YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009 TOGETHER WITH AUDITOR'S REVIEW REPORT

Report on review of interim financial information

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

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Yapı ve Kredi Bankası A.Ş. and its subsidiaries (“the ‘Group”) as of 30 June 2009 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34, “Interim financial reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim financial reporting”.

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

Zeynep Uras, SMMM

Istanbul, 21 August 2009

YAPI VE KREDİ BANKASI A.Ş.

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YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AT 30 JUNE 2009 AND 31 DECEMBER 2008

(Amounts expressed in thousands of TL unless otherwise indicated.)

	Note	30 June 2009	31 December 2008
ASSETS			
Cash and balances with central banks		4,371,594	4,717,016
Loans and advances to banks		4,037,037	3,310,548
Trading assets		474,013	396,464
Derivative financial instruments	5	768,259	433,651
Loans and advances to customers	6	41,506,687	42,469,983
Investment securities			
- Available-for-sale	7	1,637,926	1,886,091
- Held-to-maturity	7	12,363,499	12,705,781
Investment in associate		53,542	55,593
Goodwill	8	1,023,528	1,023,528
Other intangible assets		193,112	179,697
Property and equipment		1,177,948	1,215,588
Deferred income tax assets		593,072	509,850
Other assets		984,875	989,504
Total assets		**69,185,092**	**69,893,294**
LIABILITIES			
Deposits from banks	9	1,488,342	1,082,841
Due to customers	10	41,356,895	43,725,847
Other borrowed funds	11	9,267,650	9,652,438
Debt securities in issue	12	1,756,782	1,966,298
Derivative financial instruments	5	327,115	220,782
Financial liabilities designated at fair value		-	66,434
Current income taxes payable	13	101,680	8,339
Deferred income tax liabilities	13	277,392	201,922
Other provisions	14	348,782	377,235
Retirement benefit obligations		909,402	869,255
Insurance technical reserves		818,641	835,200
Other liabilities		4,521,377	3,847,688
Total liabilities		**61,174,058**	**62,854,279**
EQUITY			
Share capital and share premium		4,822,259	4,822,259
Other reserves	15	188,992	107,598
Retained earnings	15	2,950,981	2,065,235
Total equity attributable to shareholders of the Bank		**7,962,232**	**6,995,092**
Minority interest		48,802	43,923
Total equity		**8,011,034**	**7,039,015**
Total liabilities and equity		**69,185,092**	**69,893,294**

The accompanying notes set out on pages 6 to 41 form an integral part of these consolidated condensed interim financial information.

CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

(Amounts expressed in thousands of TL unless otherwise indicated.)

	Note	2009	2008
Interest income		4,126,443	3,499,190
Interest expense		(2,183,165)	(2,213,809)
Net interest income		**1,943,278**	**1,285,381**
Fee and commission income		1,009,991	856,953
Fee and commission expense		(194,411)	(154,257)
Net fee and commission income		**815,580**	**702,696**
Foreign exchange gains, net		83,558	47,803
Net trading, hedging and fair value income	16	210,474	80,007
Losses from investment securities, net	16	(35,574)	(25,639)
Other operating income		120,839	124,891
Operating income		**3,138,155**	**2,215,139**
Impairment losses on loans and credit related commitments, net		(770,621)	(7,283)
Provision for retirement benefit obligations		(41,581)	(32,697)
Other provisions		(72,774)	(120,282)
Other operating expenses	17	(1,081,488)	(1,047,903)
Operating profit		**1,171,691**	**1,006,974**
Share of profit of associate		1,680	5,418
Profit before income tax		**1,173,371**	**1,012,392**
Income tax expense	13	(229,600)	(203,958)
Profit for the period		**943,771**	**808,434**
Attributable to:			
Equity holders of the Bank		937,877	808,926
Minority interest		5,894	(492)
		943,771	**808,434**
Basic earning per share attributable to the equity holders of the Bank (expressed in TL per thousand share)		2.16	2.36

The accompanying notes set out on pages 6 to 41 form an integral part of these consolidated condensed interim financial information.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE

(Amounts expressed in thousands of TL unless otherwise indicated.)

	Note	2009	2008
Available-for-sale financial assets, net of tax	15	34,362	(22,973)
Net investment hedge, net of tax	15	(501)	(29,087)
Currency translation differences	15	(4,175)	50,227
Other comprehensive income for the period		**29,686**	**(1,833)**
Profit for the period		943,771	808,434
Total comprehensive income for the period		**973,457**	**806,601**
Attributable to:			
Equity holders of the Bank		967,140	807,171
Minority interest		6,317	(570)
		973,457	**806,601**

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE

(Amounts expressed in thousands of TL unless otherwise indicated.)

		Attributable to equity holders of the Bank						
	Note	Share capital	Share premium	Other Reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2008		**3,366,580**	**533,431**	**43,839**	**829,603**	**4,773,453**	**293,221**	**5,066,674**
Net change in available for sale investments, net of tax	15	-	-	(22,895)	-	(22,895)	(78)	(22,973)
Gains on hedges of net investments in foreign operations	15	-	-	(29,087)	-	(29,087)	-	(29,087)
Currency translation differences		-	-	50,227	-	50,227	-	50,227
Other comprehensive income for the period		-	-	(1,755)	-	(1,755)	(78)	(1,833)
Profit for the period		-	-	-	808,926	808,926	(492)	808,434
Total comprehensive income for the period		**-**	**-**	**(1,755)**	**808,926**	**807,171**	**(570)**	**806,601**
Dividends paid		-	-	-	-	-	(1,450)	(1,450)
Transfer from reserves		-	-	26,930	(26,930)	-	-	-
Purchase from minority interests		-	-	(12)	(101,854)	(101,866)	(251,814)	(353,680)
Effect of disposal of subsidiary		-	-	1,597	-	1,597	-	1,597
Balance at 30 June 2008		**3,366,580**	**533,431**	**70,599**	**1,509,745**	**5,480,355**	**39,387**	**5,519,742**
Balance at 1 January 2009		**4,286,580**	**535,679**	**107,598**	**2,065,235**	**6,995,092**	**43,923**	**7,039,015**
Net change in available for sale investments, net of tax	15	-	-	33,939	-	33,939	423	34,362
Gains on hedges of net investments in foreign operations	15	-	-	(501)	-	(501)	-	(501)
Currency translation differences		-	-	(4,175)	-	(4,175)	-	(4,175)
Other comprehensive income for the period		-	-	29,263	-	29,263	423	29,686
Profit for the period		-	-	-	937,877	937,877	5,894	943,771
Total comprehensive income for the period		**-**	**-**	**29,263**	**937,877**	**967,140**	**6,317**	**973,457**
Dividends paid		-	-	-	-	-	(1,438)	(1,438)
Transfer to statutory reserves		-	-	52,131	(52,131)	-	-	-
Balance at 30 June 2009		**4,286,580**	**535,679**	**188,992**	**2,950,981**	**7,962,232**	**48,802**	**8,011,034**

The accompanying notes set out on pages 6 to 41 form an integral part of these consolidated condensed interim financial information.

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE

(Amounts expressed in thousands of TL unless otherwise indicated.)

	Note	2009	2008
Cash flows from operating activities			
Net profit		943,771	808,434
Adjustments for:			
Unrealised gain on trading assets, net		(6,288)	21,171
Allowances for losses on loans and advances		770,621	7,283
Measurement of derivative financial instruments at fair value		(228,275)	(139,852)
Share of profit of associate		(1,680)	(5,418)
Amortisation of other intangible assets	17	18,654	21,580
Depreciation of property and equipment	17	72,532	59,367
Impairment charge on property and equipment, net	17	(20)	1,872
Impairment charge on assets held for resale	17	-	522
Provision for current and deferred income taxes	13	229,600	203,958
Other provisions	14	72,774	120,282
Provision for retirement benefit obligations		41,581	32,697
Other liabilities		11,271	2,914
Unearned commission income		(3,946)	1,790
Add back dividend income		(3,365)	(3,815)
Interest income - net		(1,943,278)	(1,285,381)
Interest paid		(2,273,465)	(2,173,859)
Interest received		4,388,817	3,406,141
Translation difference	15	(4,676)	22,725
Cash flows from operating profits before changes in operating assets and liabilities		**2,084,628**	**1,102,411**
Changes in operating assets and liabilities:			
Net decrease / (increase) in cash balances with central banks		125,938	(598,535)
Net decrease in loans and advances to banks		709,715	81,716
Net (increase) / decrease in trading assets		(71,260)	11,618
Net decrease / (increase) in loans and advances to customers		65,170	(5,738,876)
Net (increase) in other assets		(53,590)	(122,600)
Net increase / (decrease) in deposits from banks		391,312	(858,484)
Net (decrease) / increase in due to customers		(2,243,825)	4,689,270
Net increase in other liabilities and provisions		602,246	464,937
Income taxes paid		(147,586)	(39,772)
Net cash from/ (used in) operating activities		**1,462,748**	**(1,008,315)**
Cash flows from investing activities			
Purchase of property and equipment		(37,641)	(47,061)
Proceeds from the sale of property and equipment		2,702	16,150
Purchase of intangible assets, net		(32,379)	(14,143)
Purchase / increase in held-to-maturity securities		(248,503)	(789,577)
Redemption of held-to-maturity securities		207,611	1,020,178
Redemption / (purchase) of available-for-sale securities, net		504,388	(51,048)
Dividends received		3,365	3,815
Disposal of investments, net		27,873	5,575
Net cash from investing activities		**427,416**	**143,889**
Cash flows from financing activities			
Proceeds from borrowed funds, net		(614,942)	2,838,445
Dividend paid to minority		(1,438)	(1,450)
Net cash (used in) / from financing activities		**(616,380)**	**2,836,995**
Net increase in cash and cash equivalents		**1,273,784**	**1,972,569**
Cash and cash equivalents at beginning of the period		3,553,244	2,037,096
Cash and cash equivalents at end of the period		**4,827,028**	**4,009,665**

The accompanying notes set out on pages 6 to 41 form an integral part of these consolidated condensed interim financial information.

NOTE 1 - GENERAL INFORMATION

Yapı ve Kredi Bankası A.Ş. ("YKB" or " the Bank" or together with its subsidiaries it is referred to as "the Group" in these consolidated condensed financial statements) was established with the permission of the Council of Ministers of the Republic of Turkey No 3/6710 on 9 September 1944 as a private capital commercial bank, authorised to perform all banking, economic, financial and commercial activities which are allowed by Turkish laws. The statute of the Bank has not changed since its incorporation.

