LIMITLESS
SERVICE NETWORK

Yapı Kredi
Annual Report 2010

YapıKredi

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KEMAL MISIRLI
FOREIGN TRADE ASSOCIATE
SELİN KİLBEY
SME BANKING SEGMENT MANAGEMENT
GÖKŞEN TÜRKMEN
COMPLAINT HANDLING ASSOCIATE
GÜNAY YURTSEVER
TELECOMMUNICATION SERVICES MANAGER
BURÇİN ONAT
DISPATCHING DEPARTMENT OF CENTRAL OPERATIONS
REHA GERÇEKER
SENIOR TECHNICAL ARCHITECT
ALİ SERHAN ÇETİN
SENIOR SYSTEM ADMINISTRATOR
SUNAY ERDOĞAN
ARCHITECT
BAHAR GÜLEN
CUSTOMER REPRESENTATIVE
EŞREF YALÇIN
BRANCH SUPPORT SUPERVISOR
SEDA DURGUN
STUDENT
GAYE DUMAN
DISPATCHING DEPARTMENT OF CENTRAL OPERATIONS
ÖZER ŞAHİNOĞLU
UNISTAFF OFFICIAL
DENİZ DURAN
BRANCH MANAGER
HATİCE YILMAZ
AFFLUENT PORTFOLIO MANAGER
SERDAR SÖNMEZ
MECHANICAL ENGINEER
HANDAN KARA
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MERCHANT MARKETING SPECIALIST
FIRAT TAVAS
CALL CENTER CUSTOMER REPRESANTATIVE
MUSTAFA ÖZDAL
AFFLUENT PORTFOLIO MANAGER
SEVİL DOYMAZ
SME PORTFOLIO MANAGER
AYTAÇ GÜRBÜZ
INDIVIDUAL BANKING SEGMENT MANAGEMENT
NİHAT ŞENYUVA
ISSUING APPLICATIONS DEVELOPMENT AND MAINTENANCE SUPERVISOR


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KEMAL MISIRLI
FOREIGN TRADE ASSOCIATE
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REAL ESTATE CONTRACT MANAGEMENT MANAGER
FIRAT TAVAS
CALL CENTER CUSTOMER REPRESANTATIVE
ULAŞ GÜNDÜZ
CONSTRUCTION COMPANY OWNER
AYTAÇ GÜRBÜZ
INDIVIDUAL BANKING SEGMENT MANAGEMENT
ELİF SARICA
PROJECT MANAGER
ALİ SERHAN ÇETİN
SENIOR SYSTEM ADMINISTRATOR
ANIL GÜNGÖR
RETENTION PROGRAM SPECIALIST
BAŞAK BİÇİMOĞLU
AFFLUENT BANKING SEGMENT MANAGEMENT
ESİN MACİT
COMPLAINT HANDLING ASSOCIATE
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COMPLAINT HANDLING ASSOCIATE


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BRANCH MANAGER
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PROJECT MANAGER
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AFFLUENT PORTFOLIO MANAGER
ESRA MUMCUOĞLU
INDIVIDUAL BANKING SEGMENT MANAGEMENT
MEHMED AZERİ
RETIRED TEACHER
AYTAÇ GÜRBÜZ
INDIVIDUAL BANKING SEGMENT MANAGEMENT
REHA GERÇEKER
SENIOR TECHNICAL ARCHITECT
ŞEBNEM EKEN
BRANCH MANAGER
BELGİN ŞİŞLİ
BRANCH MANAGER

CHAIRMAN'S MESSAGE
Turkey recorded above 7% economic growth in 2010, one of the most significant annual growth rates among emerging countries
8

CEO'S MESSAGE
Yapı Kredi will continue its focus on individual and SME segments, commercial effectiveness gains and branch expansion strategy in the upcoming period
10

