

Yapı ve Kredi Bankası A.Ş.

Publicly announced unconsolidated financial statements and related disclosures at December 31, 2010 together with independent auditor's report

(Convenience translation of publicly announced unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three)

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

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

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 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 year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Other matter:

The unconsolidated financial statements of the Bank as at and for the year ended December 31, 2009 prepared in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 were audited by another independent audit firm, who expressed an unqualified opinion in their report dated March 2, 2010.

Additional paragraph for convenience translation to English:

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

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

Selim Elhadeif
Partner, SMMM

Istanbul, February 28, 2011

Convenience translation of publicly announced unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

**The unconsolidated financial report of
Yapı ve Kredi Bankası A.Ş. as of December 31, 2010**

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

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

E-mail: financialreports@yapikredi.com.tr

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

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

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

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 addressing questions about this financial report:

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

Section one

General Information about the Bank

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status, if any	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.	Explanations regarding the board of directors, members of the audit committee, chief executive officer and executive vice presidents, and their areas of responsibility and shares if any	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 statement	7
IV.	Statement of income and expense items accounted under shareholders' equity	8
V.	Statement of changes in shareholders' equity	9
VI.	Statement of cash flows	11
VII.	Profit appropriation statement	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	15
V.	Explanations on interest income and expense	16
VI.	Explanations on fee and commission income and expense	17
VII.	Explanations on financial assets	17
VIII.	Explanations on impairment of financial assets	19
IX.	Explanations on offsetting financial assets	19
X.	Explanations on sales and repurchase agreements and securities lending transactions	19
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	20
XIII.	Explanations on property and equipment	21
XIV.	Explanations on leasing transactions	22
XV.	Explanations on provisions, contingent asset and liabilities	22
XVI.	Explanations on obligations related to employee rights	23
XVII.	Explanations on taxation	24
XVIII.	Explanations on borrowings	26
XIX.	Explanations on issuance of share certificates	26
XX.	Explanations on avalized drafts and acceptances	26
XXI.	Explanations on government grants	26
XXII.	Profit reserves and profit distribution	26
XXIII.	Earnings per share	27
XXIV.	Related parties	27
XXV.	Cash and cash equivalents	27
XXVI.	Explanations on operating segments	27
XXVII.	Reclassifications	27

Section four

Information related to financial position of the Bank

I.	Explanations on capital adequacy ratio	28
II.	Explanations on credit risk	31
III.	Explanations on market risk	36
IV.	Explanations on operational risk	36
V.	Explanations on currency risk	37
VI.	Explanations on interest rate risk	39
VII.	Explanations on liquidity risk	42
VIII.	Explanations on the presentation of financial assets and liabilities at fair values	44
IX.	Explanations on the activities carried out on behalf of others and fiduciary transactions	47
X.	Explanations on operating segments	47

Section five

Explanations and notes related to unconsolidated financial statements

I.	Explanations and notes related to assets	49
II.	Explanations and notes related to liabilities	67
III.	Explanations and notes related to off-balance sheet accounts	76
IV.	Explanations and notes related to income statement	81
V.	Explanations and notes related to statement of changes in shareholders' equity	86
VI.	Explanations and notes related to statement of cash flows	87
VII.	Explanations and notes related to the Bank's risk group	88
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank	90
IX.	Explanations and notes related to subsequent events	90

Section six

Other explanations

I.	Other explanations on the Bank's operations	92
----	---	----

Section seven

Explanations on independent auditor's report

I.	Explanations on independent auditor's report	92
II.	Explanations and notes prepared by independent auditor	92

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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 December 31, 2010, 18,20% of the shares of the Bank are publicly traded (December 31, 2009: 18,20%). The remaining 81,80% is being 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 TL920 million in 2008, KFS shares in the Bank increased to 81,80%.

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

As of December 31, 2010, the Bank's Board of Directors, Members of the Audit Committee and General Manager and Assistant General Managers are as follows:

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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 ⁽¹⁾	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Fusun Akkal BOZOK	Member
Carlo VIVALDI ⁽¹⁾⁽²⁾	Member
Vittorio G. M. OGLIENGO	Member
O. Turgay DURAK	Member
Massimiliano FOSSATI	Member

- (1) According to the resolution of the Board of Directors of the Bank dated January 24, 2011, Alessandro M. DECIO has resigned from his duty as Executive Director and Deputy Chief Executive Officer and was appointed as member of Board of Directors effective from January 31, 2011.
- (2) According to the resolution of the Board of Directors of the Bank dated January 24, 2011, Carlo VIVALDI was appointed as Executive Director and Deputy Chief Executive Officer.
- (1)(2) According to the resolution of the Board of Directors of the Bank dated January 24, 2011, Alessandro M. DECIO has resigned from his duty as deputy chairman of Credit Committee and Executive Committee and was appointed as substitute member of Credit Committee; Carlo VIVALDI has resigned from his duty as substitute member of Credit Committee and was appointed as deputy chairman of Credit Committee and Executive Committee effective from January 31, 2011.

General Manager and Assistant General Managers:

Name	Responsibility
H. Faik AÇIKALIN	General Manager
Alessandro M. DECIO ⁽¹⁾	Deputy General Manager
Mehmet Güray ALPKAYA ⁽²⁾	Corporate Sales Management
Marco CRAVARIO	Financial Planning and Administration Management
Yakup DOĞAN	Alternative Distribution Channels
Mehmet Murat ERMERT	Corporate Communication Management
Mert GÜVENEN	Corporate and Commercial Banking Management
Süleyman Cihangir KAVUNCU	Human Resources Management
Erhan ÖZÇELİK	Private Banking and Asset Management
Mehmet Erkan ÖZDEMİR	Compliance Officer
Muzaffer ÖZTÜRK ⁽³⁾	Retail Sales Management
Stefano PERAZZINI	Internal Audit
Yüksel RİZELİ	Information Systems and Operation Management
Luca RUBAGA	Organization and Logistics Management
Cemal Aybars SANAL	Legal Activities Management
Wolfgang SCHILK	Risk Management
Zeynep Nazan SOMER	Retail Banking Management
Feza TAN	Corporate and Commercial Credit Management
Selim Hakkı TEZEL	Consumer and SME Credit Management
Mert YAZICIOĞLU	Treasury Management

- (1) According to the resolution of the Board of Directors of the Bank dated January 24, 2011, Alessandro M. DECIO has resigned from his duty as Deputy General Manager and Carlo VIVALDI was appointed as Deputy General Manager, effective from January 31, 2011, unless the response of the application to the Banking Regulation and Supervision Agency ("BRSA") is negative in 7 days.
- (2) According to the resolution of the Board of Directors of the Bank dated December 29, 2010, Mehmet Güray ALPKAYA was appointed as vice president of Corporate Sales Management effective from December 31, 2010.
- (3) Muzaffer ÖZTÜRK has resigned from his duty as vice president of Retail Sales Management due to retirement effective from January 31, 2011.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

General information about the Bank (continued)

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 are insignificant in the Bank.

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 services:

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

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

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

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

As of December 31, 2010, the Bank has 867 branches operating in Turkey, 1 branch in off-shore region (December 31, 2009 - 837 branches operating in Turkey, 1 branch in off-shore region). As of December 31, 2010, the Bank has 14.411 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 at December 31, 2010 and 2009

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

Section two Unconsolidated financial statements

I. Balance sheet

		(31/12/2010)			(31/12/2009)		
Assets	Note (Section five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	2.558.309	3.345.174	5.903.483	1.784.268	2.190.797	3.975.065
II. Financial assets at fair value through profit or (loss) (net)	I-b	777.810	104.311	882.121	665.087	168.811	833.898
2.1 Trading financial assets		777.810	104.311	882.121	665.087	168.811	833.898
2.1.1 Government debt securities		159.875	60.999	220.874	117.747	109.402	227.149
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		617.935	43.112	661.047	547.340	59.219	606.559
2.1.4 Other marketable securities		-	200	200	-	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	69.745	994.796	1.064.541	409.144	1.240.512	1.649.656
IV. Money markets		949.427	-	949.427	1.530.286	-	1.530.286
4.1 Interbank money market placements		-	-	-	1.500.271	-	1.500.271
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	30.015	-	30.015
4.3 Receivables from reverse repurchase agreements		949.427	-	949.427	-	-	-
V. Financial assets available-for-sale (net)	I-d	4.086.092	847.152	4.933.244	570.377	693.914	1.264.291
5.1 Share certificates		2.903	156	3.059	5.400	2.083	7.483
5.2 Government debt securities		3.027.506	541.549	3.569.055	520.530	652.026	1.172.556
5.3 Other marketable securities		1.055.683	305.447	1.361.130	44.447	39.805	84.252
VI. Loans and receivables	I-e	34.574.736	18.040.424	52.615.160	24.725.350	13.132.466	37.857.816
6.1 Loans and receivables		34.180.130	18.008.809	52.188.939	24.328.531	13.126.626	37.455.157
6.1.1 Loans to bank's risk group		722.352	284.021	1.006.373	466.589	150.558	617.147
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		33.457.778	17.724.788	51.182.566	23.861.942	12.976.068	36.838.010
6.2 Loans under follow-up		1.766.342	94.322	1.860.664	2.569.983	11.022	2.581.005
6.3 Specific provisions (-)		(1.371.736)	(62.707)	(1.434.443)	(2.173.164)	(5.182)	(2.178.346)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	I-f	5.245.468	7.285.189	12.530.657	5.841.634	6.173.158	12.014.792
8.1 Government debt securities		5.245.468	7.285.189	12.530.657	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	1.392.800	397.041	1.789.841	1.392.800	389.148	1.781.948
10.1 Unconsolidated financial subsidiaries		1.390.500	397.041	1.787.541	1.390.500	389.148	1.779.648
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-i	24.592	-	24.592	24.592	-	24.592
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		24.592	-	24.592	24.592	-	24.592
11.2.1 Financial joint ventures		24.592	-	24.592	24.592	-	24.592
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-j	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	I-k	34.463	3.738	38.201	127.678	953	128.631
13.1 Fair value hedge		34.463	-	34.463	127.678	953	128.631
13.2 Cash flow hedge		-	3.738	3.738	-	-	-
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-l	1.104.973	-	1.104.973	1.086.374	-	1.086.374
XV. Intangible assets (net)	I-m	1.229.401	-	1.229.401	1.186.024	-	1.186.024
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		249.908	-	249.908	206.531	-	206.531
XVI. Investment property (net)	I-n	-	-	-	-	-	-
XVII. Tax asset		215.964	-	215.964	211.670	-	211.670
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		215.964	-	215.964	211.670	-	211.670
XVIII. Assets held for resale and related to discontinued operations (net)	I-p	79.377	-	79.377	86.966	-	86.966
18.1 Held for sale		79.377	-	79.377	86.966	-	86.966
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-r	546.620	821.200	1.367.820	428.958	452.101	881.059
Total assets		52.893.717	31.882.429	84.776.146	40.075.148	24.485.264	64.560.412

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2010 and 2009

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

I. Balance sheet

		(31/12/2010)			(31/12/2009)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	32.345.382	20.379.150	52.724.532	22.998.513	17.834.824	40.833.337
1.1 Deposits of the Bank's risk group		4.096.117	2.753.585	6.849.702	1.860.251	2.497.743	4.357.994
1.2 Other		28.249.265	17.625.565	45.874.830	21.138.262	15.337.081	36.475.343
II. Derivative financial liabilities held for trading	II-b	290.361	42.773	333.134	222.091	45.286	267.377
III. Funds borrowed	II-c	967.174	7.405.771	8.372.945	757.536	4.551.003	5.308.539
IV. Money markets		44.350	2.915.611	2.959.961	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		44.350	2.915.611	2.959.961	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		3.261.858	677.040	3.938.898	2.637.294	354.417	2.991.711
VIII. Other liabilities	II-d	699.659	314.021	1.013.680	501.690	374.678	876.368
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables		-	16.044	16.044	-	5.593	5.593
10.1 Financial lease payables	II-e	-	16.430	16.430	-	5.800	5.800
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		-	(386)	(386)	-	(207)	(207)
XI. Derivative financial liabilities held for hedging	II-f	352.025	101.638	453.663	357.513	100	357.613
11.1 Fair value hedge		313.917	-	313.917	357.513	100	357.613
11.2 Cash flow hedge		38.108	101.638	139.746	-	-	-
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	1.904.100	375.417	2.279.517	1.942.146	391.390	2.333.536
12.1 General loan loss provision		521.573	298.726	820.299	552.701	339.212	891.913
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		162.205	-	162.205	149.789	-	149.789
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.220.322	76.691	1.297.013	1.239.656	52.178	1.291.834
XIII. Tax liability	II-h	255.798	-	255.798	168.553	-	168.553
13.1 Current tax liability		255.798	-	255.798	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	-	2.110.274	2.110.274	-	2.224.023	2.224.023
XVI. Shareholders' equity	II-j	10.325.912	(8.212)	10.317.700	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		716.069	(8.212)	707.857	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	101.047	84.026	185.073	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)		(9.590)	(92.238)	(101.828)	-	-	-
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		80.731	-	80.731	61.969	-	61.969
16.3 Profit reserves		3.202.502	-	3.202.502	1.865.878	-	1.865.878
16.3.1 Legal reserves		163.959	-	163.959	96.220	-	96.220
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		3.038.543	-	3.038.543	1.769.658	-	1.769.658
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Income or (loss)		2.060.290	-	2.060.290	1.354.777	-	1.354.777
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		2.060.290	-	2.060.290	1.354.777	-	1.354.777
Total liabilities and shareholders' equity		50.446.619	34.329.527	84.776.146	37.829.869	26.730.543	64.560.412