The Group's immediate parent with 81.80% of shareholding is Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit Group ("UCI") and Koç Group. KFS was established as financial holding company on 16 March 2001 to combine Koç Group financial services companies under one organisation. As of 22 October 2002, Koç Group established a strategic partnership with UCI over KFS.

The Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 30 June 2009 18.20% shares of the Bank are publicly traded (31 December 2008: 18.20%). The Bank's publicly traded shares are traded on ISE and the representatives of these shares, Global Depository Receipts, are quoted on London Stock Exchange.

At 30 June 2009, the Group has 17,170 employees (31 December 2008: 17,359 employees). The Bank has 843 branches operating in Turkey and 1 branch in off-shore region (2008: 860 branches operating in Turkey and 1 branch in off-shore region) and 14,774 employees (31 December 2008: 14,795 employees).

The Bank is registered in at the following address: Yapı Kredi Plaza D Blok, Levent 34330, Istanbul, Turkey.

This consolidated condensed interim financial information is presented in thousand of Turkish Lira ("TL") and has been reviewed not audited.

These consolidated condensed interim financial statements have been approved by the Board of Directors on August 21, 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these consolidated condensed interim financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

This condensed interim financial information for the period ended 30 June 2009 has been prepared in accordance with IAS 34, "Interim financial reporting". This condensed interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRSs.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2008, as described in those annual consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements are based on the historical cost convention, as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities categorised as at fair value through profit or loss and all derivative contracts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

New standards and interpretations

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

IAS 1 (revised), 'Presentation of financial'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 23 (amendment), 'Borrowing costs'.
- IFRS 2 (amendment), 'Share-based payment'.
- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures. The group will apply IFRS 3 (revised) to all business combinations from 1 January 2010.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

B. Consolidation

(a) Subsidiaries

Subsidiaries (including special purpose entity), in which Group has power to control the financial and operating policies for the benefit of YKB, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies, have been fully consolidated. The Group sponsors the formation of special purpose entities, which may or may not be directly owned, for the purpose of asset securitization transactions. Such entities are consolidated in the Group's consolidated financial statements when the substance of the relationship between the Group and the entity indicates that control is held by the Group. Subsidiaries and special purpose entities are consolidated from the date on which control is transferred to Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The balance sheets and income statements of the subsidiaries and special purpose entity are consolidated on a line-by-line basis and the carrying value of the investment held by YKB and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Group companies are eliminated on consolidation. The dividends arising from subsidiaries are eliminated from profit of the period.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The list of principal subsidiaries at 30 June 2009 and 31 December 2008 is as follows:

			30 June 2009		31 December 2008	
Name of subsidiary	**Country of incorporation**	**Nature of business**	**Control rates (%)**	**Effective rates (%)**	**Control rates (%)**	**Effective rates (%)**
Yapı Kredi Finansal Kiralama A.O.	Turkey	Leasing	98.85	98.85	98.85	98.85
Yapı Kredi Faktoring A.Ş.	Turkey	Factoring	99.96	99.96	99.96	99.96
Yapı Kredi Portföy Yönetimi A.Ş.	Turkey	Portfolio management	99.97	99.95	99.97	99.95
Yapı Kredi Yatırım Menkul Değerler A.Ş.	Turkey	Investment management	99.98	99.98	99.98	99.98
Yapı Kredi Yatırım Ortaklığı A.Ş.	Turkey	Portfolio management	56.07	56.06	56.07	56.06
Yapı Kredi Sigorta A.Ş.	Turkey	Insurance	93.94	93.94	93.94	93.94
Yapı Kredi Emeklilik A.Ş.	Turkey	Insurance	100.00	93.94	100.00	93.94
Yapı Kredi Netherland N.V.	Netherlands	Banking	100.00	100.00	100.00	100.00
Stiching Custody Services YKB	Netherlands	Custody Services	100.00	100.00	100.00	100.00
Yapı Kredi Bank Moscow	Russia	Banking	100.00	100.00	100.00	100.00
Yapı Kredi Bank Holding B.V.	Netherlands	Financial Holding	100.00	100.00	100.00	100.00
Yapı Kredi Azerbaijan	Azerbaijan	Banking	100.00	100.00	100.00	100.00
Yapı Kredi Invest LLC	Azerbaijan	Investment management	100.00	100.00	100.00	100.00
Enternasyonel Turizm Yatırım A.Ş. (“Enternasyonel”) (1)	Turkey	Investment	99.99	99.96	99.99	99.96
Yapı Kredi Koray G.Y.O.A.Ş. (“Yapı Kredi Koray”) (1)	Turkey	Real estate	30.45	30.45	30.45	30.45
Agro-san Kimya Sanayi ve Ticaret A.Ş. (“Agro-san”) (1)	Turkey	Agricultural chemicals	100.00	99.99	100.00	99.99
Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş. (1)	Turkey	Culture / art publications	100.00	99.99	100.00	99.99
Yapı Kredi Diversified Payment Rights Finance Co. (2)	Cayman Islands	Special Purpose Company (“SPC”)				

(1) These subsidiaries were not consolidated due to immateriality and classified as available-for-sale securities carried at their fair values.

(2) Yapı Kredi Diversified Payment Rights Finance Company is a special purpose entity established for YKB’s securitisation transactions as explained in Note 12. It is included in the consolidation although YKB or any of its affiliates does not have any shareholding interest in this company.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and is initially recognised at cost.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in Group’s equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

The details of the associate at 30 June 2009 and 31 December 2008 are as follows:

				30 June 2009		31 December 2008	
Name of associate	**Country of incorporation**	**Nature of business**	**Original currency**	**Control rate (%)**	**Effective rate (%)**	**Control rate (%)**	**Effective rate (%)**
Banque de Commerce et de Placements (“Banque de Commerce”)	Switzerland	Banking	CHF thousand	30.67	30.67	30.67	30.67

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The fair values of derivative financial instruments that are quoted in active markets are determined from quoted market prices in active markets including recent market transactions. The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques, including discounted cash flow models. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. Fair values of derivatives are carried as assets when positive and as liabilities when negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Derivative financial instruments are classified as held for trading.

Certain derivative transactions, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, and are therefore treated as derivatives held for trading with fair value gains and losses reported in income statement. The fair value of over-the-counter (“OTC”) forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 30 June 2009. The difference between the spot rate at the time of origination and the original forward rate (for matured contracts) and the original forward rate discounted to balance sheet date (for outstanding contracts) is reclassified to interest income or expense.

D. Hedge accounting

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in values of hedged items.

Net investment hedge

The effective portion of changes in the fair value of borrowings that are designated and qualify as net investment hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Effective changes in fair value of interest rate swaps and related hedged items are reflected in “net trading, hedging and fair value income”. Any ineffectiveness is also recorded in “net trading, hedging and fair value income”.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated condensed financial statements the significant judgments made by management in applying the accounting policies and the key sources of estimating uncertainty are the same as those that are applied in the financial statements as at and for the year ended 31 December 2008.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on Management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. These disclosures supplement the financial risk management (Note 4). Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Held-to-maturity financial assets. Management applies judgement in assessing whether financial assets can be categorised as held-to-maturity, in particular its intention and ability to hold the assets to maturity. If the Group fails to keep these investments to maturity other than for certain specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value rather than amortised cost. If the entire class of held-to-maturity investments is tainted, the carrying amount would increase by TL166,043 thousand (31 December 2008: decrease by TL223,331 thousand), with a corresponding entry in the fair value reserve in equity.

Special Purpose Entities. Judgement is also required to determine whether the substance of the relationship between the Group and a special purpose entity indicates that the special purpose entity is controlled by the Group.

Tax legislation. Turkish tax, currency and customs legislation is subject to varying interpretations as disclosed in Note 13.

Impairment of available for-sale equity investments. The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational or financing cash flows. Had all the declines in fair value below cost been considered significant or prolonged, the Group would not suffer any additional loss, being the transfer of the total debit balance in the fair value reserve to profit or loss.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

Impairment losses on loans and advances. The methodology and assumptions used for estimating both the amount and timing of future cash flows from a portfolio of loans are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the present value of estimated cash flows differ by +/- 5% the provision would be estimated TL88,235 thousand (31 December 2008: TL58,239 thousand) higher or lower. The Group calculated IBNR provision which combines the Basel II concept of expected loss with intrinsic elements such as loss detection period and expert views. As a result of the studies performed, the Bank revised the IBNR provisions by considering new loss detection periods, which were formerly set as 1 year, differentiating them by segment/type of products. To the extent that loss detection period decreases by 3 months, the IBNR provision would be estimated around TL198,000 thousand (31 December 2008: TL164,000 thousand) lower.

Fair value of derivatives. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values. Changing the assumptions not supported by observable market data to a reasonably possible alternative would not result in a significantly different profit, income, total assets or total liabilities.

Finance leases and derecognition of financial assets. Management applies judgement to determine if substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to counterparties, in particular which risks and rewards are the most significant and what constitutes substantially all risks and rewards.

Pension Fund. The Group determines the present value of funded benefit obligations in accordance with New Law by using several critical actuarial assumptions, including the discount rate, mortality rate, and medical costs. This approach recognises the obligations of the Group to make payments to SSI in respect of the benefits which will be transferred to Social Security Institution rather than an obligation to make benefit payments to individuals.

Deferred income tax asset recognition. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by Management and extrapolated results thereafter. The business plan is based on Management expectations that are believed to be reasonable under the circumstances.

Goodwill. Recoverable amount of goodwill was estimated based on value in use calculation as disclosed in Note 8.

NOTE 4 - FINANCIAL RISK MANAGEMENT

Group’s risk management functions are independent from the commercial operations along with committees such as Asset and Liability Committee (“ALCO”) and the other individual risk committees covering credit, market and operational risks and are an integral part of ensuring Group’s fulfilment of requirements stipulated by the new Banking Law in a manner consistent with shareholders’ risk appetites. The risk management function is responsible for: (1) maximizing returns on invested capital and maintaining sustainable growth of profitability (2) monitoring trends in risk exposures and communicating irregularities promptly to senior management (3) monitoring asset and liability profiles for rebalancing actions on a timely basis (4) identifying and classifying the risk structures of products, processes and services (5) developing and validating the credit rating/scoring models and (6) ensuring compliance with Basel II requirements and Turkish Banking Law.