STRATEGY OVERVIEW
In 2010, Yapı Kredi achieved strong improvement in growth and commercial effectiveness, continued its disciplined cost containment and maintained solid funding and capital structure. The Bank aims to sustain its above sector performance in these areas
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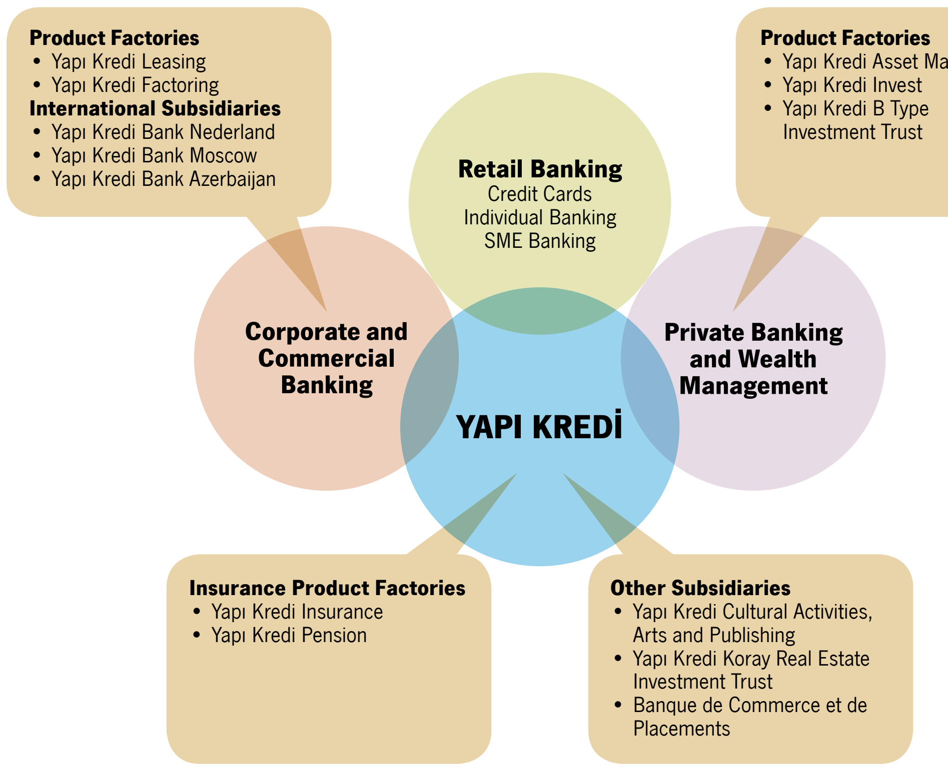
Organisational Structure



Customer Profile

Yapı Kredi has a total of 6 million active customers including 5.4 million retail customers
The Bank's customer base is:

- **Constantly diversifying, dynamic and loyal**
- **Increasingly younger**
- **Progressively dispersing to new occupational groups and sectors**
- **Rapidly spreading throughout Turkey**

Customer Composition

Retail	5.4 million
SME	532 thousand
Corporate and Commercial	32 thousand
Total	6 million

Gender

Existing Retail Customer Base
Male 74% — Female 26%

2010 New Customer Acquisition
Male 69% — Female 31%

Age

Existing Retail Customer Base
25% — 54% — 21%

2010 New Customer Acquisition
56% — 33% — 11%

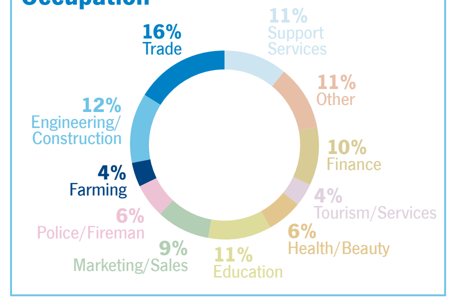
Below 30 years — 30 – 50 years — Above 50 years