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2010 and 2009

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

II. Off-balance sheet commitments

		(31/12/2010)			(31/12/2009)		
	Note (Section Five)	TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I+II+III)	46.765.703	54.018.284	100.783.987	33.515.201	39.708.236	73.223.437
I	Guarantees and warranties	7.798.057	11.665.319	19.463.376	6.224.437	9.921.476	16.145.913
1.1	Letters of guarantee	7.780.045	7.030.946	14.810.991	6.219.586	6.784.084	13.003.670
1.1.1	Guarantees subject to state tender law	510.007	596.097	1.106.104	477.787	441.239	919.026
1.1.2	Guarantees given for foreign trade operations	840.037	6.434.849	7.274.886	683.494	6.342.845	7.026.339
1.1.3	Other letters of guarantee	6.430.001	-	6.430.001	5.058.305	-	5.058.305
1.2	Bank acceptances	-	165.797	165.797	-	151.669	151.669
1.2.1	Import letter of acceptance	-	165.797	165.797	-	151.669	151.669
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	12.337	3.894.831	3.907.168	1.410	2.589.754	2.591.164
1.3.1	Documentary letters of credit	12.337	3.894.831	3.907.168	1.410	2.589.754	2.591.164
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	143	2.062	2.205	143	2.008	2.151
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	5.532	269.072	274.604	2.398	197.374	199.772
1.9	Other warranties	-	302.611	302.611	900	196.587	197.487
II	Commitments	19.805.392	2.750.840	22.556.232	16.411.945	2.996.032	19.407.977
2.1	Irrevocable commitments	19.370.406	2.750.840	22.121.246	16.411.945	2.996.032	19.407.977
2.1.1	Asset purchase and sale commitments	-	2.544.040	2.544.040	-	517.280	517.280
2.1.2	Deposit purchase and sales commitments	44	9.797	9.841	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	3.070.259	186.250	3.256.509	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	3.653.626	-	3.653.626	1.468.823	-	1.468.823
2.1.8	Tax and fund liabilities from export commitments	39.486	-	39.486	38.261	-	38.261
2.1.9	Commitments for credit card limits	11.706.172	-	11.706.172	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	898.819	10.753	909.572	41.738	13.630	55.368
2.2	Revocable commitments	434.986	-	434.986	-	-	-
2.2.1	Revocable loan granting commitments	434.986	-	434.986	-	-	-
2.2.2	Other revocable commitments	-	-	-	-	-	-
III	Derivative financial instruments	19.162.254	39.602.125	58.764.379	10.878.819	26.790.728	37.669.547
3.1	Derivative financial instruments for hedging purposes	3.446.632	9.397.626	12.844.258	1.957.152	2.011.741	3.968.893
3.1.1	Transactions for fair value hedge	2.106.632	2.210.606	4.317.238	1.957.152	2.011.741	3.968.893
3.1.2	Transactions for cash flow hedge	1.340.000	7.187.020	8.527.020	-	-	-
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	15.715.622	30.204.499	45.920.121	8.921.667	24.778.987	33.700.654
3.2.1	Forward foreign currency buy/sell transactions	2.332.158	3.667.734	5.999.892	2.047.518	2.894.878	4.942.396
3.2.1.1	Forward foreign currency transactions-buy	639.241	2.347.493	2.986.734	964.150	1.501.122	2.465.272
3.2.1.2	Forward foreign currency transactions-sell	1.692.917	1.320.241	3.013.158	1.083.368	1.393.756	2.477.124
3.2.2	Swap transactions related to foreign currency and interest rates	7.923.100	20.304.304	28.227.404	5.410.890	17.149.577	22.560.467
3.2.2.1	Foreign currency swap-buy	5.869.467	7.007.043	12.876.510	3.839.391	4.476.702	8.316.093
3.2.2.2	Foreign currency swap-sell	1.853.633	10.479.439	12.333.072	1.571.499	6.265.821	7.837.320
3.2.2.3	Interest rate swap-buy	100.000	1.408.911	1.508.911	-	3.203.527	3.203.527
3.2.2.4	Interest rate swap-sell	100.000	1.408.911	1,508.911	-	3,203.527	3,203.527
3.2.3	Foreign currency, interest rate and securities options	4.910.363	5.878.631	10.788.994	1.463.259	4.209.477	5.672.736
3.2.3.1	Foreign currency options-buy	2.205.493	2.995.826	5.201.319	530.200	1.279.554	1.809.754
3.2.3.2	Foreign currency options-sell	2.399.726	2.815.730	5.215.456	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	152.572	67.075	219.647	129.092	-	129.092
3.2.3.6	Securities options-sell	152.572	-	152.572	117.786	-	117.786
3.2.4	Foreign currency futures	-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate futures	1	-	1	-	-	-
3.2.5.1	Interest rate futures-buy	1	-	1	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	550.000	353.830	903.830	-	525.055	525.055
B	Custody and pledges received (IV+V+VI)	99.965.963	20.279.816	120.245.779	70.610.465	17.464.080	88.074.545
IV	Items held in custody	58.791.500	3.686.984	62.478.484	43.161.556	3.411.481	46.573.037
4.1	Customer fund and portfolio balances	0	102	102	-	107	107
4.2	Investment securities held in custody	50.473.276	3.243.930	53.717.206	36.727.671	3.133.759	39.861.430
4.3	Checks received for collection	6.607.943	58.497	6.666.440	4.983.674	37.425	5.021.099
4.4	Commercial notes received for collection	1.707.506	363.578	2.071.084	1.450.211	218.405	1.668.616
4.5	Other assets received for collection	-	20.877	20.877	-	21.785	21.785
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	2.775	-	2.775	-	-	-
4.8	Custodians	-	-	-	-	-	-
V	Pledges received	40.304.331	15.999.918	56.304.249	26.604.251	13.446.313	40.050.564
5.1	Marketable securities	281.601	167	281.768	199.083	163	199.246
5.2	Guarantee notes	433.773	380.268	814.041	303.643	355.528	659.171
5.3	Commodity	58.680	-	58.680	11.329	-	11.329
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	27.491.727	11.473.952	38.965.679	17.764.131	9.292.461	27.056.592
5.6	Other pledged items	12.038.550	4.142.785	16.181.335	8.326.065	3.795.462	12.121.527
5.7	Pledged items-depository	-	2.746	2.746	-	2.699	2.699
VI	Accepted independent guarantees and warranties	870.132	592.914	1.463.046	844.658	606.286	1.450.944
Total off-balance sheet commitments (A+B)		146.731.666	74.298.100	221.029.766	104.125.666	57.172.316	161.297.982

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2010 and 2009

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

III. Income statement

Income and expense items		Note (Section Five)	01/01- 31/12/2010	01/01- 31/12/2009
I.	Interest income	IV-a	5.821.799	6.715.401
1.1	Interest on loans	IV-a-1	4.547.180	5.178.170
1.2	Interest received from reserve deposits		58.035	114.043
1.3	Interest received from banks	IV-a-2	27.555	26.053
1.4	Interest received from money market transactions		44.588	86.512
1.5	Interest received from marketable securities portfolio	IV-a-3	1.143.270	1.309.271
1.5.1	Trading financial assets		12.671	23.851
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		214.041	100.805
1.5.4	Held to maturity investments		916.558	1.184.615
1.6	Financial lease income		-	-
1.7	Other interest income		1.171	1.352
II.	Interest expense	IV-b	(2.622.197)	(3.237.076)
2.1	Interest on deposits	IV-b-3	(2.276.496)	(2.796.451)
2.2	Interest on funds borrowed	IV-b-1	(291.336)	(382.226)
2.3	Interest expense on money market transactions		(42.988)	(57.247)
2.4	Interest on securities issued		-	-
2.5	Other interest expenses		(11.377)	(1.152)
III.	Net interest income (I + II)		3.199.602	3.478.325
IV.	Net fees and commissions income		1.596.238	1.436.423
4.1	Fees and commissions received		1.852.003	1.691.820
4.1.1	Non-cash loans		198.792	187.898
4.1.2	Other		1.653.211	1.503.922
4.2	Fees and commissions paid		(255.765)	(255.397)
4.2.1	Non-cash loans		(215)	(108)
4.2.2	Other		(255.550)	(255.289)
V.	Dividend income	IV-c	155.181	142.688
VI.	Trading gain/(loss) (net)	IV-d	(66.638)	340.090
6.1	Trading gains/(losses) on securities		72.385	136.701
6.2	Derivative financial transactions gains/(losses)	IV-e	(536.264)	300.163
6.3	Foreign exchange gains/(losses)		397.241	(96.774)
VII.	Other operating income	IV-f	1.206.858	194.960
VIII.	Total operating income (III+IV+V+VI+VII)		6.091.241	5.592.486
IX.	Provision for impairment of loans and other receivables (-)	IV-g	(1.082.958)	(1.565.106)
X.	Other operating expenses (-)	IV-h	(2.488.515)	(2.313.477)
XI.	Net operating income/(loss) (VIII-IX-X)		2.519.768	1.713.903
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		-	-
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-i	2.519.768	1.713.903
XVI.	Tax provision for continuing operations (±)	IV-j	(459.478)	(359.126)
16.1	Current tax provision		(461.928)	(397.268)
16.2	Deferred tax provision		2.450	38.142
XVII.	Net profit/loss from continuing operations (XV±XVI)		2.060.290	1.354.777
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/losses from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/losses (XVII+XXII)	IV-k	2.060.290	1.354.777
	Earnings/(loss) per share (full TL)		0,0047	0,0031

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 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		(31/12/2010)	(31/12/2009)
I.	Transfers to the marketable securities valuation differences from financial assets available for sale	112.575	57.849
II.	Property and equipment revaluation differences		
III.	Intangible assets revaluation differences		
IV.	Currency translation differences for foreign currency transactions	2.300	(84)
V.	Profit /loss on cash flow hedges (effective part of the fair value changes)	(127.285)	-
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders’ equity according to TAS	609	-
IX.	Deferred tax on valuation differences	1.844	1.778
X.	Net profit or loss accounted directly under shareholders’ equity (I+II+...+IX)	(9.957)	59.543
XI.	Current year profit/loss	2.060.290	1.354.777
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	3.837	6.585
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(65.061)	-
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	2.121.514	1.348.192
XII.	Total income/loss accounted for the period (X-XI)	2.050.333	1.414.320

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity at December 31, 2009

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

V. Statement of changes in shareholders' equity

December 31, 2009		Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/(loss)	Prior period net income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total 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 (H-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 Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	59.627	-	-	-	-	59.627
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		-	-	-	-	-	-	-	-	-	-	(84)	-	-	-	-	(84)
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		-	-	-	-	-	-	-	-	1.354.777	-	-	-	-	-	-	1.354.777
XX.	Profit distribution		-	-	-	52.131	-	947.014	43.456	(1.042.601)	-	-	-	-	-	-	-	-
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1.354.777	-	93.811	-	-	-	-	8.267.367

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

V. Statement of changes in shareholders' equity

	December 31, 2010	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/(loss)	Prior period net income/(loss)	Marketable securities value increase fund	Property and Equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Prior period end balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367
	Changes in the period																	
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	88.962	-	-	-	-	88.962
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
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		-	-	-	-	-	-	-	-	-	-	2.300	-	-	-	-	2.300
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	609	-	-	-	-	-	-	-	609
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	2.060.290	-	-	-	-	-	-	2.060.290
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																	
	(I+II+III+.....+XVI+XVII+XVIII)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements at December 31, 2010 and 2009

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

VI. Statement of cash flows

	Notes (Section Five)	(31/12/2010)	(31/12/2009)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		2.337.788	2.890.360
1.1.1 Interest received		5.613.836	6.993.066
1.1.2 Interest paid		(2.575.118)	(3.471.383)
1.1.3 Dividend received		147.288	142.688
1.1.4 Fees and commissions received		1.852.266	1.690.404
1.1.5 Other income		(299.550)	627.399
1.1.6 Collections from previously written-off loans and other receivables		1.585.034	1.704.907
1.1.7 Payments to personnel and service suppliers		(1.981.751)	(1.983.805)
1.1.8 Taxes paid		(497.250)	(436.833)
1.1.9 Other	VI-c	(1.506.967)	(2.376.083)
1.2 Changes in operating assets and liabilities		1.315.133	(3.100.597)
1.2.1 Net (increase)/decrease in trading securities		(1.012)	106.037
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(268.061)	1.307.672
1.2.4 Net (increase) in loans		(15.002.430)	(545.946)
1.2.5 Net (increase) in other assets		(435.495)	(804.650)
1.2.6 Net increase in bank deposits		253.264	739.692
1.2.7 Net increase/(decrease) in other deposits		11.608.582	(898.721)
1.2.8 Net increase/(decrease) in funds borrowed		4.134.822	(2.860.101)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	VI-c	1.025.463	(144.580)
I. Net cash flows from banking operations		3.652.921	(210.237)
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(4.003.009)	(1.084.779)
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		(220.922)	(192.503)
2.4 Disposals of property and equipment		35.310	57.371
2.5 Purchase of investments available-for-sale		(7.050.563)	(736.935)
2.6 Sale of investments available-for-sale		3.666.869	527.877
2.7 Purchase of investment securities		(3.002.737)	(1.442.567)
2.8 Sale of investment securities		2.569.034	701.978
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		902.004	2.066.678
3.1 Cash obtained from funds borrowed and securities issued		3.222.407	2.069.024
3.2 Cash used for repayment of funds borrowed and securities issued		(2.285.645)	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(34.758)	(2.346)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-c	(43.319)	26.118
V. Net increase in cash and cash equivalents (I+II+III+IV)		508.597	797.780
VI. Cash and cash equivalents at beginning of the period	VI-a	4.457.804	3.660.024
VII. Cash and cash equivalents at end of the period	VI-a	4.966.401	4.457.804

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

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements at December 31, 2010 and 2009

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

VII. Profit appropriation statement ⁽¹⁾

	(31/12/2010)	(31/12/2009)
I. Distribution of current year income		
1.1 Current year income	2.519.768	1.713.903
1.2 Taxes and duties payable (-)	(459.478)	(359.126)
1.2.1 Corporate tax (income tax)	(461.928)	(397.268)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	2.450	38.142
A. Net income for the year (1.1-1.2)	2.060.290	1.354.777
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	67.739
1.5 Other statutory reserves (-)	-	-
B. Net income available for distribution [(a)-(1.3+1.4+1.5)]	2.060.290	1.287.038
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1.268.885
1.13 Other reserves	-	-
1.14 Special funds	-	18.153
II. Distribution of reserves	-	-
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
III. Earnings per share	-	-
3.1 To owners of ordinary shares	0,0047	0,0031
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
IV. Dividend per share	-	-
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

(1) Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2010 has not been prepared by the Board of Directors, only net profit related to the year 2010, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 65.692 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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 Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards/TAS" and "Turkish Financial Reporting Standards/IFRS" issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 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 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 judgement on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 2009. TAS/IFRS changes (IFRS 2 (Change) "Share-based Payments" Group Cash Settled Share Based Payments, IFRS 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 IFRS (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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

Additional paragraph for convenience translation into English:

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

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

The 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.

