanbul/Turkey	18,18	18,18
3	Bankalararası Kart Merkezi	Istanbul/Turkey	9,98	9,98

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	2.251.329	152.881	4.816	21.358	5.396	21.443	21.805	-
2	35.701	28.637	1.749	1.040	-	5.964	4.571	-
3	18.840	15.414	6.099	428	-	1.014	(890)	-

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

- (1) Financial statement information is disclosed in CHF. As of June 30, 2010, the evaluation rate for CHF is full TL 1,4091 (December 31, 2009 – full TL 1,4129).

3. Movement of unconsolidated investments in associates:

	June 30, 2010	December 31, 2009
<b>Balance at the beginning of the period</b>	<b>47.344</b>	<b>47.344</b>
<b>Movements during the period</b>	-	-
Purchases	-	-
Transfers	-	-
Bonus shares obtained	-	-
Share of current year income	-	-
Sales	-	-
Revaluation (decrease)/increase	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>47.344</b>	<b>47.344</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	-	-

4. Information on sectors and the carrying amounts of unconsolidated investments in associates:

	June 30, 2010	December 31, 2009
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	3.940	3.940
<b>Total financial investments</b>	<b>47.344</b>	<b>47.344</b>

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at June 30, 2010 (continued)

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

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

##### 5. Valuation of unconsolidated investments in associates:

	June 30, 2010	December 31, 2009
Valuation with cost	47.344	47.344
Valuation with fair value	-	-
Valuation with equity method	-	-
<b>Total</b>	<b>47.344</b>	<b>47.344</b>

6. The Bank has no investments in associates quoted on a stock exchange.

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

##### 1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V. <sup>(1)</sup>	Amsterdam/The Netherlands	100,00	100,00
3	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	99,98	99,99
4	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/ Turkey	99,99	100,00
5	Yapı Kredi Faktoring A.Ş.	Istanbul/ Turkey	99,95	100,00
6	Yapı Kredi Moscow <sup>(2)</sup>	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	98,85
9	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(3)</sup>	Istanbul/ Turkey	30,45	30,45
10	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	11,09	56,07
11	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Turkey	99,96	99,99
12	Yapı Kredi Azerbaycan <sup>(4)</sup>	Baku/Azerbaijan	99,80	100,00
13	Yapı Kredi Niderland N.V. <sup>(1)</sup>	Amsterdam/The Netherlands	67,24	100,00

<sup>(1)</sup> Financial statement information is expressed in EUR in Note 2.

<sup>(2)</sup> Financial statement information is expressed in USD in Note 2.

<sup>(3)</sup> Financial statement information in Note 2 represents March 31, 2010 figures.

<sup>(4)</sup> Financial statement information is expressed in AZM in Note 2. As of June 30, 2010, the evaluation rate for AZM is full TL 1,9098 (December 31, 2009 – full TL 1,8279).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

2. Main financial figures of the subsidiaries in order of the above table:

No	Total assets	Shareholder's equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value <sup>(1)</sup>
1	70.335	62.735	796	3.007	2	25.473	25.575	-
2	45.625	45.047	-	16	-	674	(33)	-
3	654.972	237.526	13.851	15.281	7.557	58.603	57.231	-
4	12.124	9.687	171	53	-	1.250	(707)	-
5	1.309.878	90.736	593	48.341	-	13.605	18.545	-
6	177.958	59.049	5.879	8.314	916	4.523	4.330	-
7	829.034	312.305	16.723	17.793	11.365	36.103	13.485	772.000
8	2.190.733	690.074	1.511	100.169	-	47.633	38.301	1.770.300
9	88.149	79.131	1.988	20	2	(1.171)	(7.103)	65.600
10	75.397	74.289	24	2.123	605	1.295	11.377	37.700
11	36.572	22.455	4.033	971	-	776	404	-
12	172.136	46.532	3.963	5.389	622	3.503	2.628	-
13	1.948.925	184.187	256	40.680	15.796	12.681	6.597	-

<sup>(1)</sup> Calculated with the ISE market prices as of June 30, 2010 considering the total number of shares.