A. Credit risk

The Group manages credit risk through the following implementations:

(a) establishment of credit risk policy involving credit risk strategies, implementation of credit policy guidelines, definition of the optimum composition of the overall loan portfolio, credit risk budget and identification of risk positions within legal and group wide limitations;

(b) monitoring and measuring the evolution of credit risk for all segments, (i.e. by industry, sector, geographical area etc.), presentation of the strategic credit risk related reports to senior management, including evolution of loan provisioning and comparison with peer banks;

(c) obtaining continuity of operative methodologies (e.g. borrower evaluation, loan and collateral classifications, monitoring and recovery principles) for credit processes (underwriting, monitoring and work-out) and related tools (including testing of new functionalities);

(d) evaluation of new credit products, changes to existing ones and monitoring them so as to ensure that their profile is coherent with the risk appetite and reputation risk of the Bank (e.g. on the basis of minimum requirements in terms of granting, monitoring, workout procedures, pilot phase definition, regular performance measurement, sustainable and sound introduction and growth criteria, etc.);

(e) enhancement and monitoring of the rating and scoring models (probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”)) as well as pricing models for all segments. This includes:

- methodological documentation,
- technical specification for IT implementation and support to local use,
- definition of process guidelines regarding models usage and use tests,
- validation,
- definition of rating override process,
- definition of credit data warehouse,
- cooperation with UniCredit Group for internal validation and credit risk Value-at-Risk (“VaR”) model development and calculation;

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

(f) preparation of credit risk budget in line with predefined lending targets;

(g) calculation of Cost of Risk and related provisions by segments to better assess the riskiness of loan portfolio and maintain the asset quality;

(h) definition of provisioning methodologies in line with BRSA and IFRS.

B. Market risk

As a commercial Group, the focus is serving the financial needs of the customers, thereby generating exposure to interest rate, liquidity and foreign exchange risk.

As part of the management of market risk, the Group undertakes various hedging strategies. The Group also enters into cross currency interest rate swaps to match the interest rate risk associated with the fixed-rate long-term loans.

(i) Fair value hedges

The Group hedges part of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate TL loans using cross-currency interest rate swaps. Cross currency interest rate swaps pay TL and receive USD, the fair value movements of TL pay sides are designated as a hedge of fair value movements of the loans. The fair value of these swaps' TL side at 30 June 2009 is a liability amounting to TL10,895 thousand (31 December 2008: None). The fair value difference of the hedging instruments starting from the inception date is TL18,154 thousand (31 December 2008: None). The gains on the TL fixed loans at 30 June 2009 were TL17,931 thousand (31 December 2008: None) (Note 5).

(ii) Net investment hedges

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings.

The Group's Euro-denominated borrowing is designated as a hedge of the net investment in the Group's some EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at 30 June 2009 is EUR179 million (31 December 2008: EUR169 million). The foreign exchange loss of TL501 thousand (30 June 2008: TL29,087 thousand gain), net of tax, on translation of the borrowing to TL at the balance sheet date is recognised in "other reserves" in equity.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

i) Foreign exchange risk

Foreign exchange exposure is the result of the mismatch of foreign currency denominated assets and liabilities (including foreign currency indexed ones) together with exposures resulting from off-balance sheet foreign exchange derivative instruments. The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The limits are set by Board of Directors on the level of exposure in aggregate for both overnight and intra-day positions, which are monitored on a daily basis.

The table below summarizes the Group's exposure to foreign currency exchange rate risk at 30 June 2009 and 31 December 2008. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency. The off-balance sheet gap represents the difference between the notional amounts of purchase and sale foreign currency derivative financial instruments.

30 June 2009

	Foreign currency					
	US$	**EUR**	**Other**	**Total**	**TL**	**Total**
Assets						
Cash and balances with central banks	73,811	2,437,546	39,856	2,551,213	1,820,381	4,371,594
Loans and advances to banks	1,413,028	1,526,984	186,273	3,126,285	910,752	4,037,037
Trading assets	45,410	66,442	-	111,852	362,161	474,013
Derivative financial instruments	-	-	-	-	768,259	768,259
Loans and advances to customers (1)	11,085,549	6,350,267	602,562	18,038,378	23,468,309	41,506,687
Investment securities						
- available-for-sale (2)	918,083	65,000	84,728	1,067,811	570,115	1,637,926
- held-to-maturity	5,575,904	1,146,166	2,870	6,724,940	5,638,559	12,363,499
Investment in associates (2)	-	-	53,542	53,542	-	53,542
Goodwill	-	-	-	-	1,023,528	1,023,528
Other intangible assets	-	-	109	109	193,003	193,112
Property and equipment	-	737	13,891	14,628	1,163,320	1,177,948
Deferred income tax assets	-	4,396	3,388	7,784	585,288	593,072
Other assets	75,860	160,055	102,616	338,531	646,344	984,875
Total assets	**19,187,645**	**11,757,593**	**1,089,835**	**32,035,073**	**37,150,019**	**69,185,092**
Liabilities						
Deposits from banks	1,011,718	174,188	166,497	1,352,403	135,939	1,488,342
Due to customers	11,447,089	6,820,242	565,998	18,833,329	22,523,566	41,356,895
Other borrowed funds	1,936,217	5,417,151	45,128	7,398,496	1,869,154	9,267,650
Debt securities in issue	1,028,429	728,353	-	1,756,782	-	1,756,782
Derivative financial instruments	-	-	-	-	327,115	327,115
Financial liabilities designated at fair value	-	-	-	-	-	-
Current income taxes payable	-	1,597	-	1,597	100,083	101,680
Deferred income tax liabilities	-	3,096	1,638	4,734	272,658	277,392
Other provisions	-	2,710	-	2,710	346,072	348,782
Retirement benefit obligations	-	1,701	-	1,701	907,701	909,402
Insurance technical reserves	257,360	53,262	-	310,622	508,019	818,641
Other liabilities	743,894	262,551	16,718	1,023,163	3,498,214	4,521,377
Total liabilities	**16,424,707**	**13,464,851**	**795,979**	**30,685,537**	**30,488,521**	**61,174,058**
Net balance sheet position	**2,762,938**	**(1,707,258)**	**293,856**	**1,349,536**	**6,661,498**	**8,011,034**
Off-balance sheet derivative instruments net notional position	(2,899,547)	2,031,899	(126,348)	(993,996)	403,874	(590,122)
Net foreign currency position	**(136,609)**	**324,641**	**167,508**	**355,540**	**7,065,372**	**7,420,912**

(1) Collective impairment allowance of TL315,002 thousand calculated on foreign currency denominated loans is presented as TL balance in the above currency position table.

(2) Had the investment in associate and AFS equity instruments were excluded from the foreign currency position table as of 30 June 2009, the net foreign currency position of the Group would decrease from TL355,540 thousand to TL300,471 thousand.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2008

	Foreign currency					
	US$	**EUR**	**Other**	**Total**	**TL**	**Total**
Assets						
Cash and balances with central banks	89,623	2,696,534	76,159	2,862,316	1,854,700	4,717,016
Loans and advances to banks	1,225,854	1,584,284	247,183	3,057,321	253,227	3,310,548
Trading assets	115,548	82,541	-	198,089	198,375	396,464
Derivative financial instruments	-	-	-	-	433,651	433,651
Loans and advances to customers (1)	11,182,602	6,555,605	593,652	18,331,859	24,138,124	42,469,983
Investment securities						
- available-for-sale (2)	804,572	87,198	137,463	1,029,233	856,858	1,886,091
- held-to-maturity	5,655,879	1,162,793	4,042	6,822,714	5,883,067	12,705,781
Investment in associates (2)	-	-	55,593	55,593	-	55,593
Goodwill	-	-	-	-	1,023,528	1,023,528
Other intangible assets	-	-	124	124	179,573	179,697
Property and equipment	-	806	14,959	15,765	1,199,823	1,215,588
Deferred income tax assets	-	5,066	2,649	7,715	502,135	509,850
Other assets	196,261	111,680	77,745	385,686	603,818	989,504
Total assets	**19,270,339**	**12,286,507**	**1,209,569**	**32,766,415**	**37,126,879**	**69,893,294**
Liabilities						
Deposits from banks	320,128	405,518	146,985	872,631	210,210	1,082,841
Due to customers	12,343,831	6,050,331	601,666	18,995,828	24,730,019	43,725,847
Other borrowed funds	2,974,763	5,050,085	17,237	8,042,085	1,610,353	9,652,438
Debt securities in issue	1,095,020	871,278	-	1,966,298	-	1,966,298
Derivative financial instruments	-	-	-	-	220,782	220,782
Financial liabilities designated at fair value	66,434	-	-	66,434	-	66,434
Current income taxes payable	-	904	642	1,546	6,793	8,339
Deferred income tax liabilities	-	4,431	1,989	6,420	195,502	201,922
Other provisions	29,471	-	-	29,471	347,764	377,235
Retirement benefit obligations	-	1,696	-	1,696	867,559	869,255
Insurance technical reserves	262,248	69,493	-	331,741	503,459	835,200
Other liabilities	190,331	472,187	19,626	682,144	3,165,544	3,847,688
Total liabilities	**17,282,226**	**12,925,923**	**788,145**	**30,996,294**	**31,857,985**	**62,854,279**
Net balance sheet position	**1,988,113**	**(639,416)**	**421,424**	**1,770,121**	**5,268,894**	**7,039,015**
Off-balance sheet derivative instruments net notional position	(1,992,079)	864,709	(256,540)	(1,383,910)	1,779,666	395,756
Net foreign currency position	**(3,966)**	**225,293**	**164,884**	**386,211**	**7,048,560**	**7,434,771**

(1) Collective impairment allowance of TL249,124 thousand calculated on foreign currency denominated loans is presented as TL balance in the above currency position table.

(2) Had the investment in associate and AFS equity instruments were excluded from the foreign currency position table as of 31 December 2008, the net foreign currency position of the Group would decrease from TL386,211 thousand to TL308,787 thousand.

At 30 June 2009, assets and liabilities denominated in foreign currency were translated into TL using a foreign exchange rate of TL1.4918 = US$1, and TL2.0932= EUR1 (31 December 2008: TL1.4744 = US$1, and TL2.0872 = EUR1).