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 or sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

Certain derivative transactions, even though they provide effective economic hedges under the 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 income statement.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

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

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

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

As of December 31, 2010, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

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

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

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

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

V. Explanations on interest income and expense:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

VI. Explanations on fee and commission income and expense:

All fees and commission income/expenses are recognised 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 recognised as income at the time of collection.

VII. Explanations on financial assets:

The Bank classifies and accounts its financial assets as "fair value through profit or loss", "available-for-sale", "loans and receivables" or "held-to-maturity". 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 recognised 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 evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

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

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets other than loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity and that are not initially classified as financial assets at fair value through profit/loss or available for sale. Held-to-maturity financial assets are initially recognized acquisition cost which includes transaction costs as well. 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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

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. As a result of changes in the internal composition of the loan portfolio, in the current year, the Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. The general loan loss provision determined through this methodology is higher than the minimum amount required by the related regulations.

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

d. Available-for-sale financial assets:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

VIII. Explanations on impairment of financial assets:

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

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

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

IX. Explanations on offsetting financial assets:

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

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

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

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

The Bank has no securities lending transactions.

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

According to the TFRS 5, a tangible asset (or a group of assets to be disposed) classified as "asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for 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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

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 recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (i.e. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

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

b. Other intangible assets:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

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

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

XIII. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for 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 an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

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

Property and equipment has 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

XIV. Explanations on leasing transactions:

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

Financial lease

The Bank includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities part. 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 lessor, are classified as operational lease. Payments that are made under operational leases, are accounted in income statements on a straight line basis during the lease period.

XV. Explanations on provisions, contingent asset and liabilities:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefit

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

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

b. Pension rights

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

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

The main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalised. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation. The Bank 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 December 31, 2010

(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.

c. Transfer pricing:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

XVIII. Explanations on borrowings:

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

The 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.

XX. Explanations on avalized drafts and acceptances:

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

XXI. Explanations on government grants:

As of December 31, 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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations on accounting policies (continued)

XXIII. Earnings per share:

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

	December 31, 2010	December 31, 2009
Net Income/(loss) to be appropriated to ordinary shareholders	2.060.290	1.354.777
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0047	0,0031

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).

XXIV. Related parties:

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

XXV. Cash and cash equivalents:

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

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 organisational and internal reporting structure of the Bank, are disclosed in Note X. of Section Four.

XXVII. Reclassifications:

Reclassifications have been made on comparative figures as of December 31, 2009, to conform to changes in presentation in the December 31, 2010 financials.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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 16,14% (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 ⁽¹⁾					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	21.060.410	2.753.141	8.265.201	44.786.527	379.048	148.916
Cash	810.638	358	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.906.833	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	960.652	-	99.139	-	-
Interbank money market placements	-	-	-	-	-	-
Receivables from reverse repurchase transactions	-	949.000	-	-	-	-
Reserve requirements	2.307.047	-	-	-	-	-
Loans	2.240.627	824.395	8.135.164	39.648.007	379.048	148.916
Non-performing receivables (net)	-	-	-	426.221	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	12.317.027	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	43.380	-	-
Miscellaneous receivables	-	132	-	774.845	-	-
Interest and income accruals	252.500	18.356	130.037	648.311	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.789.841	-	-
Fixed assets	-	-	-	1.077.739	-	-
Other assets	225.738	248	-	279.044	-	-
Off-balance sheet items	196.742	2.963.973	378.497	12.924.937	-	-
Non-cash loans and commitments	196.742	1.899.956	378.497	12.768.653	-	-
Derivative financial instruments	-	1.064.017	-	156.284	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets⁽²⁾	21.257.152	5.717.114	8.643.698	57.711.464	379.048	148.916

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

(2) Not weighted.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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:

	December 31, 2010	December 31, 2009
Amount subject to credit risk (ASCR)	64.043.140	47.294.053
Amount subject to market risk (ASMR)	1.410.150	1.029.475
Amount subject to operational risk (ASOR)	7.806.018	6.209.003
Shareholders' equity	11.820.819	9.697.491
Shareholders' equity / (ASCR+ASMR+ASOR) *100	16,14	17,78

e. Information about shareholders' equity items:

	December 31, 2010	December 31, 2009
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	163.959	96.220
First legal reserve (Turkish Commercial Code 466/1)	163.959	96.220
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	3.038.543	1.769.658
Reserves allocated by the general assembly	3.038.543	1.769.658
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	2.060.290	1.354.777
Current period net profit	2.060.290	1.354.777
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	114.906	89.004
Profit on disposal of associates, subsidiaries and immovables	80.731	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 (-)	95.906	91.257
Prepaid expenses (-)	121.397	131.956
Intangible assets (-)	1.229.401	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 (-)	-	-
Total core capital	8.902.657	6.853.323

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

	December 31, 2010	December 31, 2009
Supplementary capital		
General provisions	820.299	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 ⁽¹⁾	2.097.218	2.208.374
45% of marketable securities valuation differences	83.283	42.215
Investments in associates and subsidiaries	-	-
Available-for-sale financial assets	83.283	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)	-	-
Total supplementary capital	3.000.800	2.932.246
Tier III capital	-	-
Capital	11.903.457	9.785.569
Deductions from the capital	82.638	88.078
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	10.705	16.145
Other	-	-
Total shareholders' equity	11.820.819	9.697.491

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

II. Explanations on credit risk:

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

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

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

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

	December 31, 2010	December 31, 2009
Above average (1-4)	31,2%	30,3%
Average (5+ -6)	47,9%	47,9%
Below average (7+ -9)	20,9%	21,8%

- b. The Bank has control limits over the positions of forwards, options and similar agreements.
- c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.
- d. In line with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provisions for these Loans and Other Receivables", if the cash risk of a customer is classified as non performing, the non-cash risk is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

- e. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.
- f. 1. The proportion of the Bank's top 100 cash loan balances in total cash loans is 21% (December 31, 2009 - 22%).
2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 40% (December 31, 2009 - 45%).
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 20% of total cash loans and non-cash loans (December 31, 2009 - 22%).
- g. The Bank provided a general loan loss provision amounting to TL 820.299 (December 31, 2009 - TL 891.913).
- h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to banks and other financial institutions		Marketable securities ⁽¹⁾		Other loans ⁽²⁾		Off balance sheet liabilities ⁽²⁾	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Loans concentration according to the type of borrowers										
Private sector	32.166.166	20.962.638	535.673	679.025	170.595	72.970	943.163	489.802	28.572.900	16.814.032
Public sector	1.266.101	1.229.222	-	-	16.320.586	13.414.497	-	-	28.807	3.069.928
Banks	-	-	625.234	446.493	1.190.735	11.472	5.620.049	5.877.363	1.650.385	4.669.143
Individual customers	18.001.986	14.540.438	-	-	-	-	-	-	11.767.516	11.000.787
Share certificates	-	-	-	-	3.059	7.483	1.861.777	1.853.884	-	-
Total	51.454.253	36.732.298	1.160.907	1.125.518	17.684.975	13.506.422	8.424.989	8.221.049	42.019.608	35.553.890
Information according to geographical concentration										
Domestic	50.444.274	36.414.509	1.128.480	1.114.387	16.431.048	13.449.563	6.270.782	5.832.374	38.628.444	34.003.151
European Union countries	268.389	192.454	2.745	3.665	939.889	12.053	1.071.629	1.301.208	2.016.350	782.547
OECD countries ⁽³⁾	26.814	27.478	-	-	-	-	757.694	787.450	729.517	294.193
Off-shore banking regions	73	3.067	-	-	14.574	27.916	73	143	930	10.636
USA, Canada	73.246	688	-	-	299.464	16.890	191.868	178.135	254.347	124.318
Other countries	641.457	94.102	29.682	7.466	-	-	132.943	121.739	390.020	339.045
Total	51.454.253	36.732.298	1.160.907	1.125.518	17.684.975	13.506.422	8.424.989	8.221.049	42.019.608	35.553.890

(1) Contains trading financial assets (excluding derivative assets), available-for-sale financial assets and held-to-maturity investments.

(2) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts.

(3) OECD countries other than EU countries, USA and Canada.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

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

	December 31, 2010	December 31, 2009
Balance sheet items that are exposed to credit risk:		
Bank placements	1.064.541	1.649.656
Money markets	949.427	1.530.286
Loans and advances to customers	52.615.160	37.857.816
-Credit cards	8.617.883	7.521.878
-Consumer loans	9.742.507	7.018.560
-Corporate, commercial and other loans	34.254.770	23.317.378
Trading financial assets	882.121	833.898
-Government debt securities	220.874	227.149
-Other marketable securities	200	190
-Derivative financial instruments	661.047	606.559
Investment securities	17.463.901	13.279.083
- Government debt securities	16.099.712	13.187.348
-Share certificates	3.059	7.483
-Other marketable securities	1.361.130	84.252
Derivative financial assets held for hedging	38.201	128.631
Other assets	1.246.423	749.103
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	18.718.159	15.594.834
Loan commitments and other credit related liabilities	15.707.898	14.573.969
Other commitments	7.593.551	5.385.087

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

j. Debt securities, treasury bills and other eligible bills:

December 31, 2010 Moody's credit rating	Financial assets at fair value through profit or loss (net)	Available-for- sale financial assets (net)	Held to maturity investments (net)	Total
Aaa	-	-	-	-
Aa2	200	10.812	-	11.012
Aa3	-	457.300	-	457.300
A2	-	304.986	-	304.986
A3	-	163.210	-	163.210
Baa1	-	198	-	198
Baa2	-	189.873	-	189.873
Baa3	-	33.730	-	33.730
Ba1	-	10.934	-	10.934
Ba2 ⁽¹⁾	220.874	3.558.121	12.530.657	16.309.652
Ba3	-	37.356	-	37.356
Unrated ⁽²⁾	-	163.665	-	163.665
Total	221.074	4.930.185	12.530.657	17.681.916

December 31, 2009 Moody's credit rating	Financial assets at fair value through profit or loss (net)	Available-for- sale financial assets (net)	Held to maturity investments (net)	Total
Aaa	-	14.974	-	14.974
Aa2	190	11.282	-	11.472
A	-	-	-	-
Baa	-	-	-	-
Ba2 ⁽¹⁾	227.149	1.157.582	12.014.792	13.399.523
Ba3	-	27.917	-	27.917
Unrated ⁽²⁾	-	45.053	-	45.053
Total	227.339	1.256.808	12.014.792	13.498.939

(1) Securities consist of Republic of Turkey government bonds and treasury bills.

(2) Also include investment funds amounting TL 52.965 (December 31, 2009 – TL 45.053).

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

k. Information according to geographical concentration:

	Assets	Liabilities ⁽²⁾	Non-cash loans	Capital expenditures	Net profit ⁽³⁾
December 31, 2010					
Domestic	78.904.273	61.035.424	17.314.766	220.922	2.060.290
European Union countries	2.006.685	11.087.486	1.268.359	-	-
OECD countries ⁽¹⁾	741.105	1.121.017	250.890	-	-
Off-shore banking regions	14.720	15.075	930	-	-
USA, Canada	564.578	962.914	238.404	-	-
Other countries	683.008	236.530	390.027	-	-
Subsidiaries, investments and joint ventures	1.861.777	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	84.776.146	74.458.446	19.463.376	220.922	2.060.290
December 31, 2009					
Domestic	60.448.210	46.714.889	14.595.173	192.503	1.354.777
European Union countries	1.859.118	8.137.574	782.547	-	-
OECD countries ⁽¹⁾	37.363	763.523	294.193	-	-
Off-shore banking regions	31.126	14.745	10.636	-	-
USA, Canada	214.661	453.719	124.319	-	-
Other countries	116.050	208.595	339.045	-	-
Subsidiaries, investments and joint ventures	1.853.884	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	64.560.412	56.293.045	16.145.913	192.503	1.354.777

(1) OECD countries other than EU countries, USA and Canada.