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

3. Movement schedule of subsidiaries:

	June 30, 2010	December 31, 2009
<b>Balance at the beginning of the period</b>	<b>1.806.540</b>	<b>1.811.525</b>
<b>Movements during the period</b>	<b>7.893</b>	<b>(4.985)</b>
Purchases	-	-
Transfers <sup>(1)</sup>	-	(1.432)
Bonus shares obtained <sup>(2)</sup>	7.893	-
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	(3.553)
<b>Balance at the end of the period</b>	<b>1.814.433</b>	<b>1.806.540</b>
<b>Capital commitments</b>	-	-
<b>Shareholding percentage at the end of the period (%)</b>	-	-

<sup>(1)</sup> As a result of the Extraordinary General Assembly Meetings, dated June 30, 2009, of Yapı Kredi Yatırım Menkul Değerler A.Ş. ("YK Yatırım"), and of Unicredit Menkul Değerler A.Ş. ("UCM") it has been decided that YK Yatırım's intermediary activities function, which serves corporate clients, was added to UCM's capital as capital in-kind through a partial spin-off over its book values at December 31, 2008. As a result of this operation, the share of the Bank in YK Yatırım's capital did not change. According to the spin-off agreement, the Bank has acquired a share in UCM share capital (10,73%). The fair value of this business line was TL 1.432 and classified as share certificates under available for sale portfolio.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

4. Sectoral information on financial subsidiaries and the related carrying amounts:

<b>Subsidiaries</b>	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Banks	286.137	278.244
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	472.161	472.161
<b>Total financial subsidiaries</b>	<b>1.812.133</b>	<b>1.804.240</b>

5. Subsidiaries quoted to stock exchange:

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Quoted to domestic stock exchanges	900.687	900.687
Quoted to foreign stock exchanges	-	-
<b>Total of subsidiaries quoted to stock exchanges</b>	<b>900.687</b>	<b>900.687</b>

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

None (December 31, 2009 - None).

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

	<b>June 30, 2010</b>		<b>December 31, 2009</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair value hedge	31.351	-	127.678	953
Cash flow hedge	-	-	-	-
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>31.351</b>	<b>-</b>	<b>127.678</b>	<b>953</b>

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funds borrowed using cross-currency interest rate swaps. The net carrying value of hedging instruments at June 30, 2010 is a liability amounting to TL 202.281 (December 31, 2009 – TL 228.982). At June 30, 2010, the marked-to-market difference of the hedging instruments since the inception date is TL 199.170 (December 31, 2009 - TL 147.649) and the fair value difference of the hedged item is TL 187.829 (December 31, 2009 - TL 140.137).

In order to hedge its cash flow risk from liabilities, this 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.



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**k. Information on intangible assets:**

	June 30, 2010	December 31, 2009
<b>Balance at the beginning of the period</b>	<b>1.186.024</b>	<b>1.151.072</b>
Additions during the period	32.780	77.816
Unused and disposed items (-)	(4)	(6.083)
Transfers	-	(281)
Impairment reversal	4.015	-
Amortisation expenses (-)	(20.156)	(36.500)
<b>Balance at the end of the period</b>	<b>1.202.659</b>	<b>1.186.024</b>

**l. Information on investment property:**

None (December 31, 2009 - None).

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

	June 30, 2010	December 31, 2009
<b>Balance at the beginning of the period</b>	<b>86.966</b>	<b>88.332</b>
Additions	17.979	16.656
Disposals, net (-)	(13.149)	(21.381)
Impairment reversal	1.783	6.986
Impairment (-)	(139)	(1.012)
Depreciation (-)	(888)	(2.615)
<b>Net book value at the end of period</b>	<b>92.552</b>	<b>86.966</b>
Cost at the end of period	98.396	95.307
Accumulated depreciation at the end of period (-)	(5.844)	(8.341)
<b>Net book value at the end of period</b>	<b>92.552</b>	<b>86.966</b>

As of June 30, 2010, the Bank booked impairment provision on assets held for resale with an amount of TL 11.822 (December 31, 2009 - TL 13.466)