Average Age

Existing Retail Customer Base
40

2010 New Customer Acquisition
32

Occupation



Location

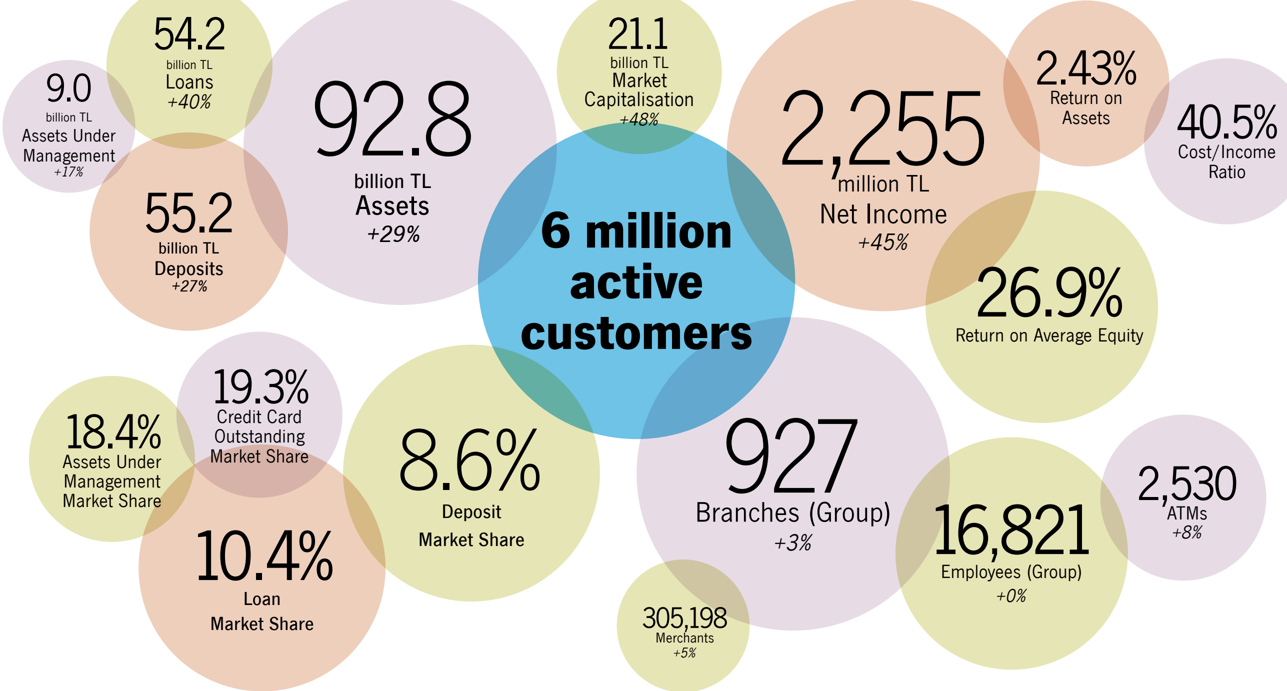
Existing Total Customer Base
Retail: 53% — 47%
Corporate, Commercial and SME: 48% — 52%

2010 New Customer Acquisition
Retail: 46% — 54%
Corporate, Commercial and SME: 39% — 61%

Top 4 cities — Rest of Turkey

Retail customer base refers to individual and private banking customers. SMEs are small and medium sized enterprises
Top 4 cities: İstanbul, Ankara, İzmir, Bursa

Key Indicators



Financial highlights are based on consolidated BRSA financials. Figures presented in italic refer to annual change. Group refers to Yapı Kredi and its subsidiaries
Assets Under Management: Mutual funds, private pension funds, discretionary portfolio management funds and other discretionary portfolio management transaction volume
Loans refer to performing loans