For the purpose of calculating currency risks, foreign currency indexed loans and securities have been reported in this table in the relevant currency of indexation.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

ii) Interest rate risk

Cash-flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest-rate risk limits are set in terms of a total sensitivity limit. Sensitivity analysis is performed according to a scenario of 5% shift in TL yield curve and 1% shift in FX yield curve. The resulting P/L should not exceed 20% of the Bank's Tier 1 Capital. Moreover, the Basis Point Value ("BPV") is applied for the banking book. The BPV limit restricts maximum interest rate risk position by currency and time buckets with valuation changes being based on an interest rate change of 0.01%

The table below summarises the Group's exposure to interest rate risk at 30 June 2009 and 31 December 2008. Included in the table are the Group's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

30 June 2009	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Assets						
Cash and balances with central banks	1,411,758	-	-	-	2,959,836	4,371,594
Loans and advances to banks	2,860,338	137,227	90,408	325,759	623,305	4,037,037
Trading assets	76,470	222,744	91,258	14,809	68,732	474,013
Derivative financial instruments	373,620	331,893	51,041	11,705	-	768,259
Loans and advances to customer	14,097,099	11,020,622	10,013,091	5,517,308	858,567	41,506,687
Investment securities						
- available-for-sale	410,690	237,854	196,868	743,041	49,473	1,637,926
- held-to-maturity	4,572,707	1,364,283	2,453,280	3,973,229	-	12,363,499
Investment in associate	-	-	-	-	53,542	53,542
Goodwill	-	-	-	-	1,023,528	1,023,528
Other intangible assets	-	-	-	-	193,112	193,112
Property and equipment	-	-	-	-	1,177,948	1,177,948
Deferred income tax assets	-	-	-	-	593,072	593,072
Other assets	32,684	-	-	-	952,191	984,875
Total assets	**23,835,366**	**13,314,623**	**12,895,946**	**10,585,851**	**8,553,306**	**69,185,092**
Liabilities						
Deposits from banks	1,025,351	268,804	50,597	-	143,590	1,488,342
Due to customers	32,416,713	1,672,622	419,395	119,210	6,728,955	41,356,895
Other borrowed funds	3,955,171	4,112,205	1,004,448	195,826	-	9,267,650
Debt securities in issue	1,756,782	-	-	-	-	1,756,782
Derivative financial instruments	121,056	184,284	10,122	11,653	-	327,115
Financial liabilities designated at fair value	-	-	-	-	-	-
Current income taxes payable	-	-	-	-	101,680	101,680
Deferred income tax liabilities	-	-	-	-	277,392	277,392
Other provisions	-	-	-	-	348,782	348,782
Retirement benefit obligations	-	-	-	-	909,402	909,402
Insurance technical reserves	-	-	-	-	818,641	818,641
Other liabilities	2,285,225	2,425	-	-	2,233,727	4,521,377
Total liabilities	**41,560,298**	**6,240,340**	**1,484,562**	**326,689**	**11,562,169**	**61,174,058**
Net interest repricing gap	**(17,724,932)**	**7,074,283**	**11,411,384**	**10,259,162**	**(3,008,863)**	**8,011,034**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2008	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash and balances with central banks	1,436,413	-	-	-	3,280,603	4,717,016
Loans and advances to banks	2,071,251	247,589	167,279	252,194	572,235	3,310,548
Trading assets	56,051	139,366	99,834	40,601	60,612	396,464
Derivative financial instruments	196,327	211,642	8,945	16,737	-	433,651
Loans and advances to customer	15,312,447	11,068,731	10,104,984	5,234,258	749,563	42,469,983
Investment securities						
- available-for-sale	628,569	205,178	397,623	581,104	73,617	1,886,091
- held-to-maturity	4,681,861	1,207,522	2,356,815	4,459,583	-	12,705,781
Investment in associate	-	-	-	-	55,593	55,593
Goodwill	-	-	-	-	1,023,528	1,023,528
Other intangible assets	-	-	-	-	179,697	179,697
Property and equipment	-	-	-	-	1,215,588	1,215,588
Deferred income tax assets	-	-	-	-	509,850	509,850
Other assets	132,030	7,394	-	-	850,080	989,504
Total assets	**24,514,949**	**13,087,422**	**13,135,480**	**10,584,477**	**8,570,966**	**69,893,294**
Liabilities						
Deposits from banks	737,269	112,933	-	-	232,639	1,082,841
Due to customers	35,843,769	1,271,331	453,577	98,601	6,058,569	43,725,847
Other borrowed funds	6,399,189	2,097,537	959,797	195,915	-	9,652,438
Debt securities in issue	1,966,298	-	-	-	-	1,966,298
Derivative financial instruments	174,035	28,469	1,603	16,675	-	220,782
Financial liabilities designated at fair value	66,434	-	-	-	-	66,434
Current income taxes payable	-	-	-	-	8,339	8,339
Deferred income tax liabilities	-	-	-	-	201,922	201,922
Other provisions	-	-	-	-	377,235	377,235
Retirement benefit obligations	-	-	-	-	869,255	869,255
Insurance technical reserves	-	-	-	-	835,200	835,200
Other liabilities	1,914,008	11,463	55,723	-	1,866,494	3,847,688
Total liabilities	**47,101,002**	**3,521,733**	**1,470,700**	**311,191**	**10,449,653**	**62,854,279**
Net interest repricing gap	**(22,586,053)**	**9,565,689**	**11,664,780**	**10,273,286**	**(1,878,687)**	**7,039,015**

The table below summarises weighted average interest rates for financial instruments by major currencies outstanding at 30 June 2009 and 31 December 2008 based on yearly contractual rates.

	30 June 2009			31 December 2008		
	US$ (%)	EUR (%)	TL (%)	US$ (%)	EUR (%)	TL (%)
Assets						
Cash and balances with central banks	-	-	5.40	0.63	1.12	8.64
Loans and advances to banks	1.37	0.79	11.31	1.60	2.71	17.67
Trading assets	6.73	7.46	13.13	8.15	6.81	19.21
Investment securities						
- available-for-sale	6.51	7.24	16.49	6.43	7.76	19.63
- held-to-maturity	6.95	5.70	16.53	7.36	5.99	20.08
Loans and advances to customers	5.72	6.64	19.76	6.04	7.37	24.06
Liabilities						
Deposits from banks	1.30	1.46	2.78	3.44	4.96	7.82
Due to customers	2.71	2.84	10.88	4.50	3.60	19.41
Debt securities in issue	1.76	2.27	-	3.82	5.99	-
Financial liabilities designated at fair value	-	-	-	6.16	-	-
Other borrowed funds	2.20	3.18	11.02	3.44	5.66	15.67

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

iii) Liquidity risk

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

Within YKB, the following definitions apply to the components of Liquidity Risk:

1. ***Liquidity Mismatch Risk*** refers to the risk of non-conformity between the amounts and/or the maturities of cash inflows and cash outflows;
2. ***Liquidity Contingency Risk*** refers to the risk that future unexpected events could require a greater amount of liquidity than the amount foreseen as necessary for the bank. This risk could arise as a result of events such as the failure by clients to reimburse loans, the need to finance new assets, difficulties in selling liquid assets or obtaining new financings in the event of a liquidity crisis; and
3. ***Market Liquidity Risk*** refers to the risk that the bank may incur losses as a result of the sale of assets deemed to be liquid, or in extreme conditions is not able to liquidate such positions due to not sufficient liquidity offered by the market or keeps the position that is too large when compared to market turnover. Market liquidity risk is primarily handled via the VaR system in the Credit Risk Officer ("CRO") division and is not a focus of this Liquidity Policy;

Reports on short term liquidity positions and structural liquidity positions are prepared by Risk Management. Short-term liquidity risk management considers the events that will impact upon the Bank's liquidity position from one day up to three months. Structural liquidity positions consider the events effecting the Group's liquidity position in the long term. The primary objective is to maintain an adequate ratio between total liabilities and medium or long-term assets, with a view to avoiding pressures on short-term sources (both current and future), while in the meantime optimising the cost of funding.

According to the BRSA communiqué on liquidity, Banks have to meet 80% liquidity ratio of foreign currency assets/liabilities and 100% liquidity ratio of total assets/liabilities for weekly and monthly time brackets. Risk Management performs the calculation of the mentioned ratios on a daily basis and shares the results with Treasury department and senior management.

C. Operational risk

Operational risk is defined as the risk of losses due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. Legal and compliance risk is a sub-category of operational risk: it is the risk to earnings from violations or non compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards. Operational Risk Management Department ("ORM") monitors the Bank's operational risk exposure in accordance to standards and policies, collects operational risk data in a web-based database, performs the risk indicators' identification, the scenario analysis assessment, Business Continuity Management and assures the quality of operational risk data gathered in accordance to the Basel II standards, proposes insurance hedging on operational risks and prepares risk mitigation plans. ORM performs second level controls, manages and measures the Bank's operational risks.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

For the regulatory purposes and consideration in statutory capital adequacy ratio, on a consolidated base the Parent calculates the amount subject to operational risk with the basic indicator method in accordance with the Section 4 of the " Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk", based on the gross income of the Bank for the years ended 2008, 2007 and 2006. As of 30 June 2009, the total amount subject to operational risk is calculated as TL7,695,259 thousand (31 December 2008: TL6,418,028 thousand) and the amount of the related capital requirement is TL615,621 thousand (31 December 2008: TL513,442 thousand).

D. Capital management

Banks in Turkey are required to comply with capital adequacy guidelines promulgated by the BRSA, which are based upon the standards established by the Bank of International Settlements ("BIS"). These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets and off-balance sheet exposures.

A bank's capital adequacy ratio is calculated by taking the aggregate of its Tier I capital (which comprises paid-in capital, reserves, retained earnings and profit for the current periods minus period loss (if any)) its Tier II capital (which comprises general loan and free reserves, revaluation funds and subordinated loans obtained) and its Tier III capital (which comprises certain qualified subordinated loans in accordance with BIS guidelines) minus deductions (which comprises participations to financial institutions, special and preliminary and pre-paid expenses, negative differences between fair and book values of subsidiaries, subordinated loans extended, goodwill and capitalized costs), and dividing this aggregate by risk weighted assets, which reflect both credit risk and market risk. In accordance with these guidelines, banks must maintain a total capital adequacy ratio of a minimum of 8%.

The Bank and its individually regulated operations have complied with externally imposed capital requirements throughout the period.