**n. Information on other assets:**

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

**a. Information on deposits:**

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

1 (i). June 30, 2010:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	1.699.658	3.428.111	11.913.898	137.241	41.154	103.564	17.323.626
Foreign currency deposits	3.749.215	3.118.562	8.663.387	1.482.198	120.042	602.136	17.735.540
Residents in Turkey	3.642.310	3.063.454	7.726.116	1.288.091	103.967	389.719	16.213.657
Residents abroad	106.905	55.108	937.271	194.107	16.075	212.417	1.521.883
Public sector deposits	1.061.606	16.078	40.438	242	189	508	1.119.061
Commercial deposits	1.834.983	2.631.830	3.818.093	37.745	13.545	16.383	8.352.579
Other institutions deposits	39.101	89.637	741.031	462	395	927	871.553
Precious metals vault	189.082	8.294	21.785	11.405	20.697	12.701	263.964
Bank deposits	328.604	57.506	33.099	13.652	185.492	238.251	856.604
The CBRT	-	-	-	-	-	-	-
Domestic banks	89.299	55.016	3.756	13.652	2.127	238.251	402.101
Foreign banks	221.631	2.490	29.343	-	183.365	-	436.829
Participation banks	10	-	-	-	-	-	10
Other	17.664	-	-	-	-	-	17.664
<b>Total</b>	<b>8.902.249</b>	<b>9.350.018</b>	<b>25.231.731</b>	<b>1.682.945</b>	<b>381.514</b>	<b>974.470</b>	<b>46.522.927</b>

1 (ii). December 31, 2009:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	1.440.221	3.879.871	9.369.577	166.126	181.555	171.049	15.208.399
Foreign currency deposits	3.605.782	4.597.556	6.029.799	1.629.319	184.052	969.451	17.015.959
Residents in Turkey	3.446.312	4.470.630	5.124.194	1.602.166	169.358	815.516	15.628.176
Residents abroad	159.470	126.926	905.605	27.153	14.694	153.935	1.387.783
Public sector deposits	278.166	8.313	43.792	391	112	2.810	333.584
Commercial deposits	1.722.633	2.517.774	2.684.370	103.796	32.449	24.470	7.085.492
Other institutions deposits	25.543	24.902	135.425	373	72	1.599	187.914
Precious metals vault	214.271	-	37.018	17.041	9.089	8.679	286.098
Bank deposits	371.059	154.804	38	2.028	187.962	-	715.891
The CBRT	-	-	-	-	-	-	-
Domestic banks	63.139	90.059	-	2.028	7.282	-	162.508
Foreign banks	179.141	64.745	38	-	180.680	-	424.604
Participation banks	128.766	-	-	-	-	-	128.766
Other	13	-	-	-	-	-	13
<b>Total</b>	<b>7.657.675</b>	<b>11.183.220</b>	<b>18.300.019</b>	<b>1.919.074</b>	<b>595.291</b>	<b>1.178.058</b>	<b>40.833.337</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

2. Information on saving deposits insurance:

2 (i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
<b>Saving deposits</b>				
Saving deposits	8.255.143	7.738.057	9.035.239	7.431.249
Foreign currency savings deposit	2.384.870	2.596.806	5.314.348	5.973.850
Other deposits in the form of savings deposits	73.311	71.411	173.621	194.074
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	June 30, 2010	December 31, 2009
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	23.691	23.864
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No.5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	87.901	88.283

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

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward transactions	58.276	-	51.540	141
Swap transactions	422.282	36.477	166.185	17.699
Futures transactions	-	-	-	-
Options	34.992	14.176	4.366	27.446
Other	-	-	-	-
<b>Total</b>	<b>515.550</b>	<b>50.653</b>	<b>222.091</b>	<b>45.286</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**c. Information on borrowings:**

1. Information on borrowings:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	111.020	111.172	108.822	123.661
From foreign banks, institutions and funds	563.327	5.355.105	648.714	4.427.342
<b>Total</b>	<b>674.347</b>	<b>5.466.277</b>	<b>757.536</b>	<b>4.551.003</b>

2. Information on maturity structure of borrowings:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Short-term	128.141	1.641.970	240.630	2.335.168
Medium and long-term	546.206	3.824.307	516.906	2.215.835
<b>Total</b>	<b>674.347</b>	<b>5.466.277</b>	<b>757.536</b>	<b>4.551.003</b>

3. Information on securitisation borrowings:

The Bank has a securitisation borrowing deal from Standart Chartered Bank and Unicredit Markets and Investment Banking amounting USD 627 million and EUR 316 million, the equivalent of TL 1.555.889 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity is between 2014 and 2015 and the repayments commenced in the first period of 2010.