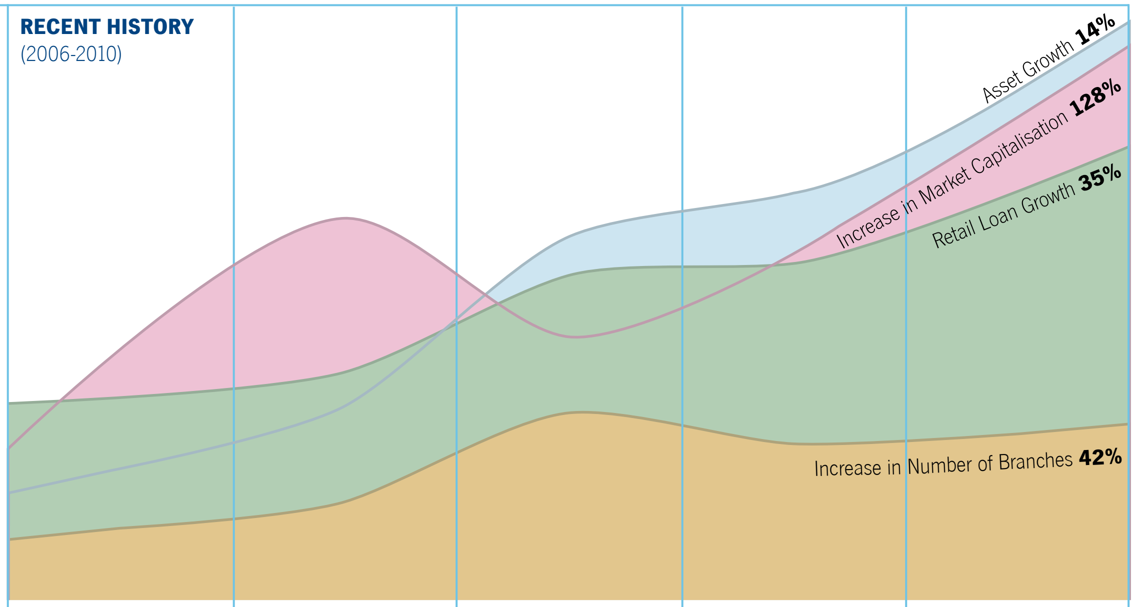
History

THE ORIGINS
(1944-2006)

Established in 1944 as Turkey's first retail focused private bank with a nationwide presence, Yapı Kredi has always played a pioneering role in the banking sector leveraging its customer centric service model and dedication to innovation.

In 2006, Yapı Kredi successfully completed the largest merger in the Turkish banking sector. The merger between Koçbank (eighth largest private bank) and Yapı Kredi (seventh largest private bank) formed the new Yapı Kredi, which became the fourth largest private bank representing a unique retail platform with strong competitive advantages.

RECENT HISTORY
(2006-2010)



2006 MERGER AND INTEGRATION
2007 RESTRUCTURING
2008 RELAUNCH OF GROWTH
2009 GLOBAL CRISIS
2010 BACK TO GROWTH

Asset and retail loan growth are based on compounded annual growth rate (CAGR); increase in market capitalisation and number of branches are based on nominal growth rates

PART I
INTRODUCTION

Güney Bağımsız Denetim ve
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REPORT ON COMPLIANCE OF ANNUAL REPORT

To the General Assembly of Shareholders of Yapı ve Kredi Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as of December 31, 2010 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Act No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Yapı ve Kredi Bankası A.Ş. at December 31, 2010 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Act No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

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

Selim Elhadef,
Partner, SMMM

Istanbul, March 14, 2011

Annual Shareholders' Meeting Agenda, Dividend Distribution Policy for 2011 and Beyond

Annual Shareholders' Meeting Agenda

1. Opening and the constitution of the Council for the Meeting,
2. The presentation and consideration of the Annual Report of the Board of Directors, Report of the Statutory Auditors and Summary of Report of External Auditors related to the activities of the year 2010, rejection, approval or approval with amendments of the proposal of the Board of Directors regarding the Balance Sheet and Income Statement for the year 2010,
3. Approval of Board Member elected by the Board of Directors according to Article 315 of the Turkish Commercial Code to fill in the vacancy which occurred in 2010,
4. Clearing of Members of the Board of Directors and the Statutory Auditors of liability related to activities of the Bank during the year 2010,
5. Approval of transactions regarding liquidation of some part of the receivables that are being followed up in non-performing loan accounts by sale and to clear Board Members regarding these transactions,
6. Determining the number and the term of office of Board Members and electing Members of the Board of Directors,
7. Determining the number and the term of office of Statutory Auditors and electing Statutory Auditors,
8. Determining the attendance fees for Members of the Board of Directors and the fees of the Auditors,
9. Rejection, approval or approval with amendments of the proposal of the Board of Directors regarding the dividend distribution for the year 2010,
10. Submitting the dividend distribution policy of the Bank for 2011 and beyond to the shareholders' knowledge according to the Corporate Governance Principles,
11. Submitting the disclosure policy of the Bank to the shareholders' attention according to the regulation issued by the Capital Markets Board,
12. Submitting the donations made by the Bank in 2010 to the foundations and associations with the aim of social relief to the shareholders' attention,
13. Approval of the external audit institution selected by the Board of Directors for auditing the 2011 financial statements in line with the requirements of the regulation issued by the Banking Regulation and Supervision Agency (BRSA),
14. Consideration and approval of the amendment to the Article 3 captioned Duration, Article 21 captioned Issuing Capital Market Instruments and Article 25 captioned Duties and Powers of the Board of Directors of the Articles of Association, with the condition of receiving the related approvals from the BRSA, the Capital Markets Board and the Ministry of Industry and Trade,
15. Granting permission to the Members of the Board of Directors in accordance with Articles 334 and 335 of the Turkish Commercial Code to carry out with the Company, in its name or in the name of a third party, transactions that are among the objects of the company or to become shareholders in companies that deal in the same type of transactions and to perform other transactions,
16. Authorising Council for the Meeting to sign the minutes,
17. Wishes.