(2) Shareholders' equity is not included.

(3) The net profit can not be distributed according to geographical concentration.

I. Sectoral concentrations for cash loans:

	December 31, 2010				December 31, 2009			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	442.899	1,30	458.744	2,55	649.935	2,67	171.918	1,31
Farming and raising livestock	369.600	1,08	429.742	2,39	579.470	2,38	142.770	1,09
Forestry	63.893	0,19	6.210	0,03	53.172	0,22	4.366	0,03
Fishing	9.406	0,03	22.792	0,13	17.293	0,07	24.782	0,19
Manufacturing	6.679.399	19,54	9.571.359	53,15	4.710.605	19,37	6.903.230	52,59
Mining	168.107	0,49	1.344.520	7,47	81.687	0,34	702.445	5,35
Production	6.331.347	18,52	6.438.371	35,75	4.502.761	18,51	4.857.066	37,00
Electric, gas and water	179.945	0,53	1.788.468	9,93	126.157	0,52	1.343.719	10,24
Construction	1.466.725	4,29	2.625.256	14,57	969.272	3,98	1.085.520	8,27
Services	4.611.367	13,49	3.948.568	21,93	3.606.703	14,83	3.309.994	25,21
Wholesale and retail trade	1.884.014	5,51	501.956	2,79	1.430.268	5,88	340.234	2,59
Hotel food and beverage services	472.134	1,38	1.019.440	5,66	205.506	0,84	621.219	4,73
Transportation and telecommunication	538.570	1,58	2.127.777	11,82	551.146	2,27	1.985.178	15,12
Financial institutions	1.120.035	3,28	40.872	0,23	900.911	3,70	224.607	1,71
Real estate and leasing services	235.352	0,69	73.717	0,41	228.199	0,94	86.281	0,66
Self employment services	-	-	-	-	-	-	-	-
Education services	27.431	0,08	8.550	0,05	35.831	0,15	3.369	0,03
Health and social services	333.831	0,97	176.256	0,97	254.842	1,05	49.106	0,37
Other	20.979.740	61,38	1.404.882	7,80	14.392.016	59,15	1.655.964	12,62
Total	34.180.130	100,00	18.008.809	100,00	24.328.531	100,00	13.126.626	100,00

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

III. Explanations on market risk:

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

	December 31, 2010	December 31, 2009
(I) Capital to be employed for general market risk - standard method	60.040	64.833
(II) Capital to be employed for specific risk -standard method	35.319	6.206
(III) Capital to be employed for currency risk – standard method	16.182	11.126
(IV)Capital to be employed for commodity risk - standard method	390	-
(V) Capital to be employed for settlement risk-standard method	-	-
(VI) Capital to be employed for market risk due to options-standard method	881	193
(VII) Total capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	112.812	82.358
(IX) Amount subject to market risk 12,5xVIII) or (12,5xVII)	1.410.150	1.029.475

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

	December 31, 2010			December 31, 2009		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	92.588	110.214	80.452	44.825	81.596	21.670
Share price risk	16.006	24.994	8.603	5.111	5.553	2.083
Currency risk	9.917	8.450	20.825	5.059	2.735	121
Commodity risk	120	100	306	21	-	-
Settlement risk	-	-	-	-	-	-
Option risk	-	-	-	-	-	-
Total amount subject to risk	1.482.888	1.796.975	1.377.325	687.700	1.123.550	298.425

IV. 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 December 31, 2009, 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).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

V. Explanations on currency risk:

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

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

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

	USD	EUR	Yen
Balance sheet evaluation rate:	TL 1,50730	TL 1,99780	TL 0,01845
December 30, 2010 bid rate	TL 1,51770	TL 1,99260	TL 0,01843
December 29, 2010 bid rate	TL 1,50300	TL 1,98950	TL 0,01826
December 28, 2010 bid rate	TL 1,50170	TL 1,97530	TL 0,01810
December 27, 2010 bid rate	TL 1,50070	TL 1,96980	TL 0,01806
December 24, 2010 bid rate	TL 1,50590	TL 1,97190	TL 0,01810

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 1,47251
Euro : TL 1,94601
Yen : TL 0,01761

As of December 31, 2009;

	USD	EUR	Yen
Balance sheet evaluation rate:	TL 1,46800	TL 2,1062	TL 0,01589

Information on currency risk of the Bank:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

	EURO	USD	Yen	Other FC	Total
December 31, 2010					
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.763.299	574.614	574	6.687	3.345.174
Banks	149.782	811.797	2.344	30.873	994.796
Financial assets at fair value through profit or loss	57.936	40.204	6.171	-	104.311
Money market placements	-	-	-	-	-
Available-for-sale financial assets	30.765	816.387	-	-	847.152
Loans ⁽¹⁾	6.397.183	13.274.848	79.493	419.194	20.170.718
Investments in associates, subsidiaries and joint ventures	275.967	121.074	-	43.404	440.445
Held-to-maturity investments	427.411	6.857.778	-	-	7.285.189
Hedging derivative financial assets	-	3.738	-	-	3.738
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets	259.189	290.292	-	249.761	799.242
Total assets	10.361.532	22.790.732	88.582	749.919	33.990.765
Liabilities					
Bank deposits	77.505	290.364	30	241.328	609.227
Foreign currency deposits	5.998.452	13.201.356	7.878	562.237	19.769.923
Funds from money market	646.717	2.268.894	-	-	2.915.611
Funds borrowed from other financial institutions	3.701.567	3.661.009	40.960	2.235	7.405.771
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	388.420	279.932	36	8.652	677.040
Hedging derivative financial liabilities	-	101.638	-	-	101.638
Other liabilities	2.234.979	240.998	6.513	622	2.483.112
Total liabilities	13.047.640	20.044.191	55.417	815.074	33.962.322
Net on-balance sheet position	(2.686.108)	2.746.541	33.165	(65.155)	28.443
Net off-balance sheet position	3.699.938	(4.023.903)	(48.640)	35.104	(337.501)
Financial derivative assets	7.131.378	11.971.441	137.937	391.556	19.632.312
Financial derivative liabilities	3.431.440	15.995.344	186.577	356.452	19.969.813
Non-cash loans	3.925.920	7.227.463	324.972	186.964	11.665.319
December 31, 2009					
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
Net on-balance sheet position	(2.950.347)	2.790.456	35.373	(77.824)	(202.342)
Net off-balance sheet position	2.973.373	(2.601.197)	(38.335)	107.377	441.218
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
Non-cash loans	3.354.765	6.123.306	315.590	127.815	9.921.476

(1) Includes FX indexed loans amounting to TL 2.161.909 (December 31, 2009 – TL 1.593.570) which have been disclosed as TL in the financial statements.

Currency risk sensitivity analysis:

The table below represents the sensitivity of the Bank to 15% change of currency exchange rates (USD and EUR). 15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

	December 31, 2010	December 31, 2009
Change in currency exchange rates	Profit/loss effect ⁽¹⁾	Profit/loss effect ⁽¹⁾
(+) 15%	(15.330)	(52.405)
(-) 15%	15.330	52.405

(1) Excluding tax effect.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

VI. Explanations on interest rate risk:

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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
Assets							
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
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	8.548.523	4.202.853	8.842.077	9.944.979	5.422.160	897.224	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
Total assets	14.259.505	8.443.842	10.348.432	12.300.978	10.097.806	9.109.849	64.560.412
Liabilities							
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 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
Total liabilities	30.351.715	10.224.131	3.394.107	378.705	48.626	20.163.128	64.560.412
Balance sheet long position	-	-	6.954.325	11.922.273	10.049.180	-	28.925.778
Balance sheet short position	(16.092.210)	(1.780.289)	-	-	-	(11.053.279)	(28.925.778)
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)
Total position	(15.173.390)	295.958	9.576.239	7.244.193	9.631.197	(11.053.279)	520.918

Interest rate sensitivity analysis:

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

	December 31, 2010	December 31, 2009
Change in interest rate	Value effect	Value effect
(+) 1%	(751.170)	(468.288)
(-) 1%	842.281	515.509

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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 outstanding as of the balance sheet date.

December 31, 2010	EURO	USD	Yen	TL
	%	%	%	%
Assets⁽²⁾				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,19	-	7,91
Financial assets at fair value through profit/loss	8,02	4,62	-	8,24
Money market placements	-	-	-	6,02
Available-for-sale financial assets	6,89	6,81	-	7,72
Loans ⁽¹⁾	4,95	4,35	4,72	12,87
Held-to-maturity Investments	5,23	6,76	-	9,98
Liabilities⁽²⁾				
Bank deposits	0,55	1,05	-	8,13
Other deposits	2,54	2,78	0,30	8,71
Funds from money market	1,75	1,49	-	5,42
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,44	2,46	2,38	10,74
December 31, 2009				
	EURO	USD	Yen	TL
	%	%	%	%
Assets⁽²⁾				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	5,20
Banks	0,36	0,60	-	6,98
Financial assets at fair value through profit/loss	7,41	6,43	-	8,51
Money market placements	-	-	-	6,72
Available-for-sale financial assets	6,48	7,13	-	10,05
Loans ⁽¹⁾	5,87	4,97	4,58	17,90
Held-to-maturity Investments	4,79	6,72	-	11,37
Liabilities⁽²⁾				
Bank deposits	0,19	0,17	-	7,13
Other deposits	2,20	2,28	0,29	9,25
Funds from 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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

VII. Explanations on liquidity risk:

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy of the Bank in accordance with the policies of the market risk policies. 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.

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.

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2010 and 2009 are disclosed below.

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

December 31, 2009	First-term period (Weekly)		Second-term period (Monthly)	
	FC	Total	FC	Total
Average %	177,00	174,07	113,21	118,27
Highest %	235,77	206,76	131,03	133,50
Lowest %	139,49	145,07	92,22	103,72

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
December 31, 2010								
Assets								
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.593.380	2.310.103	-	-	-	-	-	5.903.483
Banks	360.469	56.318	315.246	103.256	229.252	-	-	1.064.541
Financial assets at fair value through profit or loss	-	261.916	343.527	57.042	77.796	141.840	-	882.121
Money market placements	-	949.427	-	-	-	-	-	949.427
Available-for-sale financial assets	52.965	20.552	-	30.397	1.869.667	2.956.604	3.059	4.933.244
Loans	-	9.774.142	4.892.142	11.396.977	16.459.898	9.665.780	426.221	52.615.160
Held-to-maturity investments	-	1.481.914	-	550.894	4.006.059	6.491.790	-	12.530.657
Other assets ⁽¹⁾	403.734	793.150	7.236	61.438	-	3.738	4.628.217	5.897.513
Total assets	4.410.548	15.647.522	5.558.151	12.200.004	22.642.672	19.259.752	5.057.497	84.776.146
Liabilities								
Bank deposits	302.311	264.672	240.856	160	246.139	-	-	1.054.138
Other deposits	8.699.810	36.317.162	5.939.190	704.871	9.361	-	-	51.670.394
Funds borrowed from other financial institutions	-	520.483	99.964	4.026.396	2.992.251	733.851	-	8.372.945
Funds from money market	-	613.597	1.215.779	529.088	474.116	127.381	-	2.959.961
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	451.105	3.487.793	-	-	-	-	-	3.938.898
Other liabilities ⁽²⁾	115.136	1.461.057	195.156	271.955	1.632.180	2.425.873	10.678.453	16.779.810
Total liabilities	9.568.362	42.664.764	7.690.945	5.532.470	5.354.047	3.287.105	10.678.453	84.776.146
Net liquidity gap	(5.157.814)	(27.017.242)	(2.132.794)	6.667.534	17.288.625	15.972.647	(5.620.956)	-
December 31, 2009								
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	31.337.459	5.822.287	4.256.563	3.505.719	2.969.415	8.522.265	64.560.412
Net liquidity gap	(4.658.449)	(18.862.459)	(598.679)	6.175.518	12.986.842	8.499.797	(3.542.570)	-

- (1) Assets that are necessary for banking activities and that can not be liquidated in the short-term, such as fixed and intangible assets, investments in associates, subsidiaries, stationery stocks, prepaid expenses and loans under follow-up, are classified in this column.
- (2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also includes the interests of related assets and liabilities.

December 31, 2010	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Liabilities					
Deposits	45.686.301	6.272.864	726.747	315.389	-
Funds borrowed from other financial institutions	520.609	214.321	4.194.902	3.204.854	895.806
Funds from money market	616.357	1.223.358	532.558	475.175	138.837
Total	46.823.267	7.710.543	5.454.207	3.995.418	1.034.643
December 31, 2009	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Liabilities					
Deposits	34.509.425	4.993.969	1.445.634	16.940	-
Funds borrowed from other financial institutions	223.174	186.901	2.720.152	2.438.215	299.715
Funds from money market	411.410	467.406	49.906	-	-
Total	35.144.009	5.648.276	4.215.692	2.455.155	299.715

VIII. Explanations on the presentation of financial assets and liabilities at fair values:

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

	Carrying value		Fair value	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Financial assets	72.093.029	54.316.841	74.111.585	56.146.453
Due from money market	949.427	1.530.286	949.427	1.531.075
Banks	1.064.541	1.649.656	1.063.854	1.650.361
Available-for-sale financial assets	4.933.244	1.264.291	4.933.244	1.264.291
Held-to-maturity investments	12.530.657	12.014.792	13.294.972	12.618.273
Loans	52.615.160	37.857.816	53.870.088	39.082.453
Financial liabilities	65.036.375	49.133.587	65.063.437	49.184.971
Bank deposits	1.054.138	715.891	1.058.519	716.040
Other deposits	51.670.394	40.117.446	51.670.394	40.117.446
Funds borrowed from other financial institutions	8.372.945	5.308.539	8.395.626	5.359.774
Marketable securities issued	-	-	-	-
Miscellaneous payables	3.938.898	2.991.711	3.938.898	2.991.711

The fair values of bank deposits, banks and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

The fair value of other deposits due to the short maturity, is assumed to approximate their carrying value.