**d. Information on other liabilities:**

As of June 30, 2010, other liabilities do not exceed 10% of the total balance sheet commitments.

**e. Information on lease payables:**

1. Information on financial leasing agreements:

	June 30, 2010		December 31, 2009	
	Gross	Net	Gross	Net
Less than 1 year	9.465	9.151	5.793	5.593
Between 1-4 years	4	-	7	-
More than 4 years	-	-	-	-
<b>Total</b>	<b>9.469</b>	<b>9.151</b>	<b>5.800</b>	<b>5.593</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

2. Information on operational leasing agreements:

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

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

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
Fair value hedge	233.632	-	357.513	100
Cash flow hedge <sup>(1)</sup>	14.451	79.075	-	-
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>248.083</b>	<b>79.075</b>	<b>357.513</b>	<b>100</b>

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

**g. Information on provisions:**

1. Information on general provisions:

	June 30, 2010	December 31, 2009
Provisions for Group I loans and receivables	639.964	551.067
Provisions for Group II loans and receivables	168.126	199.616
Provisions for non cash loans	101.497	100.860
Other	52.805	40.370
<b>Total</b>	<b>962.392</b>	<b>891.913</b>

2. Information on reserve for employee rights:

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

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

	June 30, 2010	December 31, 2009
Discount rate (%)	5,92	5,92
Possibility of being eligible for retirement (%)	94,71	94,78

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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 expected real rate after adjusting for the effects of future inflation. As the annual ceiling revised semi-annually, the ceiling of full TL 2.517,01 effective from July 1, 2010 (January 1, 2010: full TL 2.427,04) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	June 30, 2010	December 31, 2009
<b>Prior period ending balance</b>	<b>89.805</b>	<b>85.025</b>
Provisions recognized during the period	11.088	16.994
Paid during the period	(7.521)	(12.214)
<b>Balance at the end of the period</b>	<b>93.372</b>	<b>89.805</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 73.811 as of June 30, 2010 (December 31, 2009 - TL 59.984 ).

3. Other provisions:

	June 30, 2010	December 31, 2009
Pension fund provision	864.059	864.059
Non-cash loan provision	102.183	78.250
Tax risk provision <sup>(1)</sup>	82.885	69.090
Provisions on credit cards and promotion campaigns related to banking services	45.399	48.469
Provision on export commitment tax and funds liability	38.655	38.261
Legal risk provision <sup>(1)</sup>	30.860	19.914
Other	54.395	173.791
<b>Total</b>	<b>1.218.436</b>	<b>1.291.834</b>

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

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

As of June 30, 2010, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 59.271 (December 31, 2009 - TL 36.290). Provisions 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 unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**h. Information on taxes payable:**

(i) Information on taxes payable:

	June 30, 2010	December 31, 2009
Corporate tax payable	145.993	52.269
Taxation of marketable securities	141.262	52.221
Property tax	1.382	1.185
Banking insurance transaction tax ("BITT")	27.502	28.048
Foreign exchange transaction tax	-	-
Value added tax payable	853	2.449
Other	17.255	18.030
<b>Total</b>	<b>334.247</b>	<b>154.202</b>

(ii) Information on premium payables:

	June 30, 2010	December 31, 2009
Social security premiums - employee	-	-
Social security premiums - employer	-	-
Bank pension fund premiums - employee	7.033	6.356
Bank pension fund premiums - employer	7.340	6.635
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	501	453
Unemployment insurance - employer	1.005	907
Other	-	-
<b>Total</b>	<b>15.879</b>	<b>14.351</b>

(iii) Information on deferred tax liability:

None (December 31, 2009 - None).

**i. Information on subordinated loans:**

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	1.978.102	-	2.224.023
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.978.102</b>	<b>-</b>	<b>2.224.023</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

At March 30, 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 28, 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. In addition, the Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with UniCredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

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

1. Presentation of paid-in capital:

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Common stock	4.347.051	4.347.051
Preferred stock	-	-

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

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

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

None (December 31, 2009 - None).