Dividend Distribution Policy for 2011 and Beyond

Principles with regard to the Bank's dividend distribution are set out in detail in Article 78 of the Articles of Association of the Bank. In this respect, shareholders are, taking into consideration the growth of the Bank towards its targets within the sector as well as its financing requirements, authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase and to fix the distribution dates as required by law.

At the Annual Shareholders' Meeting, shareholders may take the decision to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves in accordance with Article 80 of the Articles of Association. It is envisaged that the dividend policy of the Bank will be set out in such a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors whenever necessary, taking into consideration the domestic and international economic conditions and the projects and funds on the agenda.

Note on 2010 Net Profit

It is resolved that TL 103,014,538.04 should be reserved as the first legal reserve from TL 2,060,290,760.97 (the unconsolidated net profit for the accounting period) and the TL 1,891,584,635.73 that remains after the reservation of TL 65,691,587.20 (75% of the profit from the sale of real properties and share stocks on the basis of Article 5 clause 1/e of the Corporate Tax Law 5520) should be reserved as extraordinary reserves with a view to assure the completion of the Bank's long-term growth plans, giving due consideration to the domestic and international economic conditions and 2010 dividend distribution table on page 150 that was submitted at the Annual Shareholders' Meeting for approval.

Chairman's Message

Turkey recorded above 7% economic growth in 2010, one of the most significant annual growth rates among emerging countries

Dear Shareholders,

2010 was a year of recovery from the crisis throughout the world with emerging countries surpassing developed countries in terms of economic growth. The global economy grew at a healthy and higher than expected rate of 5% with the advanced economies growing at 3% and the emerging countries at 7%. Although there was a visible pick up in economic growth, some major risks continue to persist especially in the emerging countries, including high inflation, uncertainty regarding oil and commodity prices and political environment. Overall, there is cautious optimism about the future outlook of the global economy with increased focus on financial stability.

Turkey came out of the crisis with consecutively strong gross domestic product (GDP) growth rates of 11.8%, 10.2% and 5.5% in the first three quarters of the year. As a result, Turkey recorded one of the most significant annual growth rates among the emerging countries with above 7% economic growth. The economic growth was mainly driven by pick up in domestic demand on the back of above 20% growth in private investments. In addition, the main challenges faced by the economy during 2009, namely budget deficit, industrial production and unemployment, displayed a positive trend in 2010.

Budget deficit was realised at TL 39.6 billion, signifying 3.6% of expected GDP(1) and lower than the government's projection of 4%. Industrial production also increased significantly throughout 2010, following a contraction in 2009. Unemployment rate declined to 11.9% in 2010 compared to 14.0% in 2009. Annual CPI inflation was realised at 6.4%, remaining slightly below the Central Bank of Turkey (CBRT) target of 6.5% while core inflation fell to historically low levels of 2.99% at the end of 2010.

On the other hand, strong recovery in economic activity led to a deterioration in the current account deficit in 2010. As of the end of 2010, current account deficit was realised as US$ 49 billion, corresponding to 6.6% of expected GDP(1). In December 2010, the CBRT introduced a new monetary policy mix and reduced the policy rate (one week repo rate) by 50 bps to 6.5% while increasing reserve requirement ratio for banks. The ultimate aim of both actions was to reduce the current account deficit. The rationale behind the cut in policy rate was to limit excessive short term capital flows and TL appreciation while the aim of the reserve requirement ratio increase was to control credit expansion thereby limiting current account deficit growth. In 2011, current account deficit and inflation are two areas to be closely monitored.

The Turkish banking sector maintained its profitability in 2010 driven by strong volume growth and asset quality improvement, despite significant downward pressure on net interest margin due to stabilised low interest rate environment and intense competition.