IFRS 7, "Financial Instruments: Disclosures", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

According to these classification principles stated, the Bank's classification of financial assets and liabilities carried at their fair value are as follows:

December 31, 2010	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	220.874	699.448	-	920.322
Government debt securities	220.874	-	-	220.874
Share certificates	-	-	-	-
Trading derivative financial assets	-	661.047	-	661.047
Hedging derivative financial assets	-	38.201	-	38.201
Other marketable securities	-	200	-	200
Available-for-sale financial assets	3.622.020	1.308.165	3.059	4.933.244
Government debt securities	3.569.055	-	-	3.569.055
Other marketable securities ⁽¹⁾	52.965	1.308.165	3.059	1.364.189
Total assets	3.842.894	2.007.613	3.059	5.853.566
Trading derivative financial liabilities	-	333.134	-	333.134
Hedging derivative financial liabilities	-	453.663	-	453.663
Total liabilities	-	786.797	-	786.797

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

December 31, 2009	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	227.149	735.380	-	962.529
Government debt securities	227.149	-	-	227.149
Share certificates	-	-	-	-
Trading derivative financial assets	-	606.559	-	606.559
Hedging derivative financial assets	-	128.631	-	128.631
Other marketable securities	-	190	-	190
Available-for-sale financial assets	1.219.526	39.199	5.566	1.264.291
Government debt securities	1.172.556	-	-	1.172.556
Other marketable securities ⁽¹⁾	46.970	39.199	5.566	91.735
Total assets	1.446.675	774.579	5.566	2.226.820
Trading derivative financial liabilities	-	267.377	-	267.377
Hedging derivative financial liabilities	-	357.613	-	357.613
Total liabilities	-	624.990	-	624.990

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

In the current year, there is no transfer between Level 1 and Level 2.

Decrease in Level 3 amounting to TL 2.507, is due to sales of non-listed shares.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Information related to financial position of the Bank (continued)

IX. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. The Bank has no trust transactions.

X. Explanations on operating segments:

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 instalment loans, SME loans, time and demand deposits, investment accounts, life and non-life insurance products and payroll services. Credit card operations cover the management of products and services for member merchants as well as the sales and marketing operations for a variety of customer types. The Bank's Clubs and Programs within the World brand include Gold Club, Platinum Club, Crystal Club, Adios (Travel Program), Adios Premium (VIP Travel Program), Play Club (Young Employees Program and Student Program), Fenerbahçe Worldcard, KoçAilem Worldcard, Business Club (Corporate Program, Trio Program, Company Program and SME Program), Taksitçi Card, 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 December 31, 2010

(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:

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other ⁽²⁾	Total operations of the Bank
Operating revenue	2.791.902	1.100.140	174.694	1.869.324	5.936.060
Operating expenses	(1.347.294)	(547.059)	(55.792)	(1.621.328)	(3.571.473)
Net operating income	1.444.608	553.081	118.902	247.996	2.364.587
Dividend income ⁽¹⁾				155.181	155.181
Profit before tax	1.444.608	553.081	118.902	403.177	2.519.768
Tax provision ⁽¹⁾				(459.478)	(459.478)
Net profit	1.444.608	553.081	118.902	(56.301)	2.060.290
Segment assets	26.522.965	28.966.163	347.550	27.077.691	82.914.369
Investments in associates, subsidiaries and joint ventures				1.861.777	1.861.777
Total assets	26.522.965	28.966.163	347.550	28.939.468	84.776.146
Segment liabilities	23.676.641	18.520.932	10.719.556	21.541.317	74.458.446
Shareholders' equity				10.317.700	10.317.700
Total liabilities	23.676.641	18.520.932	10.719.556	31.859.017	84.776.146

December 31, 2009	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other ⁽²⁾	Total operations of the Bank
Operating revenue	2.775.312	1.092.280	152.929	1.429.277	5.449.798
Operating expenses	(2.356.880)	(357.756)	(61.122)	(1.102.825)	(3.878.583)
Net operating income	418.432	734.524	91.807	326.452	1.571.215
Dividend income ⁽¹⁾				142.688	142.688
Profit before tax	418.432	734.524	91.807	469.140	1.713.903
Tax provision ⁽¹⁾				(359.126)	(359.126)
Net profit ⁽¹⁾	418.432	734.524	91.807	110.014	1.354.777
Segment assets	19.301.370	19.097.026	217.725	24.090.407	62.706.528
Investments in associates, subsidiaries and joint ventures				1.853.884	1.853.884
Total assets	19.301.370	19.097.026	217.725	25.944.291	64.560.412
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
Total liabilities	20.518.455	12.836.441	9.794.385	21.411.131	64.560.412

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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 with the CBRT:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Cash	513.677	172.513	481.580	155.808
The CBRT	2.044.632	3.172.303	1.302.688	2.034.806
Other	-	358	-	183
Total	2.558.309	3.345.174	1.784.268	2.190.797

2. Information on the account of the CBRT:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	2.044.632	865.256	1.302.688	678.258
Time unrestricted amount	-	-	-	-
Reserve requirement	-	2.307.047	-	1.356.548
Total	2.044.632	3.172.303	1.302.688	2.034.806

(1) The TL reserve requirement 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 6% and for their foreign currency liabilities by 11% as USD and/or EUR. As of December 31, 2010, no interest is earned on TL and foreign currency reserve requirements. As explained in detail in Section 5 Note IX, reserve requirement ratio for TL liabilities have been changed according to "Change in Communiqué Regarding the Reserve Requirements" published in Official Gazette numbered 27788 dated December 17, 2010 and numbered 27825 dated January 24, 2011.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

1. As of December 31, 2010, financial assets at fair value through profit and loss subject to repo transactions amount to TL 43.734 (December 31, 2009 - TL66.654), and the Bank does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2009 - none).
2. Positive differences related to trading derivative financial assets:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward transactions	26.842	-	38.924	1.625
Swap transactions	541.681	25.312	503.759	30.800
Futures transactions	-	-	-	-
Options	49.412	17.800	4.657	26.794
Other	-	-	-	-
Total	617.935	43.112	547.340	59.219

c. Information on banks:

1. Information on banks:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Banks	69.745	994.796	409.144	1.240.512
Domestic	49.623	399	365.856	62.144
Foreign	20.122	994.397	43.288	1.178.368
Head quarters and branches abroad	-	-	-	-
Total	69.745	994.796	409.144	1.240.512

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
EU countries	795.663	1.025.945	87.186	-
USA, Canada	104.683	178.136	-	-
OECD countries ⁽¹⁾	15.044	8.855	-	-
Off-shore banking regions	73	143	-	-
Other	11.870	8.577	-	-
Total	927.333	1.221.656	87.186	-

(1) OECD countries except EU countries, USA and Canada.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

As of December 31, 2010, available-for-sale financial assets given as collateral/blocked amount to TL 7.654 (December 31, 2009 – TL 14.974). The Bank does not have any available-for-sale financial assets subject to repo transactions (December 31, 2009 – TL 17.585).

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

	December 31, 2010	December 31, 2009
Debt securities	4.879.749	1.213.485
Quoted on stock exchange ⁽¹⁾	3.569.394	1.174.286
Not quoted ⁽²⁾	1.310.355	39.199
Share certificates	44.862	49.283
Quoted on stock exchange	-	-
Not quoted	44.862	49.283
Impairment provision (-)	(44.332)	(43.530)
Other ⁽³⁾	52.965	45.053
Total	4.933.244	1.264.291

(1) As of December 31, 2010, Eurobonds amounting to TL 530.625 (December 31, 2009 - TL 634.835) have been classified under debt securities quoted on stock exchange even though they are not quoted on stock exchange since these are traded on the secondary market.

(2) As of December 31, 2010, not quoted debt securities mainly includes credit linked notes.

(3) As of December 31, 2010, other available-for-sale financial assets include mutual funds amounting to TL 52.965 (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:

	December 31, 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	7.962	81.282	58.004	54.926
Loans granted to employees	84.879	83	76.602	71
Total	92.841	81.365	134.606	54.997

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	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
Cash loans				
Non-specialised loans	50.528.046	-	1.561.578	99.315
Discount and purchase notes	671.040	-	1.989	-
Export loans	7.855.353	-	196.338	-
Import loans	-	-	-	-
Loans granted to financial sector	1.128.480	-	-	-
Foreign loans	906.729	-	45.602	-
Consumer loans	9.142.006	-	437.697	6.962
Credit cards	8.244.000	-	233.765	71.252
Precious metal loans	335.490	-	7.236	-
Other ⁽¹⁾	22.244.948	-	638.951	21.101
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Total	50.528.046	-	1.561.578	99.315

- (1) As explained in the Note I.k of Section V, TL 224.429 of fair value difference of hedged items is classified under other loans.

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Short-term loans and other receivables	23.926.417	-	621.068	38.100
Non-specialised loans	23.926.417	-	621.068	38.100
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	26.601.629	-	940.510	61.215
Non-specialised loans	26.601.629	-	940.510	61.215
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

4.(i) Information on loans by types and specific provisions:

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	33.142.040	9.142.006	8.244.000	50.528.046
Watch list	911.217	444.659	305.017	1.660.893
Loans under legal follow-up	1.014.038	375.255	471.371	1.860.664
Specific provisions (-)	(812.525)	(219.413)	(402.505)	(1.434.443)
Total	34.254.770	9.742.507	8.617.883	52.615.160

December 31, 2009	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	21.594.290	6.525.766	7.082.946	35.203.002
Watch list	1.478.696	361.959	411.500	2.252.155
Loans under legal follow-up	1.286.554	490.707	803.744	2.581.005
Specific provisions (-)	(1.042.162)	(359.872)	(776.312)	(2.178.346)
Total	23.317.378	7.018.560	7.521.878	37.857.816

(ii) Fair value of collaterals:

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	356.213	174.491	-	530.704
Loans under legal follow-up	182.703	79.623	-	262.326
Total	538.916	254.114	-	793.030

December 31, 2009	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	407.741	180.037	-	587.778
Loans under legal follow-up	338.988	173.030	-	512.018
Total	746.729	353.067	-	1.099.796

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	195.950	9.013.331	9.209.281
Real estate loans	6.518	5.023.465	5.029.983
Automotive loans	18.616	932.497	951.113
Consumer loans	882	45.719	46.601
Other	169.934	3.011.650	3.181.584
Consumer loans-FC indexed	-	208.007	208.007
Real estate loans	-	199.852	199.852
Automotive loans	-	3.114	3.114
Consumer loans	-	1.478	1.478
Other	-	3.563	3.563
Consumer loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TL	8.069.489	146.582	8.216.071
With installments	4.034.476	111.173	4.145.649
Without installments	4.035.013	35.409	4.070.422
Individual credit cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans-TL	7.239	32.625	39.864
Real estate loans	33	1.317	1.350
Automotive loans	40	1.037	1.077
Consumer loans	-	36	36
Other	7.166	30.235	37.401
Personnel loans-FC indexed	-	13	13
Real estate loans	-	13	13
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	43.736	414	44.150
With installments	23.629	414	24.043
Without installments	20.107	-	20.107
Personnel credit cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit deposit account-TL (Real person)⁽¹⁾	129.500	-	129.500
Credit deposit account-FC (Real Person)	-	-	-
Total	8.445.914	9.400.972	17.846.886

(1) TL 852 of the credit deposit account belongs to the loans used by personnel.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

6. Information on commercial instalment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	342.186	3.811.371	4.153.557
Business loans	1.616	320.899	322.515
Automotive loans	68.302	1.169.722	1.238.024
Consumer loans	-	402	402
Other	272.268	2.320.348	2.592.616
Commercial installments loans-FC indexed	32.889	411.104	443.993
Business loans	-	29.794	29.794
Automotive loans	1.778	79.522	81.300
Consumer loans	-	-	-
Other	31.111	301.788	332.899
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	285.014	3.782	288.796
With installment	90.962	3.782	94.744
Without installment	194.052	-	194.052
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (Legal person)	284.503	-	284.503
Credit deposit account-FC (Legal person)	-	-	-
Total	944.592	4.226.257	5.170.849

7. Loans according to types of borrowers:

	December 31, 2010	December 31, 2009
Public	1.286.101	1.229.222
Private	50.902.838	36.225.935
Total	52.188.939	37.455.157

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

	December 31, 2010	December 31, 2009
Domestic loans	51.236.608	37.410.431
Foreign loans	952.331	44.726
Total	52.188.939	37.455.157

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

9. Loans granted to associates and subsidiaries:

	December 31, 2010	December 31, 2009
Direct loans granted to associates and subsidiaries	194.199	115.865
Indirect loans granted to associates and subsidiaries	-	-
Total	194.199	115.865

10. Specific provisions provided against loans:

	December 31, 2010	December 31, 2009
Loans and other receivables with limited collectibility	47.547	263.805
Loans and other receivables with doubtful collectibility	340.021	609.948
Uncollectible loans and other receivables	1.046.875	1.304.593
Total	1.434.443	2.178.346