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

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

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

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

7. Privileges on the corporate stock: None.



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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at June 30, 2010 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

8. Information on marketable securities valuation differences:

	June 30, 2010		December 31, 2009	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	3.049	85.454	6.213	87.514
Foreign currency difference <sup>(1)</sup>	-	3.925	-	84
<b>Total</b>	<b>3.049</b>	<b>89.379</b>	<b>6.213</b>	<b>87.598</b>

<sup>(1)</sup> Includes current period foreign currency differences.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

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

1. The amount and type of irrevocable commitments:

	June 30, 2010	December 31, 2009
Commitments on credit cards limits	11.286.548	10.952.962
Loan granting commitments	2.722.328	3.069.928
Commitments for cheques	3.558.870	1.468.823
<b>Total</b>	<b>17.567.746</b>	<b>15.491.713</b>

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank has recorded a general provision for its non-cash loans amounting to TL 101.497 (December 31, 2009 - TL 100.860) and a specific provision regarding non-cash loans amounting to TL 102.183 (December 31, 2009 – TL 78.250).

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

	June 30, 2010	December 31, 2009
Bank acceptance loans	182.365	151.669
Letter of credits	3.544.596	2.591.164
Other guarantees and collaterals	485.757	399.410
<b>Total</b>	<b>4.212.718</b>	<b>3.142.243</b>

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

	June 30, 2010	December 31, 2009
Temporary letter of guarantees	1.017.227	563.652
Definite letter of guarantees	10.328.007	9.596.903
Advance letter of guarantees	2.248.247	1.887.521
Letter of guarantees given to customs	747.610	653.319
Other letter of guarantees	336.620	302.275
<b>Total</b>	<b>14.677.711</b>	<b>13.003.670</b>

**GÜNEY**  
BAĞIMSIZ DENETİM VE  
SERBEST MÜHÜRLEMELİ A.Ş.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	December 31, 2009
Non-cash loans given against cash loans	219.092	166.263
With original maturity of 1 year or less than 1 year	47.672	52.974
With original maturity of more than 1 year	171.420	113.289
Other non-cash loans	18.671.337	15.979.650
<b>Total</b>	<b>18.890.429</b>	<b>16.145.913</b>

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

June 30, 2010	Group I		Group II <sup>(1)</sup>	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	7.274.444	7.290.685	78.110	34.472
Bank acceptances	-	182.365	-	-
Letters of credit	12.814	3.531.709	-	73
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	4.019	477.875	-	3.863
<b>Total</b>	<b>7.291.277</b>	<b>11.482.634</b>	<b>78.110</b>	<b>38.408</b>
December 31, 2009	Group I		Group II <sup>(1)</sup>	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	6.119.383	6.739.738	100.203	44.346
Bank acceptances	-	151.616	-	53
Letters of credit	1.410	2.589.468	-	286
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	3.441	390.095	-	5.874
<b>Total</b>	<b>6.124.234</b>	<b>9.870.917</b>	<b>100.203</b>	<b>50.559</b>

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

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

The Bank has recorded a provision of TL 30.860 (December 31, 2009 - TL 19.914) for litigation against the Bank 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 Bank's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

**a. Information on interest income:**

1. Information on interest income on loans:

	June 30, 2010		June 30, 2009	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	1.070.029	113.683	1.542.878	212.783
Medium/long-term loans <sup>(1)</sup>	752.797	227.110	792.489	217.964
Interest on loans under follow-up	40.397	466	33.987	113
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>1.863.223</b>	<b>341.259</b>	<b>2.369.354</b>	<b>430.860</b>

<sup>(1)</sup> Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

	June 30, 2010		June 30, 2009	
	TL	FC	TL	FC
From the CBRT <sup>(1)</sup>	-	-	-	-
From domestic banks	3.498	353	3.554	119
From foreign banks	2.588	3.790	1.840	11.724
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>6.086</b>	<b>4.143</b>	<b>5.394</b>	<b>11.843</b>

<sup>(1)</sup> Excludes interest received from reserve requirements.