The Bank's and its affiliates' regulatory capital position on a consolidated basis at 30 June 2009 and 31 December 2008 was as follows:

	30 June 2009	31 December 2008
Tier I capital	6,395,030	5,567,893
Tier II capital	2,961,948	2,847,207
Deductions	(100,620)	(87,676)
Total regulatory capital	9,256,358	8,327,424
Risk-weighted assets (including market and operational risk)	59,066,296	58,484,021
Capital adequacy ratio (%)	**15.67**	**14.24**

According to the temporary article 1 of Regulation Regarding Capital Adequacy; "Special Costs", "Prepaid Expenses", "Intangible Assets" and "Amount of deferred tax asset exceeding 10% of core capital" will be considered as "Deductions from the Capital" until 1 January 2009. In the current period, aforementioned amounts are included in the core capital in order to be consistent with the current period presentation.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 5 - DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group utilises the following derivative instruments:

"Currency forwards" represent commitments to purchase or sell foreign and domestic currency, including undelivered spot transactions.

"Currency and interest rate swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates. Currency swaps involve the exchange of the principal as well. The Group risks are represented by the potential cost of replacing the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value and the liquidity of the market. To control the level of risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Options are the right to buy or sell for the buyer and are the obligations for the writer an asset at a specified price until a specified expiration date. Options are traded for clients' needs therefore the Group does not carry open position in the options book.

"Interest rate cap and floor arrangements" provide the purchaser with the right to receive interest rate differential payments on a notional amount when the indexed rate is in excess of the specified cap rate and limits the benefit of reductions in interest rates if it occurs.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms.

	Contract / notional	Fair values	
30 June 2009	**amount**	**Assets**	**Liabilities**
Derivatives held for trading			
Foreign exchange derivatives:			
Currency forwards	4,328,547	58,897	60,237
Currency swaps	10,916,156	455,279	21,319
OTC currency options	4,991,085	34,964	34,796
Other derivatives	209,048	-	-
Total OTC derivatives	**20,444,836**	**549,140**	**116,352**
Interest rate derivatives:			
Interest rate swaps	3,722,496	35,713	6,479
Cross-currency interest rate swaps	5,422,467	94,026	101,398
OTC interest rate options	1,281,416	-	2,611
Total OTC derivatives	**10,426,379**	**129,739**	**110,488**
Total derivative assets / (liabilities) held for trading	**30,871,215**	**678,879**	**226,840**
Derivatives held for hedging			
Derivatives designated as fair value hedges:			
Cross currency interest rate swaps	1,430,611	89,380	100,275
Total derivative assets / (liabilities) held for hedging	**1,430,611**	**89,380**	**100,275**
Total recognised derivative assets / (liabilities)	**32,301,826**	**768,259**	**327,115**
Current		381,041	305,373
Non-current		387,218	21,742
Total recognised derivative assets / (liabilities)		**768,259**	**327,115**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 5 - DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

31 December 2008	**Contract / notional amount**	**Fair values Assets**	**Fair values Liabilities**
Derivatives held for trading			
Foreign exchange derivatives:			
Currency forwards	3,875,363	83,184	65,999
Currency swaps	8,047,504	235,958	50,147
OTC currency options	769,814	1,847	521
Other derivatives	46,462	-	-
Total OTC derivatives	**12,739,143**	**320,989**	**116,667**
Interest rate derivatives:			
Interest rate swaps	3,179,352	526	22,637
Cross-currency interest rate swaps	2,188,339	112,136	81,478
OTC interest rate options	266,440	-	-
Total OTC derivatives	**5,634,131**	**112,662**	**104,115**
Total derivative assets / (liabilities) held for trading	**18,373,274**	**433,651**	**220,782**
Current		370,839	146,828
Non-current		62,812	73,954
Total recognised derivative assets / (liabilities)		**433,651**	**220,782**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 6 - LOANS AND ADVANCES TO CUSTOMERS

30 June 2009	Corporate	Consumer	Credit cards	Leasing	Factoring	Total
Performing loans	23,210,293	6,191,576	6,854,834	1,960,570	1,209,348	39,426,621
Watch listed loans	962,871	296,541	341,529	307,508	-	1,908,449
Loans under legal follow - up	1,059,324	443,280	739,657	250,967	5,451	2,498,679
Gross	**25,232,488**	**6,931,397**	**7,936,020**	**2,519,045**	**1,214,799**	**43,833,749**
Specific allowance for impairment	(856,613)	(247,080)	(522,318)	(133,652)	(5,042)	(1,764,705)
Collective allowance for impairment	(301,965)	(52,218)	(192,409)	(9,675)	(6,090)	(562,357)
Total allowance for impairment	**(1,158,578)**	**(299,298)**	**(714,727)**	**(143,327)**	**(11,132)**	**(2,327,062)**
Net	**24,073,910**	**6,632,099**	**7,221,293**	**2,375,718**	**1,203,667**	**41,506,687**

31 December 2008	Corporate	Consumer	Credit cards	Leasing	Factoring	Total
Performing loans	24,131,553	5,998,995	7,050,632	2,456,562	1,046,234	40,683,976
Watch listed loans	813,328	250,613	394,908	166,171	-	1,625,020
Loans under legal follow - up	889,788	246,739	493,860	183,098	4,984	1,818,469
Gross	**25,834,669**	**6,496,347**	**7,939,400**	**2,805,831**	**1,051,218**	**44,127,465**
Specific allowance for impairment	(634,178)	(103,181)	(321,075)	(101,510)	(4,838)	(1,164,782)
Collective allowance for impairment	(294,524)	(51,967)	(128,170)	(12,167)	(5,872)	(492,700)
Total allowance for impairment	**(928,702)**	**(155,148)**	**(449,245)**	**(113,677)**	**(10,710)**	**(1,657,482)**
Net	**24,905,967**	**6,341,199**	**7,490,155**	**2,692,154**	**1,040,508**	**42,469,983**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 6 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Included in the performing loans and advances to advances to consumers, are loans amounting to TL719,998 thousand which have been designated as financial asset at fair value as of 30 June 2009 (31 December 2008: None). Those loans have been matched with interest rate swaps whose notional amounts are TL1,430,611 as of 30 June 2009 (31 December 2008: None) as part of a documented interest rate risk management strategy. An accounting mismatch would arise if the loans and advances were accounted for at amortised cost, because the related derivatives are measured at fair value, with movements in the fair value taken through the income statement. By designating those loans and advances at fair value, the movement in the fair value of the long-term debt will be recorded in the income statement.

Reconciliation of allowance account for losses on loans and advances by class is as follows:

	2009						2008
	Corporate	Consumer	Credit cards	Leasing	Factoring	Total	Total
At 1 January	**928,702**	**155,148**	**449,245**	**113,677**	**10,710**	**1,657,482**	**1,989,741**
Provision for loan impairment	313,035	242,656	334,252	52,748	636	943,327	330,550
Amounts recovered during the period	(67,239)	(79,304)	(1,443)	(19,385)	(42)	(167,413)	(319,485)
Loans written off during the period as uncollectible (-)	(14,325)	(19,183)	(67,328)	(3,713)	-	(104,549)	(504,483)
Exchange differences	(1,595)	(19)	1	-	(172)	(1,785)	2,500
At 30 June	**1,158,578**	**299,298**	**714,727**	**143,327**	**11,132**	**2,327,062**	**1,498,823**

At the Board of Directors Meeting held on 27 May 2009; it has been decided to sell out a non-performing loan portfolio amounting to TL77,424 thousand (excluding the write-offs) included in non-performing loan accounts at a price of TL26,525 thousand. This transaction has affected the financial statements as TL22,668 thousand of pretax income after legal expenses.

As of 28 March 2008, the Bank sold out a non-performing loan portfolio amounting to TL429,229 thousand selected out of its commercial, corporate and SME problematic loan stocks via adjudication as of 7 March 2008. The corresponding portfolio has eventuated as TL421,167 thousand after deduction of amounts for which sales transactions were realised except the real estate having right of repurchase. As of the date of the sale, the Bank has recognised provision amounting to TL376,395 thousand for the related loans stock. As of 28 March 2008, the portion amounting to TL2,203 thousand out of the total amount of TL60,500 thousand is kept as the value for the real estate with right to repurchase and the remaining portion amounting to TL58,297 thousand is collected. After the deduction of mentioned amounts, the portfolio amounting to TL362,468 thousand has been included in the table above in “Loans written off during the year as uncollectible” line.

	30 June 2009	31 December 2008
Gross investment in direct finance leases	2,764,533	3,163,335
Unearned finance income	(447,734)	(511,495)
	2,316,799	**2,651,840**
Interest accrual on receivables	31,243	30,752
Receivables from outstanding lease payments	171,003	123,239
Provision for impaired lease receivables	(143,327)	(113,677)
Net investment in direct finance leases	**2,375,718**	**2,692,154**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 6 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Lease payments receivable consists of rentals over the terms of leases. The rentals according to maturity are as follows:

	30 June 2009	31 December 2008
2009	577,725	1,214,924
2010 and over	1,830,579	1,753,133
Less: unearned finance income	(447,734)	(511,495)
Investment in performing lease receivables	**1,960,570**	**2,456,562**

NOTE 7 - INVESTMENT SECURITIES

(i) Securities available-for-sale

	30 June 2009	31 December 2008
Debt securities - at fair value:	1,588,453	1,812,474
Government bonds and treasury bills	558,969	893,589
Eurobonds	742,025	641,995
Eurobonds sold under repurchase agreements	53,506	18,639
Other	233,953	258,251
Equity securities - at fair value	49,473	73,617
Listed	29,107	53,246
Unlisted	20,366	20,371
Total securities available-for-sale	**1,637,926**	**1,886,091**

Government bonds, treasury bills and Eurobonds are discount and coupon securities issued by the Government of the Republic of Turkey. Other debt securities represent A and B type open-ended mutual funds incorporated in Turkey managed by the Group and bonds issued by foreign financial institutions.

As of 30 June 2009, available-for-sale investment securities given as collateral/blocked amount to TL548,812 thousand (31 December 2008: TL754,867 thousand).

Net gains/losses from changes in the fair value of available-for-sale investment securities, net of tax is TL33,939 thousand (30 June 2008: TL22,895 thousand loss). There are no impairments recognised for available-for-sale debt securities.