(1) Yapı Kredi Economic Research forecast

The Turkish banking sector sustained its strong profitability and capitalisation level in 2010 with return on equity of 20% and capital adequacy ratio of 18%

Total loans in the Turkish banking sector increased from TL 373 billion to TL 501 billion, indicating 34% annual growth. Comfortable funding position was maintained with total deposits increasing from TL 505 billion to TL 611 billion, indicating 21% annual growth. The sector sustained its strong profitability and capitalisation level with return on equity of 20% and capital adequacy ratio of 18%. In this growth environment, Yapı Kredi recorded above sector volume and revenue growth through its customer centric banking approach and focus on commercial effectiveness. The Bank also continued its disciplined cost containment focus.

Leveraging on continuous focus on customer satisfaction as a key enabler of sustainable performance, Yapı Kredi serves six million active customers through its widespread and extensive network of 927 branches at Group level (including subsidiaries), 868 branches at Bank level, ATMs, award-winning call center and internet banking. At the end of 2010, as the fourth largest private bank in Turkey, Yapı Kredi maintains leading positions in credit cards, asset management, leasing, factoring, pension funds and health insurance.

Yapı Kredi recorded significant progress in terms of customer and employee satisfaction throughout 2010. The Bank simplified its processes to reduce customer lending response times and increase service quality. With the aim of enhancing employee satisfaction, Yapı Kredi further increased the scope of its training and development activities at Yapı Kredi Banking Academy through launch of new training programs and tailored training plans for each employee.

Yapı Kredi further increased its dedication to corporate governance through establishment of the Corporate Governance Committee in 2010 to better monitor corporate governance implementations. The Bank's corporate governance rating reached 8.78 out of 10 in 2010. Yapı Kredi is the only bank among its peer group that is included in the Istanbul Stock Exchange Corporate Governance Index composed of 31 companies.

I would like to extend my gratitude to our customers and shareholders for their continuous contribution to Yapı Kredi Group, which continuously strives to provide the highest level of service, as well as to our management and 16,821 employees for their dedicated efforts.

Tayfun Bayazıt
Chairman of the Board of Directors

CEO’s Message

Yapı Kredi recorded one of the strongest performances in the sector in 2010 both in terms of growth and profitability, further strengthening its position as the fourth largest private bank in Turkey

Dear Shareholders,

Turkey witnessed a strong macroeconomic recovery throughout 2010. With this positive background, the Turkish banking sector sustained its profitability driven by strong volume growth and asset quality improvement despite narrowing net interest margin. Robust capital structure and solid liquidity were also maintained.

Yapı Kredi recorded one of the strongest performances in the sector in 2010 both in terms of growth and profitability, further strengthening its position as the fourth largest private bank in Turkey. Throughout the year, the Bank maintained strong focus on growth, customer satisfaction, commercial effectiveness and profitability. As a result, Yapı Kredi achieved the highest annual net income growth (45%), the best annual cost performance despite continued branch openings (7% increase in line with inflation), the best asset quality improvement (NPL ratio down by 290 bps year-on-year to 3.4%) and the highest annual asset, loan and deposit growth (29%, 40% and 27%, respectively) among the top four private banks.

Taking advantage of the positive operating environment and leveraging on its customer centric business approach, Yapı Kredi increased its total assets by 29% to TL 92.8 billion. In terms of profitability, Yapı Kredi increased its consolidated net income by 45% to TL 2,255 million. The Bank recorded the highest return on average equity of 26.9% among private banks.

Confirming its position as one of the leading innovators in the sector, Yapı Kredi became the first bank to implement the bundling approach in 2010, launching five different product packages aimed at addressing diverse customer needs in SME and individual segments as well as mortgages. The Bank also launched two new credit cards, taksitçi and adios premium, nine new capital guaranteed funds, three new B-type funds and two credit card protection insurance products through its insurance product factories. In terms of development of alternative delivery channels, Yapı Kredi took an important step both in terms of innovation and social responsibility by installing ATMs with keyboards as well as those specially designed for the hearing impaired. In addition to its existing call center in Istanbul, Yapı Kredi opened a new call center in Samsun in the Anatolia region, which is expected to further enhance customer satisfaction in the upcoming period as well as contributing to social responsibility by providing employment opportunities in this region.