3. Information on interest income on marketable securities:

	June 30, 2010		June 30, 2009	
	TL	FC	TL	FC
From trading financial assets	2.141	3.367	3.019	7.724
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	54.073	24.827	19.794	24.090
From held-to-maturity investments	265.586	208.793	435.006	218.077
<b>Total</b>	<b>321.800</b>	<b>236.987</b>	<b>457.819</b>	<b>249.891</b>

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

	June 30, 2010	June 30, 2009
Interests received from associates and subsidiaries	2.172	7.672

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	June 30, 2010		June 30, 2009	
	TL	FC	TL	FC
Banks	49.722	85.139	99.722	137.200
The CBRT	-	-	-	-
Domestic banks	4.609	1.776	14.903	2.952
Foreign banks	45.113	83.363	84.819	134.248
Headquarters and branches abroad	-	-	-	-
Other institutions	-	96	-	112
<b>Total <sup>(1)</sup></b>	<b>49.722</b>	<b>85.235</b>	<b>99.722</b>	<b>137.312</b>

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	June 30, 2010	June 30, 2009
Interests paid to associates and subsidiaries	18.377	17.363

3. Maturity structure of the interest expense on deposits:

Account name	Time deposit						Accumulating deposit	Total	June 30, 2009
	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Bank deposit	840	1.151	-	-	59	6.627	-	8.677	5.817
Saving deposit	401	153.524	439.142	8.649	4.676	6.897	-	613.289	944.921
Public sector deposit	-	538	2.103	5	10	86	-	2.742	3.719
Commercial deposit	4.380	97.959	138.036	7.376	879	1.250	-	249.880	412.362
Other deposit	-	2.481	14.689	21	12	57	-	17.260	23.015
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5.621</b>	<b>255.653</b>	<b>593.970</b>	<b>16.051</b>	<b>5.636</b>	<b>14.917</b>	<b>-</b>	<b>891.848</b>	<b>1.389.834</b>
<b>FC</b>									
Foreign currency deposit	1.260	51.992	94.718	10.198	1.930	9.739	-	169.837	281.233
Bank deposit	-	229	471	194	2.609	-	-	3.503	3.560
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	131	11	6	10	26	-	184	140
<b>Total</b>	<b>1.260</b>	<b>52.352</b>	<b>95.200</b>	<b>10.398</b>	<b>4.549</b>	<b>9.765</b>	<b>-</b>	<b>173.524</b>	<b>284.933</b>
<b>Grand total</b>	<b>6.881</b>	<b>308.005</b>	<b>689.170</b>	<b>26.449</b>	<b>10.185</b>	<b>24.682</b>	<b>-</b>	<b>1.065.372</b>	<b>1.674.767</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	June 30, 2009
<b>Gain</b>	<b>9.436.791</b>	<b>6.424.739</b>
Gain from capital market transactions	33.023	122.837
Derivative financial transaction gains	5.311.986	3.707.419
Foreign exchange gains	4.091.782	2.594.483
<b>Loss(-)</b>	<b>(9.453.872)</b>	<b>(6.038.137)</b>
Loss from capital market transactions	(4.026)	(8.474)
Derivative financial transaction losses	(6.232.302)	(3.360.683)
Foreign exchange loss	(3.217.544)	(2.668.980)
<b>Net gain/loss</b>	<b>(17.081)</b>	<b>386.602</b>

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

	June 30, 2010	June 30, 2009
Effect of changes in foreign exchange rates	(784.635)	389.605
Effect of changes in interest rates	(135.681)	(42.869)
<b>Total</b>	<b>(920.316)</b>	<b>346.736</b>

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

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

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

	June 30, 2010	June 30, 2009
Specific provisions for loans and other receivables	210.056	636.510
III. Group loans and receivables	54	52.701
IV. Group loans and receivables	-	312.281
V. Group loans and receivables	210.002	271.528
General provision expenses	88.153	98.427
Provision expense for possible risks	24.741	19.194
Marketable securities impairment expenses	372	320
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	372	320
Impairment of investments in associates, subsidiaries and held-to-maturity securities	7.712	9.317
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	7.712	9.317
Other	688	-
<b>Total</b>	<b>331.722</b>	<b>763.768</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	June 30, 2009
Personnel expenses	482.398	435.754
Reserve for employee termination benefits	3.567	-
Provision expense for pension fund	-	41.581
Impairment expenses of property & equipment	-	-
Depreciation expenses of property & equipment	67.220	68.413
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	20.156	17.816
Impairment expenses of equity participations for which equity methods applied	-	-
Impairment expenses of assets held for resale	139	-
Depreciation expenses of assets held for resale	888	1.306
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	390.900	370.805
Operational lease expenses	54.883	53.366
Repair and maintenance expenses	9.419	11.274
Advertising expenses	40.848	34.317
Other expense	285.750	271.848
Loss on sales of assets	1.089	218
Other	244.705	178.847
<b>Total</b>	<b>1.211.062</b>	<b>1.114.740</b>

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

Income before tax includes net interest income amounting to TL 1.626.972 (June 30, 2009 – TL 1.663.810), net fee and commission income amounting to TL 757.107 (June 30, 2009 – TL 669.209) and total other operating expense amounting TL 1.211.062 (June 30, 2009 – TL 1.114.740).