The principal available-for-sale equity shares at 30 June 2009 and 31 December 2008 are as follows:

Name of the company	Nature of Business	30 June 2009 Control rates (%)	31 December 2008 Control rates (%)	30 June 2009	31 December 2008
Listed					
Yapı Kredi Koray	Real estate management	30.45	30.45	27,775	31,354
MasterCard Inc.	Credit Card Services	0.01	0.01	1,261	11,449
Visa Inc.	Credit Card Services	-	0.01	-	10,382
Other				71	61
				29,107	**53,246**
Unlisted					
ISE Settlement and Custody Bank Inc.	Custody	4.86	4.86	12,360	12,360
Kredi Kayıt Bürosu A.Ş.	Credit Card Services	18.18	18.18	2,751	2,751
Türkiye Genel Sigorta A.Ş.	Insurance	0.01	0.01	25	25
Other				5,230	5,235
				20,366	**20,371**
				49,473	**73,617**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 7 - INVESTMENT SECURITIES (Continued)

(ii) Securities held-to-maturity

	30 June 2009	31 December 2008
Debt securities - at amortised cost - listed:	12,363,499	12,705,781
Government bonds and treasury bills	6,338,771	6,192,275
Eurobonds	4,699,496	5,718,643
Government bonds and treasury bills sold under repurchase agreements	153,227	161,622
Eurobonds sold under repurchase agreements	1,119,387	583,340
Foreign government bonds	52,618	49,901
Total securities held-to-maturity	**12,363,499**	**12,705,781**
Total investment securities	**14,001,425**	**14,591,872**

As of 30 June 2009, held-to-maturity investments given as collateral amount to TL802,908 thousand (31 December 2008: TL2,023,696 thousand).

NOTE 8 - GOODWILL

	2009	2008
At 1 January	**1,023,528**	**1,023,528**
Impairment charge	-	-
At 30 June	**1,023,528**	**1,023,528**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The Group allocated goodwill to its cash-generating units ("CGU") which are represented by each primary reporting segment except foreign operations (Note 19).

There was no impairment identified at 30 June 2009 (31 December 2008: None).

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 9 - DEPOSITS FROM BANKS

	30 June 2009			31 December 2008		
	Demand	**Term**	**Total**	**Demand**	**Term**	**Total**
Foreign currency:						
Domestic banks	35,836	37,020	72,856	94,482	116	94,598
Foreign banks	11,902	341,945	353,847	25,452	127,603	153,055
Funds deposited under repurchase agreements	-	925,700	925,700	-	624,978	624,978
	47,738	**1,304,665**	**1,352,403**	**119,934**	**752,697**	**872,631**
TL:						
Domestic banks	57,758	59	57,817	91,710	49,674	141,384
Foreign banks	38,094	40,028	78,122	20,995	47,831	68,826
	95,852	**40,087**	**135,939**	**112,705**	**97,505**	**210,210**
	143,590	**1,344,752**	**1,488,342**	**232,639**	**850,202**	**1,082,841**
Current	143,590	1,344,752	1,488,342	232,639	850,202	1,082,841
Non-current	-	-	-	-	-	-

NOTE 10 - DUE TO CUSTOMERS

	30 June 2009			31 December 2008		
	Demand	**Term**	**Total**	**Demand**	**Term**	**Total**
Foreign currency deposits:						
Saving deposits	2,017,966	8,590,252	10,608,218	1,754,634	8,420,204	10,174,838
Commercial deposits	1,816,662	6,403,003	8,219,665	1,801,831	7,015,821	8,817,652
Public sector deposits	5,446	-	5,446	3,338	-	3,338
	3,840,074	**14,993,255**	**18,833,329**	**3,559,803**	**15,436,025**	**18,995,828**
TL deposits:						
Saving deposits	1,313,754	14,054,384	15,368,138	1,044,092	14,787,777	15,831,869
Commercial deposits	1,233,730	5,490,447	6,724,177	1,203,785	7,119,835	8,323,620
Funds deposited under repurchase agreements	-	58,518	58,518	-	160,448	160,448
Public sector deposits	341,397	31,336	372,733	250,889	163,193	414,082
	2,888,881	**19,634,685**	**22,523,566**	**2,498,766**	**22,231,253**	**24,730,019**
	6,728,955	**34,627,940**	**41,356,895**	**6,058,569**	**37,667,278**	**43,725,847**
Current	6,728,955	34,089,335	40,818,290	6,058,569	37,115,100	43,173,669
Non-current	-	538,605	538,605	-	552,178	552,178

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 11 - OTHER BORROWED FUNDS

	30 June 2009	31 December 2008
Foreign institutions and banks		
Syndication loans	2,137,346	1,479,804
Subordinated debt	2,212,770	2,220,601
Other	3,559,658	4,800,994
Total foreign	**7,909,774**	**8,501,399**
Domestic banks	1,099,908	883,428
Interbank money market	257,968	267,611
Total domestic	**1,357,876**	**1,151,039**
	9,267,650	**9,652,438**
Current	5,434,475	5,701,524
Non-current	3,833,175	3,950,914

Funds borrowed from foreign institutions include a syndicated credit facility, in the amount of US$559.5 million and EUR313.5 million dual-tranche multi-currency term loan facility dated 10 September 2008, with an interest rate of annual Libor+0.75% provided by 42 international banks with The Bank of New York Mellon acting as agent, and matures on 24 September 2009.

At 21 April 2009, Yapı Kredi obtained a 1 year dual tranche multi-currency term-loan facility comprising of a US Dollar tranche of US$136 million and a Euro tranche of €210,5 million. The all-in pricing of the loan is LIBOR + 2,5% per annum. The loan was provided by 20 international banks with Wachovia Bank, N.A. acting as coordinating Bank, documentation agent and facility agent for the facility. The loan matures on 27 April 2010.

At 30 March 2006, YKB obtained a subordinated loan amounting to EUR500 million, with ten years maturity and a repayment option at the end of five years. The interest rate is determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank at 28 April 2006 amounting to EUR350 million, with ten years maturity and repayment option at the end of five years has been transferred to YKB. The interest rate is determined as EURIBOR+2.25% for the first five years. The loan was obtained with decrees from Goldman Sachs International Bank with UniCredito Italiano S.p.A. as guarantor.

In addition, the Bank obtained a subordinated loan on 25 June 2007 amounting to EUR200 million, with ten years maturity and repayment option at the end of five years. The interest rate is determined as EURIBOR+1.85% for the first five years. The loan was obtained from Citibank, N.A., London Branch with UniCredito Italiano S.p.A as guarantor. With the written approvals of the BRSA dated 3 April 2006, 2 May 2006 and 19 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of “Capital Adequacy Regulation”.

Funds borrowed from domestic banks represent funds obtained from Export Credit Bank of Turkey (Türk Eximbank) in context of Export Financing and International Loans (“EFIL”) sourced by World Bank to finance certain export loans provided to customers in line with the prevailing regulations

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 12 - DEBT SECURITIES IN ISSUE

			Average interest rate (%)	
	30 June 2009	31 December 2008	30 June 2009 [(1)]	31 December 2008 [(1)]
US$175,000,000 Series 2006-A Floating Rate Notes Due 2014	261,601	258,967	1.00	2.42
US$200,000,000 Series 2006-B Floating Rate Notes Due 2014	298,972	295,962	0.97	2.39
US$114,000,000 Series 2006-C Floating Rate Notes Due 2013	170,391	170,155	1.10	2.52
€279,846,000 Series 2006-D Floating Rate Notes Due 2014	587,300	629,848	1.45	4.34
€67,215,000 Series 2007-A Floating Rate Notes Due 2015	141,054	241,430	1.41	4.30
US$199,000,000 of Series 2007-B Floating Rate Notes Due 2015	297,464	369,936	0.94	2.36
	1,756,782	**1,966,298**		
Current	-	-		
Non-current	1,756,782	1,966,298		
	1,756,782	**1,966,298**		

(1) The premium rates paid to monoline companies are excluded from the interest rates.

In December 2006, YKB finalised a diversified payment rights securitization transaction of US$800 million and EUR300 million by securitising its foreign currency denominated present and future remittances created via payment orders. The deal securitizes YKB's payment orders created via SWIFT MT 103 or similar payment orders accepted as derived primarily from YKB's trade finance and other retail and corporate businesses and paid through foreign depository banks.

The offered notes under the securitization program are issued by Yapı Kredi Diversified Payment Rights Finance Company "SPC", an exempted limited liability company incorporated under the laws of the Cayman Islands. YKB acts as the originator of the diversified payment rights "DPR" and as the servicer. There were 4 tranches, which were insured by the monoline companies namely, Assured Guaranty Corporation, MBIA Insurance Corporation, Radian Asset Assurance Inc, and Ambac Assurance Corporation. The offered notes were offered for sale outside the United States in reliance upon Regulation S under the Securities Act. The Series 2006-D Notes are listed on the Luxembourg Stock Exchange. On the issuance date for the offered notes as of 14 December 2006, the SPC also entered into a private placement of US$310,000,000 of Series 2006-E Floating Rate Notes due 2011, which is a Senior Series and thus rank pari passu with the offered notes.

YKB has repaid US$310 million of the credit as of 1 March 2007 and refinanced it with a US$400 million of DPR transaction. The additional issuance was composed of two tranches one for €115million and one for US$250 million, insured by Financial Guaranty Insurance Company (FGIC) and XL Capital Assurance Incorporation respectively.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 13 - TAXATION

	2009	2008
Current tax expense	(237,376)	(128,470)
Deferred tax income / (expense)	7,776	(75,488)
	(229,600)	**(203,958)**

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

Deferred income taxes

For all domestic subsidiaries and the Parent, deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in fiscal year 2009 under the liability method using a principal tax rate of 20% at 30 June 2009 (31 December 2008: 20%).