2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	1.042.162	359.872	776.312	2.178.346
Allowance for impairment	664.929	320.947	93.519	1.079.395
Amount recovered during the period	(394.186)	(325.928)	(14.871)	(734.985)
Loans written off during the period as uncollectible ⁽¹⁾	(500.380)	(135.478)	(452.455)	(1.088.313)
December 31,	812.525	219.413	402.505	1.434.443

2009	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	665.194	97.303	306.364	1.068.861
Allowance for impairment	718.402	647.101	860.770	2.226.273
Amount recovered during the period	(311.890)	(360.343)	(302.991)	(975.224)
Loans written off during the period as uncollectible ⁽¹⁾	(29.544)	(24.189)	(87.831)	(141.564)
December 31,	1.042.162	359.872	776.312	2.178.346

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010			
(Gross amounts before specific reserves)	22.242	34.388	31.201
Restructured loans and other receivables	22.242	34.388	31.201
Rescheduled loans and other receivables	-	-	-
December 31, 2009			
(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	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2009	357.776	680.225	1.543.004
Additions (+)	1.581.439	119.943	314.653
Transfers from other categories of non-performing loans (+)	-	1.080.178	1.138.226
Transfer to other categories of non-performing loans (-)	(1.080.178)	(1.138.226)	-
Collections (-)	(625.223)	(368.554)	(591.257)
Write-offs(-) ⁽¹⁾	(14)	(147)	(1.151.181)
Corporate and commercial loans	(14)	(83)	(546.866)
Consumer loans	-	(64)	(151.562)
Credit cards	-	-	(452.455)
Other	-	-	(298)
December 31, 2010	233.800	373.419	1.253.445
Special provision (-)	(47.547)	(340.021)	(1.046.875)
Net balance on balance sheet	186.253	33.398	206.570

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

According to the resolution of the Board of Directors of the Bank dated March 15, 2010, portfolios composed of SME loans, consumer loans and credit cards followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Consumer loan portfolio with principal amounting to TL 74.606 as of February 28, 2010 was sold to Standart Varlık Yönetim A.Ş. for a consideration of TL 6.450, credit card portfolio with principal amounting to TL 381.973 as of February 28, 2010 was sold to Girişim Varlık Yönetim A.Ş. for a consideration of TL 32.435 and SME loan portfolio with principal amounting to TL 224.390 as of February 28, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 31.232. Profit on these sales before taxes and legal expenses amounted to TL 11.817. TL 181.200 of the total principal amounts sold was written off in prior periods.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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 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 7.518. Profit on this sale before taxes and legal expenses amounted to TL 5.020.

According to the resolution of the Board of Directors of the Bank dated November 25, 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 and SME loan portfolio amounting to TL 170.867 as of October 31, 2010, was sold to Girişim Varlık Yönetim A.Ş. and Credit cards portfolio amounting to TL 256.955 as of October 31, 2010, was sold to LBT Varlık Yönetim A.Ş. for a total consideration of TL 56.045. Profit on this sale before taxes and legal expenses amounted to TL 55.074.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010			
Period end balance	-	-	94.322
Specific provision (-)	-	-	(62.707)
Net balance on-balance sheet	-	-	31.615
December 31, 2009			
Period end balance	-	1.283	9.739
Specific provision (-)	-	(184)	(4.998)
Net balance on-balance sheet	-	1.099	4.741

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010 (Net)	186.253	33.398	206.570
Loans granted to real persons and corporate entities (gross)	233.800	372.696	1.168.053
Specific provision amount (-)	(47.547)	(339.298)	(961.483)
Loans granted to real persons and corporate entities (Net)	186.253	33.398	206.570
Banks (gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-
December 31, 2009 (Net)	93.971	70.277	238.411
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:

	December 31, 2010	December 31, 2009
Government bond	12.530.657	12.014.792
Treasury bill	-	-
Other debt securities	-	-
Total	12.530.657	12.014.792

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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:

	December 31, 2010	December 31, 2009
Debt securities	12.609.092	12.082.289
Quoted on stock exchange ⁽¹⁾	12.609.092	12.082.289
Not quoted	-	-
Impairment provision (-)	(78.435)	(67.497)
Total	12.530.657	12.014.792

(1) As of December 31, 2010, Eurobonds amounting to TL 7.285.189 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:

	December 31, 2010	December 31, 2009
Beginning balance	12.014.792	11.529.009
Foreign currency differences on monetary assets ⁽¹⁾	96.351	(231.600)
Purchases during year	3.002.737	1.442.567
Disposals through sales and redemptions	(2.569.034)	(701.978)
Impairment provision (-)	(14.189)	(23.206)
Period end balance	12.530.657	12.014.792

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

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

As of December 31, 2010, held-to-maturity investments given as collateral/blocked amount to TL 1.416.697 (December 31, 2009 - TL 919.450). Held-to-maturity investments subject to repo transactions amount to TL 3.336.835 (December 31, 2009 - TL 1.054.305).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

g. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	2.550.303	146.300	4.610	43.949	10.132	16.784	13.505	-
2	44.767	36.805	2.005	2.322	-	14.132	9.013	-
3	21.011	15.865	6.792	912	-	1.465	1.607	-

Financial statement information disclosed above shows December 31, 2010 results.

- (1) Financial statement information is disclosed in of CHF. As of December 31, 2010, the evaluation rate for CHF is TL 1,6027 (December 31, 2009 – TL 1,4129).

3. Movement of unconsolidated investments in associates:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	December 31, 2010	December 31, 2009
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	3.940	3.940
Total financial investments	47.344	47.344

5. Valuation of unconsolidated investments in associates:

	December 31, 2010	December 31, 2009
Valuation with cost	47.344	47.344
Valuation with fair value	-	-
Valuation with equity method	-	-
Total	47.344	47.344

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

h. Information on subsidiaries (net):

1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V. ⁽¹⁾	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 ⁽²⁾	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	99,58
9	Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	11,09	56,07
10	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Turkey	99,96	99,99
11	Yapı Kredi Azerbaycan ⁽³⁾	Baku/Azerbaijan	99,80	100,00
12	Yapı Kredi Nederland N.V. ⁽¹⁾	Amsterdam/The Netherlands	67,24	100,00

(1) Financial statement information is expressed in EUR in Note 2.

(2) Financial statement information is expressed in USD in Note 2.

(3) Financial statement information is expressed in AZN in Note 2. As of December 31, 2010, the evaluation rate for AZN is full TL 1,8891 (December 31, 2009 – full TL 1,8279).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value ⁽¹⁾
1	98.774	89.681	784	6.550	106	52.419	52.530	
2	45.470	45.439	-	15	-	1.065	(1.106)	
3	797.605	270.170	5.659	40.374	13.477	76.454	71.216	
4	11.350	9.568	189	70	-	1.135	806	-
5	1.954.760	103.309	659	106.767	2.906	26.178	27.365	
6	191.959	56.480	5.951	14.683	1.680	576	7.332	
7	902.063	198.495	19.473	61.725	14.679	42.549	(11.930)	1.128.000
8	2.201.330	735.206	2.084	200.611	-	91.765	150.133	1.934.000
9	79.844	78.582	30	5.346	2.904	5.589	19.115	44.900
10	37.023	22.697	19.781	1.517	-	1.018	8.804	-
11	206.823	50.496	4.565	11.401	1.012	7.467	4.656	
12	1.739.474	212.079	304	79.117	27.886	36.298	15.361	

(1) Calculated with the ISE market prices as of December 31, 2010 considering the total number of shares.

Financial statement information disclosed above shows December 31, 2010 results.

3. Movement schedule of subsidiaries:

	December 31, 2010	December 31, 2009
Balance at the beginning of the period	1.781.948	1.783.380
Movements during the period	7.893	(1.432)
Purchases	-	-
Transfers ⁽¹⁾	-	(1.432)
Bonus shares obtained ⁽²⁾	7.893	-
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
Balance at the end of the period	1.789.841	1.781.948
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(1) 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.

(2) As a result of the General Assembly Meeting of Yapı Kredi Azerbaycan registered on April 30, 2010; capital was increased by AZN 4.392 from the profit of 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 December 31, 2010

(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:

Financial subsidiaries	December 31, 2010	December 31, 2009
Banks	286.137	278.244
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	447.569	447.569
Total financial subsidiaries	1.787.541	1.779.648

5. Subsidiaries quoted on stock exchange:

	December 31, 2010	December 31, 2009
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	876.095	876.095

i. **Information on joint ventures:**

1. Information on joint ventures:

Joint ventures	Bank's share	Group's share	Current assets	Non- current assets	Long term debt	Income	Expense
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	84.330	20.022	467	16.533	(23.065)
Total			84.330	20.022	467	16.533	(23.065)

Financial statement information disclosed above shows December 31, 2010 results.

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

None (December 31, 2009 - None).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

k. Information on hedging derivative financial assets:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Fair value hedge	34.463	-	127.678	953
Cash flow hedge	-	3.738	-	-
Foreign net investment hedge	-	-	-	-
Total	34.463	3.738	127.678	953

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 fair value of hedging instruments at December 31, 2010 is a liability amounting to TL 279.454 (December 31, 2009 - TL 228.982). At December 31, 2010, the fair value difference of the hedging instruments since the inception date is TL 240.233 (December 31, 2009 - TL 147.649) and the fair value difference of the hedged item is TL 224.429 (December 31, 2009 - TL 140.137).

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

I. Information on property and equipment: (Net)

	Immovables	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
December 31, 2009					
Cost	2.090.170	312.504	4.215	735.800	3.142.689
Accumulated depreciation (-)	(1.319.885)	(214.161)	(4.004)	(518.265)	(2.056.315)
Net book value	770.285	98.343	211	217.535	1.086.374
December 31, 2010					
Net book value at beginning of the period	770.285	98.343	211	217.535	1.086.374
Additions	24.299	49.666	120	63.542	137.627
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(33.340)	(295)	-	(1.516)	(35.151)
Reversal of impairment, net	53.908	-	-	-	53.908
Impairment (-)	(1.328)	-	-	-	(1.328)
Depreciation (-)	(41.030)	(40.422)	(75)	(54.930)	(136.457)
Net book value at end of the period	772.794	107.292	256	224.631	1.104.973
Cost at the end of the period	2.064.202	357.733	4.052	777.047	3.203.034
Accumulated depreciation at the period end (-)	(1.291.408)	(250.441)	(3.796)	(552.416)	(2.098.061)
December 31, 2010	772.794	107.292	256	224.631	1.104.973

As of December 31, 2010, the Bank had total provision for impairment amounting to TL 545.324 (December 31, 2009 – TL 597.904) for the property and equipment.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

m. Information on intangible assets:

	December 31, 2010	December 31, 2009
Balance at the beginning of the period	1.186.024	1.151.072
Additions during the period	83.295	77.816
Unused and disposed items (-)	(159)	(6.083)
Transfers	-	(281)
Impairment reversal	4.015	-
Amortisation expenses (-)	(43.774)	(36.500)
Balance at the end of the period	1.229.401	1.186.024

n. Information on investment property:

None (December 31, 2009 - None).

o. Information on deferred tax asset:

	December 31, 2010		December 31, 2009	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	162.205	32.441	149.789	29.958
Provision for the actuarial deficit of the pension fund	838.036	167.607	864.059	172.812
Derivative financial liabilities	786.797	157.359	621.694	124.339
Securities portfolio valuation differences	306.985	61.396	212.691	42.538
Subsidiaries, investment in associates and share certificates	122.647	24.529	122.647	24.530
Other	123.462	24.693	141.299	28.260
Total deferred tax asset	2.340.132	468.025	2.112.179	422.437
Derivative financial assets	(923.678)	(184.736)	(872.941)	(174.588)
Valuation difference of securities portfolio	(126.611)	(25.322)	(34.423)	(6.886)
Property, equipment and intangibles, net	(321.965)	(39.363)	(271.705)	(29.293)
Other	(13.200)	(2.640)	-	-
Total deferred tax liability	(1.385.454)	(252.061)	(1.179.069)	(210.767)
Deferred tax asset, net	954.678	215.964	933.110	211.670

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	December 31, 2010	December 31, 2009
Balance at the beginning of the period	86.966	88.332
Additions	56.716	16.656
Disposals (-), net	(64.901)	(21.381)
Impairment reversal	2.752	6.986
Impairment (-)	(219)	(1.012)
Depreciation (-)	(1.937)	(2.615)
Net book value at the end of the period	79.377	86.966
Cost at the end of the period	85.836	95.307
Accumulated depreciation at the end of the period (-)	(6.459)	(8.341)
Net book value at the end of the period	79.377	86.966

As of December 31, 2010, the Bank booked impairment provision on assets held for resale with an amount of TL 10.933 (December 31, 2009 – TL 13.466).

r. Information on other assets:

As of December 31, 2010, other assets do not exceed 10% of the total assets.