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

As of June 30, 2010, the Bank has current tax expense amounting to TL 353.662 (June 30, 2009 - TL 189.726) and deferred tax credit amounting to TL 82.923 (June 30, 2009 – TL 25.710 deferred tax expense).

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

	June 30, 2010	June 30, 2009
Income before tax provision	1.460.740	1.139.194
Tax calculated with tax rate of 20%	292.148	227.839
Disallowables and deductions	(21.409)	(12.403)
<b>Total</b>	<b>270.739</b>	<b>215.436</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

**Explanations and notes related to unconsolidated 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 Bank's current period performance. (June 30, 2009 - The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

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

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

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

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

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

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

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

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>Cash</b>	<b>1.756.111</b>	<b>2.545.161</b>
Cash and effectives	637.571	597.600
Demand deposits in banks	1.118.540	1.947.561
<b>Cash equivalents</b>	<b>2.701.693</b>	<b>1.114.863</b>
Interbank money market	1.530.000	40.000
Time deposits in banks	1.171.693	1.074.863
<b>Total cash and cash equivalents</b>	<b>4.457.804</b>	<b>3.660.024</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

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

	June 30, 2010	June 30, 2009
<b>Cash</b>	<b>3.230.958</b>	<b>2.088.493</b>
Cash and effectives	568.309	559.042
Demand deposits in banks	2.662.649	1.529.451
<b>Cash equivalents</b>	<b>2.946.109</b>	<b>2.330.122</b>
Interbank money market	1.420.000	30.000
Time deposits in banks	1.526.109	2.300.122
<b>Total cash and cash equivalents</b>	<b>6.177.067</b>	<b>4.418.615</b>

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

Reserves amounting to TL 1.617.182 (June 30, 2009 - TL 1.426.042) in CBRT account represent the foreign currency reserve requirements of the Bank for its foreign currency liabilities.

**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 297.160 (June 30, 2009 - TL 1.181.572) which is classified under "Operating profit before changes in operating assets and liabilities" includes mainly fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 789.333 (June 30, 2009 - TL 525.181) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 116.483 as of June 30, 2010.

To conform to changes in presentation of financial statements as of June 30, 2010, the effects of the change in foreign exchange rates on cash and cash equivalents has been calculated as an increase of TL 47.261 and related reclassifications have been made on comparative figures as of June 30, 2009.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

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

**VI. Explanations and notes related to the Bank's risk group**

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

1. June 30, 2010:

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	115.865	31.375	59.325	54.926	470.383	550.070
Balance at the end of the period	139.597	263.606	30.284	95.124	814.363	605.311
Interest and commission income received	2.172	684	1.377	464	37.627	1.727

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

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

December 31, 2009:

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	172.412	42.608	210.162	64.690	524.365	567.881
Balance at the end of the period	115.865	31.375	59.325	54.926	470.383	550.070
Interest and commission income received <sup>(3)</sup>	7.672	310	1.807	454	28.507	1.551

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

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

<sup>(3)</sup> Income statement figures represent balances for the 6 months period ended June 30, 2009.

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

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	2010	2009	2010	2009	2010	2009
Deposit						
Beginning of the period	384.711	219.118	2.131.632	3.191.069	2.343.771	1.565.139
End of the period	538.043	384.711	2.877.230	2.131.632	3.060.996	2.343.771
Interest expense on deposits <sup>(3)</sup>	18.377	17.363	50.195	101.882	53.857	76.905

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

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

<sup>(3)</sup> December 31, 2009 columns represent balances for the 6 months period ended June 30, 2009.