For foreign subsidiaries deferred income taxes calculated on all temporary differences under the liability method using the principal tax rates at 30 June 2009 and 31 December 2008 which are as follows:

	Tax rate (%)	
Country of incorporation	**30 June 2009**	**31 December 2008**
Russia	20.00	24.00
Netherlands	25.50	25.50
Azerbaijan	22.00	22.00

The temporary differences giving rise to the deferred income tax assets and deferred income tax liabilities are as follows:

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 13 - TAXATION (Continued)

	Cumulative Temporary Differences		Deferred Tax Asset/Liability	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Allowance for loan impairment	842,832	712,361	168,645	142,540
Pension benefits transferable to SSI	815,947	774,366	163,189	154,873
Impairment on assets	768,179	775,436	86,760	88,210
Revaluation of derivative instruments at fair value	333,638	220,782	66,999	43,577
Reserve for employment termination benefits	93,455	94,889	18,784	19,058
Valuation differences on investment securities	39,232	36,571	7,847	7,314
Other	404,599	269,736	80,848	54,278
Deferred income tax assets	**3,297,882**	**2,884,141**	**593,072**	**509,850**
Difference between carrying value and tax base of property and equipment	969,991	984,944	102,208	105,199
Revaluation of derivative instruments at fair value	795,723	433,651	159,365	84,769
Assets capitalised under finance leases	8,188	8,294	1,638	1,659
Valuation differences on investment securities	2,541	2,329	159	117
Other	70,862	57,686	14,022	10,178
Deferred income tax liabilities	**1,847,305**	**1,486,904**	**277,392**	**201,922**
Deferred income tax assets, net	**1,450,577**	**1,397,237**	**315,680**	**307,928**

NOTE 14 - OTHER PROVISIONS

	30 June 2009	31 December 2008
Provision for losses on credit related commitments	168,412	173,698
Tax and other legal provisions	79,425	63,775
Provisions on credit cards and promotion campaigns	46,570	56,674
Provision on export commitment estimated liability	42,748	40,495
Other	11,627	42,593
	348,782	**377,235**

Tax and other legal provisions

At 30 June 2009, the Group is involved in number of legal disputes. The Group's lawyers advise that, owing to developments in some of these cases, it is probable that the Group will be found liable. Therefore, the management has recognised a provision of TL23,042 thousand (31 December 2008: TL22,927 thousand) as the best estimate of the amount to settle these potential obligations.

The Group recorded total provision of TL56,383 thousand (31 December 2008: TL40,848 thousand) against potential tax risks in the form of possible tax duties and penalties in the consolidated financial statements for the six months period ended 30 June 2009.

Export commitment provision

The Group management has estimated losses that may arise from export loans to customers under legal follow-up that do not have the ability to fulfil their export commitments and has recognised provision of TL42,748 thousand (31 December 2008: TL40,495 thousand).

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 14 - OTHER PROVISIONS (Continued)

Movement in other provisions is as follows:

	Tax and other legal provision	Provisions on credit cards and promotion cam.	Export commitment provision	Other	2009 Total	2008 Total
At 1 January	**63,775**	**56,674**	**40,495**	**42,593**	**203,537**	**169,277**
Provision charged	17,016	50,824	2,253	2,681	72,774	120,282
Provision used	(1,218)	(60,928)	-	(33,647)	(95,793)	(67,364)
Translation difference	(148)	-	-	-	(148)	(1)
Balance at 30 June	**79,425**	**46,570**	**42,748**	**11,627**	**180,370**	**222,194**

NOTE 15 - RETAINED EARNINGS AND OTHER RESERVES

	30 June 2009	31 December 2008
Statutory reserve	96,245	44,114
Translation reserves	108,586	112,761
Revaluation reserve - available-for-sale investments	50,047	16,108
Hedging reserves	(65,886)	(65,385)
Total other reserves	**188,992**	**107,598**
Retained earnings	**2,950,981**	**2,065,235**

Movements in other reserves were as follows:

	Statutory reserves	Revaluation reserves	Translation reserves	Hedging reserves	Total
At 1 January 2009	**44,114**	**16,108**	**112,761**	**(65,385)**	**107,598**
Net change in available-for-sale Investments, net of tax	-	33,939	-	-	33,939
Gains on hedges of a net investment in a foreign operation	-	-	-	(501)	(501)
Currency translation differences	-	-	(4,175)	-	(4,175)
Transfer to statutory reserves	52,131	-	-	-	52,131
At 30 June 2009	**96,245**	**50,047**	**108,586**	**(65,886)**	**188,992**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 15 - RETAINED EARNINGS AND OTHER RESERVES (Continued)

	Statutory reserves	Revaluation reserves	Translation reserves	Hedging reserves	Total
At 1 January 2008	**17,184**	**25,797**	**8,803**	**(7,945)**	**43,839**
Net change in available-for-sale Investments, net of tax	-	(22,895)	-	-	(22,895)
Gains on hedges of a net investment in a foreign operation	-	-	-	(29,087)	(29,087)
Currency translation differences	-	-	50,227	-	50,227
Transfer from reserves	26,930	-	-	-	26,930
Effect of disposal of subsidiary	-	-	1,597	-	1,597
Purchase from minority interests	-	-	(12)	-	(12)
At 30 June 2008	**44,114**	**2,902**	**60,615**	**(37,032)**	**70,599**

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.

Under the Turkish Commercial Code, the Group is required to create the following legal reserves from appropriation of earnings, which are available for distribution only in the event of liquidation or losses:

a) First legal reserve, appropriated at the rate of 5% of net income, until the total reserve is equal to 20% of issued and fully paid-in share capital.

b) Second legal reserve, appropriated at the rate of at least 10% of distribution in excess of 5% of issued and fully paid-in share capital, without limit. It may be used to absorb losses.

After deducting taxes and setting aside the legal reserves as discussed above, the remaining balance of net profit is available for distribution to shareholders.

Starting from 2002, the lower of non-inflation adjusted historical profits or profits arising in the inflation adjusted statutory financial statements can be subjected to the profit appropriation and distribution.

NOTE 16 - NET TRADING, HEDGING AND FAIR VALUE INCOME

	30 June 2009	30 June 2008
Foreign exchange:		
- Translation gains less losses of trading assets	6,879	84
- Transaction gains less losses	289,084	70,331
Interest rate instruments	(128,949)	(4,535)
Net income from financial instruments designated at fair value	(642)	(1,801)
Equities	8,528	(9,711)
	174,900	**54,368**

Foreign exchange net trading income includes gains and losses from spot and forward contracts, options, futures, and translated foreign currency assets and liabilities. Interest rate instruments includes the results of making markets in instruments in government securities, money market instruments, interest rate and currency swaps, options and other derivatives.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 17 - OTHER OPERATING EXPENSES

	30 June 2009	30 June 2008
Staff costs	**(560,058)**	**(566,550)**
Depreciation on property and equipment	(72,532)	(59,367)
Amortisation of intangible assets	(18,654)	(21,580)
Depreciation and amortisation	**(91,186)**	**(80,947)**
Reversal of impairment / (Impairment charge) on property and equipment	20	(1,872)
Impairment charge on assets held for resale	-	(522)
Impairment charge	**20**	**(2,394)**
Rent expenses	(59,259)	(43,765)
Communication expenses	(46,008)	(52,651)
Marketing and advertisement costs	(36,298)	(48,591)
Sundry taxes and duties	(35,987)	(34,550)
Payment to saving deposit insurance fund	(31,199)	(14,393)
Utilities	(17,233)	(13,152)
Repair and maintenance expenses	(12,633)	(12,777)
Audit and consultancy fees	(7,361)	(7,749)
Charity	(2,289)	(2,015)
Other	(181,997)	(168,369)
General administrative expenses	**(430,264)**	**(398,012)**
Total	**(1,081,488)**	**(1,047,903)**

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 18 - ASSETS PLEDGED AND RESTRICTED

The Group has the following assets pledged as collateral:

	30 June 2009		31 December 2008	
	Assets	**Related liability**	**Assets**	**Related liability**
Trading securities	63,923	69,457	106,454	89,893
Investment securities	1,631,178	1,245,664	2,513,634	1,973,472
Other assets pledged [1]	30,488	-	136,649	-
Total	**1,725,589**	**1,315,121**	**2,756,737**	**2,063,365**

(1) Other assets pledged are the collaterals given to the counter parties of the interest rate swap transactions whose total contractual amount is TL3,850,281 thousand (31 December 2008: TL3,179,352 thousand) and the additional collaterals given in relation to the funds obtained under repurchase agreements (Note 9).

Available-for-sale, held-to-maturity and trading securities whose total carrying amount is TL 1,695,101 thousand as of 30 June 2009 (31 December 2008: TL2,620,088 thousand) are pledged to banks and other financial institutions against borrowed funds (Note 11) and funds obtained under repurchase agreements (Note 9 and Note 10). Total amount of such borrowings and funds obtained under repurchase agreements is TL1,315,121 thousand as of 30 June 2009 (31 December 2008: TL2,063,365 thousand). In accordance with the terms of the agreements with these financial institutions ("transferees"), the Bank provides these collaterals (debt instruments as given above) to the transferees and the transferees have the right to sell or repledge the collaterals until the expiry date of the agreements.

Securities are also pledged to regulatory authorities for legal requirements and other financial institutions as a guarantee for stock exchange and money market operations. These are mainly the CBRT and ISE Settlement and Custody Bank and other financial institutions (Note 7).

NOTE 19 - SEGMENT ANALYSIS

Through its new organisational structure launched in February 2009 aimed at further enhancing the customer-focused divisionalised service model as well as supporting the performances of business units in closer collaboration with product factories, The Group carries out its banking operations through three main business units: (1) retail banking (including credit cards and SME banking), (2) corporate and commercial banking (3) private banking and wealth management.

The Group's retail banking activities include credit cards, SME (small and medium size enterprises) banking and individual banking. Retail banking products and services offered to customers include credit cards, consumer loans (including general purpose loans, auto loans and mortgages), commercial 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 clubs and programs under the umbrella of the World brand include Gold Club, Platinum Club, Crystal Club, Travel Club (Travel Program and VIP Travel Program), Adios Card, Play Club (Young Employees Program and Student Program), Business Club (Corporate Program, Trio Program, Company Program and SME Program), Share Program and Communication Program.

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

Through its private banking and wealth management activities, the Group serves high net worth customers and delivers investment products to this customer segment. At the end of 2008, the Group further strengthened its private banking services in 2008 through the revision of the customer segmentation criteria resulting in the introduction of an enhanced service model. Among the products and services offered to private banking customers are time deposits, fiduciary deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private banking services are enhanced by investment advisory and portfolio management services provided by the Group's portfolio management and brokerage subsidiaries.