II. Explanations and notes related to liabilities

a. Information on deposits:

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

1 (i). December 31, 2010:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	1.816.685	4.434.620	10.869.254	210.358	37.088	114.112	17.482.117
Foreign currency deposits	3.875.115	3.885.684	10.800.664	461.711	68.061	334.546	19.425.781
Residents in Turkey	3.782.129	3.821.711	9.661.596	233.794	63.117	194.396	17.756.743
Residents abroad	92.986	63.973	1.139.068	227.917	4.944	140.150	1.669.038
Public sector deposits	320.906	14.937	60.880	543	-	-	397.266
Commercial deposits	2.414.474	3.252.232	6.502.676	177.890	3.206	70.312	12.420.790
Other institutions deposits	34.853	85.306	1.478.796	288	65	990	1.600.298
Precious metals vault	237.777	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	302.311	262.655	36.965	-	206.068	246.139	1.054.138
The CBRT	-	-	-	-	-	-	-
Domestic banks	68.467	261.885	4.022	-	-	246.139	580.513
Foreign banks	219.571	770	32.943	-	206.068	-	459.352
Participation banks	14.273	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-
Total	9.002.121	11.935.434	29.794.657	867.564	332.405	792.351	52.724.532

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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
Total	7.657.675	11.183.220	18.300.019	1.919.074	595.291	1.178.058	40.833.337

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	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Saving deposits				
Saving deposits	8.779.823	7.738.057	8.651.347	7.431.249
Foreign currency savings deposit	2.448.173	2.596.806	5.572.934	5.973.850
Other deposits in the form of savings deposits	117.017	71.411	196.827	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:

	December 31, 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	21.080	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 established in Turkey in order to engage in off-shore banking activities solely	116.231	88.283

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

b. Information on trading derivative financial liabilities:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward transactions	41.498	-	51.540	141
Swap transactions	203.119	21.075	166.185	17.699
Futures transactions	-	-	-	-
Options	45.744	21.698	4.366	27.446
Other	-	-	-	-
Total	290.361	42.773	222.091	45.286

c. Information on borrowings:

1. Information on borrowings:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	98.681	125.898	108.822	123.661
From foreign banks, institutions and funds	868.493	7.279.873	648.714	4.427.342
Total	967.174	7.405.771	757.536	4.551.003

2. Information on maturity structure of borrowings:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Short-term	451.197	3.807.190	240.630	2.335.168
Medium and long-term	515.977	3.598.581	516.906	2.215.835
Total	967.174	7.405.771	757.536	4.551.003

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

3. Information on securitisation borrowings:

The Bank has a securitisation borrowing deal from Standart Chartered Bank and Unicredit Markets and Investment Banking amounting USD 547 million and EUR 275 million, the equivalent of TL 1.375.419 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015 and the repayments commenced in 2010, with a total of TL 345.191.

d. Information on other liabilities:

As of December 31, 2010, other liabilities do not exceed 10% of the total balance sheet.

e. Information on lease payables:

1. Information on financial leasing agreements:

	December 31, 2010		December 31, 2009	
	Gross	Net	Gross	Net
Less than 1 year	15.279	14.909	5.793	5.593
Between 1-4 years	1.151	1.135	7	-
More than 4 years	-	-	-	-
Total	16.430	16.044	5.800	5.593

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:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Fair value hedge	313.917	-	357.513	100
Cash flow hedge ⁽¹⁾	38.108	101.638	-	-
Foreign net investment hedge	-	-	-	-
Total	352.025	101.638	357.513	100

(1) Explained in Note I.k of Section V.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

g. Information on provisions:

1. Information on general provisions:

	December 31, 2010	December 31, 2009
Provisions for Group I loans and receivables	577.959	551.067
Provisions for Group II loans and receivables	104.422	199.616
Provisions for non cash loans	61.590	100.860
Other	76.328	40.370
Total	820.299	891.913

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 the actuarial valuation methods to calculate the liabilities of enterprises.

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

	December 31, 2010	December 31, 2009
Discount rate (%)	4,66	5,92
Possibility of being eligible for retirement (%)	94,71	94,78

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 2.623,23 effective from January 1, 2011 (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:

	December 31, 2010	December 31, 2009
Prior period ending balance	89.805	85.025
Changes during the period	15.145	16.994
Paid during the period	(16.150)	(12.214)
Balance at the end of the period	88.800	89.805

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 73.405 as of December 31, 2010 (December 31, 2009 - TL 59.984).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

3. Other provisions:

	December 31, 2010	December 31, 2009
Pension fund provision	838.036	864.059
Possible risks provision ⁽¹⁾	87.435	69.090
Non-cash loan provision	127.958	78.250
Provisions on credit cards and promotion campaigns related to banking services	39.697	48.469
Provision on export commitment tax and funds liability	39.486	38.261
Legal risk provision ⁽¹⁾	27.471	19.914
Other	136.930	173.791
Total	1.297.013	1.291.834

(1) Considered as provisions for possible risks.

i) Pension fund provision:

The Bank provided provision amounting to TL 838.036 (December 31, 2009 – TL 864.059) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	December 31, 2010	December 31, 2009
Income statement (charge)/benefit	26.023	(89.693)

The amount of TL 26.023 is recorded as other operating income in the income statement.

The amounts recognised in the balance sheet are determined as follows:

	December 31, 2010	December 31, 2009
Present value of funded obligations	1.279.566	1.239.133
- Pension benefits transferable to SSI	1.183.533	1.077.965
- Post employment medical benefits transferable to SSI	96.033	161.168
Fair value of plan assets	(441.530)	(375.074)
Provision for the actuarial deficit of the pension fund	838.036	864.059

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

The principal actuarial assumptions used were as follows:

	December 31, 2010	December 31, 2009
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 15 years for men and 19 years for women who retire at the age of 64 and 63, respectively.

Plan assets are comprised as follows:

	December 31, 2010		December 31, 2009	
	Amount	%	Amount	%
Government bonds and treasury bills	154.902	35	180.519	48
Premises and equipment	116.393	26	113.826	30
Bank placements	133.432	30	29.328	8
Short term receivables	19.493	5	26.907	7
Other	17.310	4	24.494	7
Total	441.530	100	375.074	100

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

As of December 31, 2010, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 21.327 (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.

h. Information on taxes payable:

- (i) Information on taxes payable:

	December 31, 2010	December 31, 2009
Corporate tax payable	104.458	52.269
Taxation of marketable securities	79.235	52.221
Property tax	1.355	1.185
Banking insurance transaction tax ("BITT")	31.627	28.048
Foreign exchange transaction tax	-	-
Value added tax payable	3.167	2.449
Other	19.500	18.030
Total	239.342	154.202

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Information on premium payables:

	December 31, 2010	December 31, 2009
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	7.291	6.356
Bank pension fund premiums – employer	7.604	6.635
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	520	453
Unemployment insurance – employer	1.041	907
Other	-	-
Total	16.456	14.351

(iii) Information on deferred tax liability:

None (December 31, 2009 - None).

i. Information on subordinated loans:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.110.274	-	2.224.023
From other foreign institutions	-	-	-	-
Total	-	2.110.274	-	2.224.023

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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

j. Information on shareholders' equity:

1. Presentation of paid-in capital:

	December 31, 2010	December 31, 2009
Common stock	4.347.051	4.347.051
Preferred stock	-	-

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

The 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.

8. Information on marketable securities valuation differences:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	101.047	81.726	6.213	87.682
Foreign currency difference ⁽¹⁾	-	2.300	-	(84)
Total	101.047	84.026	6.213	87.598

- (1) Includes current period foreign currency differences.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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:

	December 31, 2010	December 31, 2009
Commitments on credit cards limits	11.706.172	10.952.962
Loan granting commitments	3.256.509	3.069.928
Commitments for cheques	3.653.626	1.468.823
Other irrevocable commitments	3.504.939	3.916.264
Total	22.121.246	19.407.977

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 61.590 (December 31, 2009 – TL 100.860) and a specific provision regarding non-cash loans amounting to TL 127.958 (December 31, 2009 – TL 78.250).

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

	December 31, 2010	December 31, 2009
Bank acceptance loans	165.797	151.669
Letter of credits	3.907.168	2.591.164
Other guarantees and collaterals	579.420	399.410
Total	4.652.385	3.142.243

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

	December 31, 2010	December 31, 2009
Temporary letter of guarantees	1.020.700	563.652
Definite letter of guarantees	10.530.528	9.596.903
Advance letter of guarantees	2.100.373	1.887.521
Letter of guarantees given to customs	807.679	653.319
Other letter of guarantees	351.711	302.275
Total	14.810.991	13.003.670

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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:

	December 31, 2010	December 31, 2009
Non-cash loans given against cash loans	218.350	166.263
With original maturity of 1 year or less than 1 year	24.803	52.974
With original maturity of more than 1 year	193.547	113.289
Other non-cash loans	19.245.026	15.979.650
Total	19.463.376	16.145.913

3 (ii). Information on sectoral concentration of non-cash loans:

	December 31, 2010				December 31, 2009			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	128.439	1,64	179.169	1,53	112.666	1,81	352.875	3,56
Farming and raising livestock	96.758	1,24	175.426	1,50	78.469	1,26	348.639	3,51
Forestry	24.429	0,31	1.237	0,01	27.409	0,44	3.684	0,04
Fishing	7.252	0,09	2.506	0,02	6.788	0,11	552	0,01
Manufacturing	3.193.838	40,96	5.584.068	47,86	2.680.123	43,06	4.498.204	45,34
Mining	271.652	3,48	481.108	4,12	149.203	2,40	637.763	6,43
Production	2.462.192	31,58	4.285.816	36,74	2.151.742	34,57	3.221.177	32,47
Electric, gas and water	459.994	5,90	817.144	7,00	379.178	6,09	639.264	6,44
Construction	2.194.349	28,14	2.978.890	25,54	1.633.745	26,25	2.689.845	27,11
Services	1.964.996	25,20	2.722.325	23,34	1.699.781	27,31	1.885.471	19,01
Wholesale and retail trade	981.340	12,59	328.852	2,82	860.116	13,82	241.168	2,43
Hotel, food and beverage services	77.349	0,99	76.832	0,66	69.689	1,12	108.175	1,09
Transportation and telecommunication	260.105	3,34	307.755	2,64	218.483	3,51	239.090	2,41
Financial institutions	381.561	4,89	1.567.573	13,44	329.371	5,29	837.160	8,44
Real estate and leasing services	60.406	0,77	172.084	1,48	55.102	0,89	100.495	1,01
Self-employment services	-	-	-	-	-	-	-	-
Education services	15.835	0,20	2.931	0,03	14.001	0,22	14.497	0,15
Health and social services	188.400	2,42	266.298	2,27	153.019	2,46	344.886	3,48
Other	316.435	4,06	200.867	1,73	98.122	1,57	495.081	4,98
Total	7.798.057	100,00	11.665.319	100,00	6.224.437	100,00	9.921.476	100,00

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

December 31, 2010	Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	7.698.272	6.996.924	81.773	34.022
Bank acceptances	-	165.797	-	-
Letters of credit	12.337	3.894.663	-	168
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.675	571.843	-	1.902
Total	7.716.284	11.629.227	81.773	36.092

December 31, 2009	Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	6.070.094	6.730.059	149.492	54.025
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
Total	6.074.945	9.861.238	149.492	60.238

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

3 (iv). Maturity distribution of non cash loans:

December 31, 2010 ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	1.934.347	1.615.388	357.433	-	3.907.168
Letter of guarantee	7.816.852	2.607.637	3.587.851	798.651	14.810.991
Bank acceptances	165.797	-	-	-	165.797
Other	142.724	144.453	272.644	19.599	579.420
Total	10.059.720	4.367.478	4.217.928	818.250	19.463.376

(1) The distribution is based on the original maturities.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

December 31, 2009 ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	1.395.290	796.931	398.943	-	2.591.164
Letter of guarantee	7.204.048	2.030.731	3.061.366	707.525	13.003.670
Bank acceptances	151.669	-	-	-	151.669
Other	100.362	77.980	200.309	20.759	399.410
Total	8.851.369	2.905.642	3.660.618	728.284	16.145.913

(1) The distribution is based on the original maturities.

b. Information on derivative financial instruments:

	December 31, 2010	December 31, 2009
Types of trading transactions		
Foreign currency related derivative transactions (I)	41.626.249	24.727.679
FC trading forward transactions	5.999.892	4.942.396
Trading swap transactions	25.209.582	16.153.413
Futures transactions	-	-
Trading option transactions	10.416.775	3.631.870
Interest related derivative transactions (II)	3.017.823	8.201.042
Forward interest rate agreements	-	-
Interest rate swaps	3.017.822	6.407.054
Interest rate options	-	1.793.988
Interest rate futures	1	-
Other trading derivative transactions (III)	1.276.049	771.933
A. Total trading derivative transactions (I+II+III)	45.920.121	33.700.654
Types of hedging transactions		
Transactions for fair value hedge	4.317.238	3.968.893
Cash flow hedges	8.527.020	-
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	12.844.258	3.968.893
Total derivative transactions (A+B)	58.764.379	37.669.547

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Breakdown of derivative instruments according to their remaining contractual maturities:

December 31, 2010 ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	201.254	388.383	(51.482)	(542.336)	(222.020)	(226.201)
– Inflow	7.079.928	8.473.681	4.816.412	2.749.818	376.825	23.496.664
– Outflow	(6.878.674)	(8.085.298)	(4.867.894)	(3.292.154)	(598.845)	(23.722.865)
Interest rate derivatives	460	(79.904)	(119.388)	(268.554)	(43.331)	(510.717)
– Inflow	65.372	8.536	613.117	2.984.709	353.200	4.024.934
– Outflow	(64.912)	(88.440)	(732.505)	(3.253.263)	(396.531)	(4.535.651)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(20.546)	(25.509)	(224.288)	(623.637)	(2.933)	(896.913)
– Inflow	1.828	109.620	559.671	5.830.245	30.256	6.531.620
– Outflow	(22.374)	(135.129)	(783.959)	(6.453.882)	(33.189)	(7.428.533)
Total inflow	7.147.128	8.591.837	5.989.200	11.564.772	760.281	34.053.218
Total outflow	(6.965.960)	(8.308.867)	(6.384.358)	(12.999.299)	(1.028.565)	(35.687.049)
December 31, 2009 ⁽¹⁾						
December 31, 2009 ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	32.385	368.149	7.317	86.184	-	494.035
– Inflow	7.680.490	2.705.019	645.040	353.728	262.528	11.646.805
– Outflow	(7.648.105)	(2.336.870)	(637.723)	(267.544)	(262.528)	(11.152.770)
Interest rate derivatives	(4.266)	(4.283)	(109.391)	(268.337)	(35.527)	(421.804)
– Inflow	94.622	893.260	358.828	3.266.780	987.070	5.600.560
– Outflow	(98.888)	(897.543)	(468.219)	(3.535.117)	(1.022.597)	(6.022.364)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(9.395)	(12.904)	(131.221)	(259.909)	(22.295)	(435.724)
– Inflow	452	865	8.057	1.806.284	213.395	2.029.053
– Outflow	(9.847)	(13.769)	(139.278)	(2.066.193)	(235.690)	(2.464.777)
Total inflow	7.775.564	3.599.144	1.011.925	5.426.792	1.462.993	19.276.418
Total outflow	(7.756.840)	(3.248.182)	(1.245.220)	(5.868.854)	(1.520.815)	(19.639.911)

(1) In table above no amortisation of the notional amount has been taken into consideration.

d. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 27.471 (December 31, 2009 – TL 19.914) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

e. Information on services in the name and accounts of others:

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

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	2.198.108	208.773	2.752.236	380.279
Medium/long-term loans ⁽¹⁾	1.542.430	512.179	1.566.893	415.993
Interest on loans under follow-up	85.459	231	62.295	474
Premiums received from resource utilisation support fund	-	-	-	-
Total ⁽¹⁾	3.825.997	721.183	4.381.424	796.746

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

2. Information on interest income on banks:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From the CBRT ⁽¹⁾	-	-	-	-
From domestic banks	11.048	869	6.588	341
From foreign banks	5.562	10.076	4.618	14.506
Headquarters and branches abroad	-	-	-	-
Total	16.610	10.945	11.206	14.847

(1) Excludes interest received from reserve requirements.

3. Information on interest income on marketable securities:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From trading financial assets	6.244	6.427	12.378	11.473
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	163.855	50.186	55.540	45.265
From held-to-maturity investments	501.441	415.117	769.263	415.352
Total	671.540	471.730	837.181	472.090

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	December 31, 2010	December 31, 2009
Interests received from associates and subsidiaries	5.325	13.886

b. Information on interest expense:

1. Information on interest expense on borrowings:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Banks	100.026	191.065	153.188	228.795
The CBRT	-	-	-	-
Domestic banks	9.272	3.653	23.167	5.882
Foreign banks	90.754	187.412	130.021	222.913
Headquarters and branches abroad	-	-	-	-
Other institutions	-	245	-	243
Total ⁽¹⁾	100.026	191.310	153.188	229.038

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	December 31, 2010	December 31, 2009
Interests paid to associates and subsidiaries	33.850	30.810

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

3. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	December 31, 2009
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposit	2.053	4.124	55	-	122	16.775	-	23.129	9.671
Saving deposit	871	313.998	917.019	19.300	6.244	10.906	-	1.268.338	1.610.109
Public sector deposit	-	1.104	4.849	15	11	100	-	6.079	6.353
Commercial deposit	12.101	186.794	328.469	10.640	1.305	2.508	-	541.817	647.888
Other deposit	-	5.680	53.658	1.557	26	84	-	61.005	42.118
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	15.025	511.700	1.304.050	31.512	7.708	30.373	-	1.900.368	2.316.139
FC									
Foreign currency deposit	2.209	108.800	211.372	30.992	2.827	12.653	-	368.853	472.781
Bank deposit	-	4	945	-	5.897	-	-	6.846	7.181
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	323	23	16	21	46	-	429	350
Total	2.209	109.127	212.340	31.008	8.745	12.699	-	376.128	480.312
Grand total	17.234	620.827	1.516.390	62.520	16.453	43.072	-	2.276.496	2.796.451

c. Information on dividend income:

	December 31, 2010	December 31, 2009
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	10	229
Subsidiaries and associates	155.171	142.459
Total	155.181	142.688

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

	December 31, 2010	December 31, 2009
Gain	17.386.877	13.189.437
Gain from capital market transactions	80.211	158.220
Derivative financial transaction gains	10.648.433	8.198.825
Foreign exchange gains	6.658.233	4.832.392
Loss(-)	(17.453.515)	(12.849.347)
Loss from capital market transactions	(7.826)	(21.519)
Derivative financial transaction losses	(11.184.697)	(7.898.662)
Foreign exchange loss	(6.260.992)	(4.929.166)
Net gain/loss	(66.638)	340.090

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	December 31, 2010	December 31, 2009
Effect of changes in foreign exchange rates	(58.893)	634.092
Effect of changes in interest rates	(477.371)	(333.929)
Total	(536.264)	300.163

f. Information on other operating income:

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

g. Provision for impairment of loans and other receivables:

	December 31, 2010	December 31, 2009
Specific provisions for loans and other receivables	968.703	1.266.759
III. Group loans and receivables	5.179	153.715
IV. Group loans and receivables	133.065	455.531
V. Group loans and receivables	830.459	657.513
General provision expenses	71.629	237.642
Provision expense for possible risks	25.902	31.077
Marketable securities impairment expenses	1.014	616
Financial assets at fair value through profit or loss	1.014	-
Available-for-sale financial assets	-	616
Impairment of investments in associates, subsidiaries and held-to-maturity securities	14.189	26.759
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	3.553
Held-to-maturity investments	14.189	23.206
Other	1.521	2.253
Total	1.082.958	1.565.106

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

h. Information related to other operating expenses:

	December 31, 2010	December 31, 2009
Personnel expenses	989.749	882.564
Reserve for employee termination benefits	-	4.780
Provision expense for pension fund	-	89.693
Impairment expenses of property & equipment	1.328	-
Depreciation expenses of property & equipment	136.457	137.821
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	43.774	36.500
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	219	1.012
Depreciation expenses of assets held for resale	1.937	2.615
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	798.625	753.231
Operational lease expenses	113.132	106.672
Repair and maintenance expenses	25.573	25.744
Advertising expenses	78.049	59.052
Other expense	581.871	561.763
Loss on sales of assets	2.355	284
Other	514.071	404.977
Total	2.488.515	2.313.477

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

Income before tax includes net interest income amounting to TL 3.199.602 (December 31, 2009 – TL 3.478.325), net fee and commission income amounting to TL 1.596.238 (December 31, 2009 – TL 1.436.423) and total other operating expense amounting TL 2.488.515 (December 31, 2009 – TL 2.313.477).

j. Provision for taxes on income from continuing operations:

As of December 31, 2010, the Bank has current tax expense amounting to TL 461.928 (December 31, 2009 – TL 397.268) and deferred tax credit amounting to TL 2.450 (December 31, 2009 – TL 38.142).

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

	December 31, 2010	December 31, 2009
Income before tax provision	2.519.768	1.713.903
Tax calculated with tax rate of 20%	503.954	342.781
Disallowables and deductions (net)	(44.476)	16.345
Total	459.478	359.126

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

1. As a result of changes in the internal composition of the loan portfolio in the current year, the Bank revised the general loan loss provisions by updating the related parameters used with calculation of such provision. As of December 31, 2010, as a result of the revision, TL 114 million is recorded as income. Apart from this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance. (December 31, 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.

l. Other items in income statement:

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

V. Explanations and notes related to statement of changes in shareholders' equity

a. Information on dividends:

None.

b. Information on available for sale financial assets:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

c. Information on increase/decrease amounts resulting from merger:

None.

d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

(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 statement of cash flows

a. Information on cash and cash equivalents:

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

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

2. Effect of a change on the accounting policies: None.
3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:
- 3 (i). Cash and cash equivalents at the beginning of period:

	December 31, 2010	December 31, 2009
Cash	1.756.111	2.545.161
Cash and effectives	637.571	597.600
Demand deposits in banks	1.118.540	1.947.561
Cash equivalents	2.701.693	1.114.863
Interbank money market	1.530.000	40.000
Time deposits in banks	1.171.693	1.074.863
Total cash and cash equivalents	4.457.804	3.660.024

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

	December 31, 2010	December 31, 2009
Cash	3.953.850	1.756.111
Cash and effectives	686.548	637.571
Demand deposits in banks	3.267.302	1.118.540
Cash equivalents	1.012.551	2.701.693
Interbank money market	949.000	1.530.000
Time deposits in banks	63.551	1.171.693
Total cash and cash equivalents	4.966.401	4.457.804

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

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

Reserves amounting to TL 5.216.762 (December 31, 2009 – TL 3.337.229) in CBRT represent the reserve requirements of the Bank. There is also TL 87.186 blocked amount in foreign banks account.

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

Decrease in "Other Account" amounting to TL 1.506.967 (December 31, 2009 – TL 2.376.083) which is classified under "Operating profit before changes in operating assets and liabilities" includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.025.463 (December 31, 2009 – TL 144.580 decrease) 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 43.319 as of December 31, 2010 (December 31, 2009 – TL 26.118 increase).

VII. Explanations and notes related to Bank's risk group

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

1. December 31, 2010:

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Banks' risk group ^{(1), (2)}						
Loans and other receivables						
Balance at the beginning of the period	115.865	31.375	59.325	54.926	470.383	550.070
Balance at the end of the period	194.199	229.243	8.893	81.282	905.508	671.131
Interest and commission income received	5.325	1.316	1.747	868	72.899	3.923

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

December 31, 2009:

Banks' risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	172.412	42.608	210.162	64.690	524.365	567.881
Balance at the end of the period	115.865	31.375	59.325	54.926	470.383	550.070
Interest and commission income received	13.886	648	13.347	1.187	49.292	2.981

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

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

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

Banks' risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 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	549.533	384.711	3.449.707	2.131.632	5.019.730	2.343.771
Interest expense on deposits	33.850	30.810	172.642	172.096	135.069	139.045

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

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

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

Banks' risk group ⁽¹⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Transactions at fair value through profit or loss ⁽²⁾						
Beginning of the period ⁽³⁾	1.002.431	659.622	378.174	171.366	710.040	540.506
End of the period ⁽³⁾	963.586	1.002.431	187.782	378.174	642.637	710.040
Total profit / (loss)	(264.295)	260.636	(17.801)	5.969	(26.061)	45.191
Transactions for hedging purposes ⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / (loss)	-	-	-	-	-	-

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The Bank performs various transactions with group companies during its banking activities. These are commercial transactions realised with market prices.

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

Salaries and benefits paid to the Bank's top management amount to TL 25.496 as of December 31, 2010 (December 31, 2009 – TL 25.684).

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank

	Number	Employee number			
Domestic Branch	867	14.407			
			Country of incorporation		
Foreign Rep. Office	-	-	-		
				Total asset	Statutory share capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	1	4	Bahrain	13.947.130	-

IX. Explanations and notes related to subsequent events

- 1- According to the resolution of the Board of Directors of the Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as Executive Director and Deputy Chief Executive Officer and will continue his duty as member of Board of Directors.
- 2- According to the resolution of the Board of Directors of the Bank dated January 24, 2011, Carlo VIVALDI was appointed as Executive Director and Deputy Chief Executive Officer.
- 3- According to the resolution of the Board of Directors of the Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as deputy chairman of Credit Committee and Executive Committee and was appointed as substitute member of Credit Committee; Carlo VIVALDI has resigned from his duty as substitute member of Credit Committee and was appointed as deputy chairman of Credit Committee and Executive Committee.
- 4- According to the resolution of the Board of Directors of the Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as Deputy General Manager and Carlo VIVALDI was appointed as Deputy General Manager, 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 December 31, 2010

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

Explanations and notes related to unconsolidated financial statements (continued)

- 5- Effective from January 31, 2011, Muzaffer OZTURK has resigned from his duty as vice president of Retail Sales Management due to retirement.
- 6- In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette numbered 27788 dated December 17, 2010; TL reserve requirement ratios are regulated as stated below. The new ratio is going to be valid starting from January 7, 2011.
- Demand, notice deposits and private current accounts 8%
 - Up to 1 month time deposit accounts (1 month included) 8%
 - Up to 3 months time deposit accounts (3 months included) 7%
 - Up to 6 months time deposit accounts (6 months included) 7%
 - Up to 1 year time deposit accounts 6%
 - 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%
 - Liabilities excluding deposit 8%
- 7- In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette numbered 27825 dated January 24, 2011; TL reserve requirement ratios are regulated as stated below. The new ratio is going to be valid starting from February 4, 2011.
- Demand, notice deposits and private current accounts 12%
 - Up to 1 month time deposit accounts (1 month included) 10%
 - Up to 3 months time deposit accounts (3 months included) 9%
 - Up to 6 months time deposit accounts (6 months included) 7%
 - Up to 1 year time deposit accounts 6%
 - 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
 - Liabilities excluding deposit 9%

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2010

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

Section six

Other explanations and notes

I. Other explanations on the Bank's operations

According to the resolution of the Board of Directors of the Bank dated March 15, 2010, the Bank's shares in UniCredit Menkul Değerler A.Ş. included in the available for sale securities portfolio (TL 3.148 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.

Section seven

Explanations on independent auditor's report

I. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended December 31, 2010 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited). The independent auditor's report dated February 28, 2011 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.