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at June 30, 2010 (continued)

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

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

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

Bank's risk group <sup>(1)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	1.002.431	659.622	378.174	171.366	710.040	540.506
End of the period <sup>(3)</sup>	753.793	1.002.431	70.935	378.174	274.774	710.040
<b>Total gain/(loss)<sup>(4)</sup></b>	<b>1.797</b>	<b>(7.587)</b>	<b>79</b>	<b>(458)</b>	<b>15.769</b>	<b>21.403</b>
<b>Transactions for hedging purposes</b>						
Beginning of the period <sup>(3)</sup>	-	-	-	-	-	-
End of the period <sup>(3)</sup>	-	-	-	-	-	-
<b>Total gain/(loss)<sup>(4)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

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

(4) December 31, 2009 columns represent balances for the 6 months period ended June 30, 2009.

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

Salaries and benefits paid to the Bank's top management amount to TL 15.616 as of June 30, 2010 (June 30, 2009 - TL 17.339).

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

- 1- The Bank's shares in UniCredit Menkul Değerler A.Ş included in the available for sale securities portfolio (TL 3.418 nominal, 10,73% of the capital) have been sold to Koç Finansal Hizmetler A.Ş. as of July 9, 2010 for a consideration of TL 8.548.
- 2- According to the resolution of the Board of Directors of the Bank dated July 16, 2010, the Bank decided to obtain a long-term loan amounting to USD 500.000.000 with 5 years maturity from UniCredit Luxemburg S.A. For this borrowing transaction Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and UniCredit Bank are assigned as lead managers.
- 3- In accordance with the "Change in Communiqué Regarding the Reserve Requirements" published in the Official Gazette numbered 27656 dated July 29, 2010, foreign currency reserve requirement ratio increased to 10%. The new ratio is going to be valid starting from August 6, 2010.
- 4- According to the decision of the Board of Directors dated July 30, 2010; Wolfgang SCHILK was appointed as vice president of Risk Management, unless the response of the application to the BRSA is negative in 7 days.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

- 5- As of June 11, 2010, Stephan WINKELMEIER has resigned from his duty as member of the Board of Directors and according to the decision of the Board of Directors dated July 27, 2010, Massimiliano FOSSATI was appointed as member of the Board of Directors.
- 6- According to the resolution of the Board of Directors of Yapı Kredi Sigorta A.Ş. dated July 30, 2010, it has been decided that;
- 99,9% of Yapı Kredi Emeklilik A.Ş. shares owned by Yapı Kredi Sigorta A.Ş. ("Shares") will be added to the capital of a new established company ("NewCo") as capital in-kind through a partial spin-off in accordance with the (b) part of the 3. section of 19. Article of Corporate Tax Law No. 5520, the 19.2.2. Article of Corporate Tax General Communiqué of Ministry of Finance dated April 3, 2007 (no: 1), regulations of "Communiqué on the Principles and Procedures on the Partial Spin-off of Corporations and Limited Liability Companies" of Ministry of Finance and Ministry of Industry and Trade published in the Official Gazette dated September 16, 2003 numbered 25231, capital market regulations and other related regulations,
  - the procedures for the partial spin-off with the capital in-kind addition to the NewCo at the registered values of the Shares in the balance sheet of Yapı Kredi Sigorta A.Ş. as of June 30, 2010 will be started,
  - the shares to be issued for the capital in-kind contribution to the NewCo, which will be established within the partial spin-off process, will be distributed to the shareholders of Yapı Kredi Sigorta A.Ş. at the rate of their ownership,
  - the balance sheet, that will be the base for the partial spin-off process, and spin-off plan will be prepared within the partial spin-off process,
  - PricewaterhouseCoopers Danışmanlık Hizmetleri Limited Şirketi is appointed as consultant in its valuation company capacity regarding to the partial spin-off process,
  - regarding all these procedures, application will be made to the court for the appointment of a court expert and Yapı Kredi Sigorta A.Ş. General Management is authorized for the representation of Yapı Kredi Sigorta A.Ş. to manage the necessary affairs.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

## **Section six**

### **Other explanations**

#### **I. Other explanations on the bank's operations**

None.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2010 (continued)**

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

## **Section seven**

### **Explanations on independent review report**

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

The unconsolidated interim financial statements for the period ended June 30, 2010 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated August 3, 2010 is presented preceding the unconsolidated financial statements.

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

None.