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

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

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

Transactions between the business segments are on normal commercial terms and conditions.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 19 - SEGMENT ANALYSIS (Continued)

30 June 2009	Retail banking	Corporate banking	Private banking and wealth management	Foreign operations	Other	Eliminations	Group
Segment revenue	1,356,428	685,510	206,962	56,305	1,050,020	(217,070)	3,138,155
Segment expenses	(1,163,209)	(190,421)	(53,155)	(23,172)	(564,355)	27,848	(1,966,464)
Segment result	193,219	495,089	153,807	33,133	485,665	(189,222)	1,171,691
Operating profit							**1,171,691**
Share of results of associates							1,680
Profit before tax							**1,173,371**
Income tax expense							(229,600)
Profit for the year							**943,771**
Segment assets	18,096,369	22,530,180	773,295	3,806,160	24,737,627	(812,081)	69,131,550
Associates							53,542
Total assets							**69,185,092**
Segment liabilities	19,915,480	15,021,657	10,255,166	3,233,194	13,554,018	(805,457)	61,174,058
Total liabilities							**61,174,058**

31 December 2008 [(1)]	Retail banking	Corporate banking	Private banking and wealth management	Foreign operations	Other	Eliminations	Group
Segment revenue	1,066,365	520,280	156,487	43,705	625,151	(196,849)	2,215,139
Segment expenses	(420,939)	(34,204)	(44,627)	(27,977)	(754,799)	74,381	(1,208,165)
Segment result	645,426	486,076	111,860	15,728	(129,648)	(122,468)	1,006,974
Operating profit							**1,006,974**
Share of results of associates							5,418
Profit before tax							**1,012,392**
Income tax expense							(203,958)
Profit for the year							**808,434**
Segment assets	18,367,894	23,331,433	551,719	3,920,005	25,055,298	(1,388,648)	69,837,701
Associates							55,593
Total assets							**69,893,294**
Segment liabilities	19,367,453	18,160,125	8,467,738	3,374,032	14,866,878	(1,381,947)	62,854,279
Total liabilities							**62,854,279**

(1) Income statement items represent 30 June 2008 amounts.

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 20 - RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, The Group is controlled by the Koç Group and UCI, owning 50% of the ordinary shares each of KFS.

A number of transactions were entered into with related parties in the normal course of business,

(i) Balances with related parties:

	30 June 2009		31 December 2008	
	Total	**Share in total %**	**Total**	**Share in total %**
Loans and advances to customers, net	990,870	2	595,479	1
Derivative financial instruments	21,745	3	11,134	3
Loans and advances to banks	9,025	-	210,261	6
Marketable securities	3,372	-	76,298	1
Other assets	378	-	4,473	-
Total assets	**1,025,390**		**897,645**	
Due to customers	3,033,960	7	4,241,753	10
Other borrowed funds	983,053	11	1,353,230	14
Other liabilities	2,382	-	1,371	-
Derivative financial instruments	800	-	9,585	4
Deposits from banks	67	-	24,910	2
Total liabilities	**4,020,262**		**5,630,849**	
Commitment under derivative instruments	775,883	3	711,872	4
Credit related commitments	650,458	4	633,294	4
Total commitments and contingent liabilities	**1,426,341**		**1,345,166**	

(ii) Transactions with related parties:

	30 June 2009		30 June 2008	
	Total	**Share in total %**	**Total**	**Share in total %**
Interest income on loans and advances to customers	33,840	1	41,285	2
Fee and commission income	2,017	-	3,744	-
Other operating income	889	1	5,446	6
Interest income on financial leases	610	-	2,294	-
Interest income on loans and advances to banks	8	-	5	-
Total interest and fee income	**37,364**		**52,774**	
Interest expense on deposits	(192,610)	9	(171,847)	8
Interest expense on funds borrowed	(12,210)	-	(13,540)	-
Other operating expense	(3,621)	-	(3,483)	-
Fee and commission expense	(1)	-	(15)	-
Total interest and fee expense	**(208,442)**		**(188,885)**	

(Amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 20 - RELATED PARTY TRANSACTIONS (Continued)

(iii) Balances with directors and other key management personnel:

	30 June 2009	31 December 2008
Loans and advances to customers, net	143	339
Interest income on loans and advances to customers	9	16
Due to customers	20,359	18,747
Interest expense on deposits	248	592
Fee and commission income	-	-
Commitments and contingent liabilities	-	-

Salaries and other benefits paid to the Group's key management approximately amount to TL25,079 thousand as of 30 June 2009 (30 June 2008: TL20,325 thousand).

NOTE 21 - INTERIM MANAGEMENT REPORT

The Group provides retail banking including credit cards and SME banking, corporate and commercial banking including leasing and factoring, private banking and wealth management services. The Group has operations in Turkey, Netherlands, Azerbaijan and Russia.

Key events

At the Board of Directors Meeting held on 27 May 2009; it has been decided to sell out a non-performing loan portfolio amounting to TL77,424 thousand (excluding the write-offs) included in non-performing loan accounts at a price of TL26,525 thousand. This transaction has affected the financial statements as TL22,668 thousand of pretax income after legal expenses.

With the Bank's board resolution dated 30 January 2009, the changes in the headquarters' organisation structure and the assignments in the top management level have been approved.

In that scope;

i) Establishment of an executive committee consisting of Tayfun Bayazıt as the chairman, Alessandro M. Decio as the vice chairman and Nazan Somer, Erhan Özçelik, Mert Güvenen, Cihangir Kavuncu, Massimiliano Fossati, Marco Cravario as members,

ii) Assignment of Alessandro M. Decio as the deputy of CEO who is formerly COO,

iii) Dr. Bülent Bulgurlu has resigned his duty as Chairman as of 3 April 2009 on the regular General Assembly and Tayfun Bayazıt has been assigned as Chairman as of 6 April 2009,

iv) Tayfun Bayazıt, CEO, has resigned as of 6 April 2009 and Hüseyin Faik Açıkalın has been assigned as CEO as of 1 May 2009,

v) According to the decision of the regular General Assembly dated 3 April 2009, Aykut Ümit Taftalı has resigned his duty as Board of Directors Member,

vi) According to the decision of the regular General Assembly dated 3 April 2009, Ali Tarık Uzun and Osman Turgay Durak have been assigned as Board of Directors Members,

NOTE 21 - INTERIM MANAGEMENT REPORT (Continued)

vii) According to the decision of the Board of Directors dated 27 April 2009, Ali Tarık Uzun has resigned his duty as Board of Directors Member and Hüseyin Faik Açıkalın has been assigned as Board of Directors Member,

viii) According to the decision of the Board of Directors dated 30 April 2009, it has been decided to apply to BRSA in order to enable the assignation of Yakup Doğan as Assistant General Manager in charge of Alternative Distribution Channels,

ix) According to the decision of the Board of Directors dated 15 May 2009, Ranieri De Marchis and Herbert Hangel have resigned their duty as members of Board of Directors and Vittorio Giovanni Maria Ogliengo and Carlo Vivaldi have been assigned as members of Board of Directors,

x) According to the decision of the Board of Directors dated 1 July 2009; Vittorio G. M. Ogliengo has resigned from his duty as Chairman of the Audit Committee and was appointed as member of the Audit Committee, Stephan Winkelmeier has resigned from his duty as member of the Audit Committee and Federico Ghizzoni has been appointed as member and Chairman of the Audit Committee.

xi) According to the new organisation's structure, the assignment and replacement procedure of vice chairman which is proposed by the chairman is changed and explained below,

The assignment of Nazan Somer as the vice president of the Credit Cards and Consumer Lending and retail banking who is still the vice president of Credit Cards and Consumer Lending,

The acceptance of the resignation of Hamit Aydoğan from the vice presidency of Corporate Banking,

The assignment of Mert Güvenen as the vice president of the Commercial and Corporate Banking and Foreign Participations who is formerly the vice president of Commercial Banking,

The assignment of Erhan Özçelik as the vice president of Private Banking and Subsidiaries, Portfolio Management and Investment Services Operations who is formerly the vice president of Private Banking and Foreign Operations Management,

The assignment of Massimilano Fossati as the vice president of Risk Management who is formerly the vice president of Corporate and Commercial Credits,

The assignment of Güray Alpkaya as the vice president of Corporate and Commercial Credit Sales who is formerly the vice president of Risk Management,

The assignment of Feza Tan as the vice president of Corporate and Commercial Credits who is formerly the head of Corporate and Commercial Credit Allocation Group,

The assignment of Yüksel Rizeli as the Executive Director of Operations and Information Technologies Coordination who is formerly the Executive Director of Operations,

In the Bank's Board of Directors meetings at 28 January 2009, it was decided to assign Füsun Akkal Bozok in lieu of Ahmet Ashaboğlu by Audit Committee and selected Ranieri De Marchis was selected as a member of Credit committee in lieu of Dr. Bülent Bulgurlu.

NOTE 21 - INTERIM MANAGEMENT REPORT (Continued)

Through its new organisational structure launched in February 2009 aimed at further enhancing the customer-focused divisionalised service model as well as supporting the performances of business units in closer collaboration with product factories, the Group carries out its banking operations through three main business units: (1) retail banking (including credit cards and SME banking), (2) corporate and commercial banking (3) private banking and wealth management.

NOTE 22 - POST BALANCE SHEET EVENTS

1) According to the decision of the Board of Directors dated 1 July 2009; Vittorio G. M. Ogliengo has resigned from his duty as Chairman of the Audit Committee and signed as member of the Audit Committee, Stephan Winkelmeier has been resigned his duty as member of the Audit Committee and Federico Ghizzoni has been signed as Chairman of the Audit Committee.

2) As a result of the Extraordinary General Assembly Meetings, dated 30 June 2009, of Yapı Kredi Yatırım Menkul Değerler A.Ş. (“YK Yatırım”), which is the Bank’s subsidiary with a shareholding of 99.98%, and of UniCredit Menkul Değerler A.Ş. (“UCM”), which is 99.99% the subsidiary of Koç Finansal Hizmetler A.Ş., the Bank’s main shareholder, the following decisions were taken:

   - that YK Yatırım’s intermediary activities function, which serves corporate clients, be added to UCM as capital in-kind through a partial spin-off over its book values included in the balance sheet at 31 December 2008,

   - that the Spin-off Agreement, which was entered into between UCM and YK Yatırım on 10 June 2009 and fell within the scope of approval from the Capital Markets Board (“CMB”) as of 22 June 2009, be approved, and

   - in accordance with the Spin-off Agreement, which was approved by the expert group on 20 May 2009 appointed by the 11th Commercial Court of First Instance with file No. 2009/1215 D.İş and which was permitted by the CMB and General Directorate of Domestic Trade under Ministry of Commerce; that the share capital of YK Yatırım be decreased by TL1,660,886, that the share capital be increased from internal resources without charge at the amount of share capital decrease simultaneously with the decrease, and that share capital of UCM be increased by TL2,345,375.

   As a result of these operations no changes have occurred in the Bank’s share and ratio in YK Yatırım’s share capital. According to the spin-off agreement, the decision was taken to increase UCM share capital from TL19,500,000 to TL21,845,375 and the Bank has acquired a share of TL2,344,819 (10.734%) in UCM share capital.

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