Continuing on from the enhancements made to customer relationship management systems and management information systems in 2009, Yapı Kredi focused on simplifying processes, significantly reducing customer lending response times to increase efficiency as well as on initiatives to become more easy to work with in 2010. The Bank also maintained its focus on customer penetration and acquisition. As a result of focused efforts, close to 400,000 customers out of a total of 2.6 million credit card only customers started benefiting from other banking products and services. In terms of commercial effectiveness indicators, Yapı Kredi recorded an increase of 39% in loans per employee and 28% in deposits per employee in 2010.

Yapı Kredi’s strong above sector loan growth of 40% in 2010 was mainly driven by individual, SME and medium term commercial lending in Turkish Lira and project finance in foreign currency. During the year, Yapı Kredi successfully contributed to the financing of more than 100 projects with particular focus on the energy sector, thereby providing US$ 3.6 billion support for the economy.

Yapı Kredi further strengthened its position as a leading retail franchise in 2010. In terms of consumer loans, the Bank recorded 39% growth driven by 37% growth in mortgages and general purpose loans and 62% growth in auto loans. As a result, Yapı Kredi’s market share in mortgages increased to 9.1% (rank 7), market share in general purpose loans increased to 5.4% (rank 7) and market share in auto loans increased to 17.8%. The Bank gained sector leadership in auto loans by climbing two positions. Yapı Kredi’s continuous support for SMEs resulted in 69% increase in commercial installment loans to TL 5.1 billion as of the end of 2010. In credit cards, the Bank maintained its longstanding sector leadership with 19.3% market share in outstanding volume.

Yapı Kredi also continued its branch expansion plan in 2010. Total branch network reached 927 at Group level (including subsidiaries) and 868 at Bank level including 30 net new branches (39 new openings). The Bank also continuously invested in its alternative delivery channels to increase customer satisfaction and decrease cost to serve and as a result carried out 78% of total banking transactions through non-branch channels in 2010.

Yapı Kredi maintained its solid capital base and further strengthened and diversified its funding structure throughout the year. The Bank successfully secured two syndicated loans amounting to US$ 2.25 billion at more favourable conditions in terms of amount and price compared with the previous year. Yapı Kredi also secured a long-term fixed rate borrowing of US$ 750 million with a five year maturity from international debt capital markets. As of the end of 2010, Yapı Kredi’s capital adequacy ratio was 15.4% at Group level and 16.1% at Bank level.

In the upcoming period, Yapı Kredi will continue its focus on individual and SME segments, commercial effectiveness gains, branch expansion strategy, cost and efficiency improvements while maintaining strong focus on innovation, customer and employee satisfaction. In this regard, the Bank has identified three key areas where focused projects will be undertaken in 2011, namely the SME segment, the information technology infrastructure and alternative delivery channels. In terms of further diversification and tailoring of alternative delivery channels as well as creating a more user-friendly infrastructure, a multi-channel project will be undertaken to further reinforce the Bank’s sector presence.

Yapı Kredi is determined to achieve sustainable and above sector performance in 2011 through the continuous support of its customers and shareholders accompanied by the devoted efforts of its employees.

I would like to take this opportunity to thank our customers and shareholders for their trust and support, and our employees for their invaluable dedication as they are the real force behind our success and the enabler of all of our accomplishments so far and in the future.

Faik Açıkalın
Chief Executive Officer

In the upcoming period, Yapı Kredi will continue its focus on individual and SME segments, commercial effectiveness gains, branch expansion strategy, disciplined cost containment and efficiency improvements while maintaining strong focus on innovation, customer and employee satisfaction

Non-branch channels include internet banking, call center, ATMs, post office and other centralised automated transaction channels

Vision, Mission and Strategy

As a fully integrated banking and financial services group, Yapı Kredi operates with the vision of becoming the undisputed leader in the finance sector

VISION
To be the undisputed leader in the finance sector

MISSION
To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees

STRATEGY

Healthy and consistent growth

Focus on core banking activities to maintain leadership in the higher return on capital and growth segments

Continuous expansion of market presence through network development and investments for growth aimed at sustaining long-term performance and increasing commercial effectiveness

Superior and long-lasting customer satisfaction

Continuous innovation, investments in technology and delivery channels to address changing customer needs and enhance easy to work with approach

Strong focus on employee loyalty and satisfaction

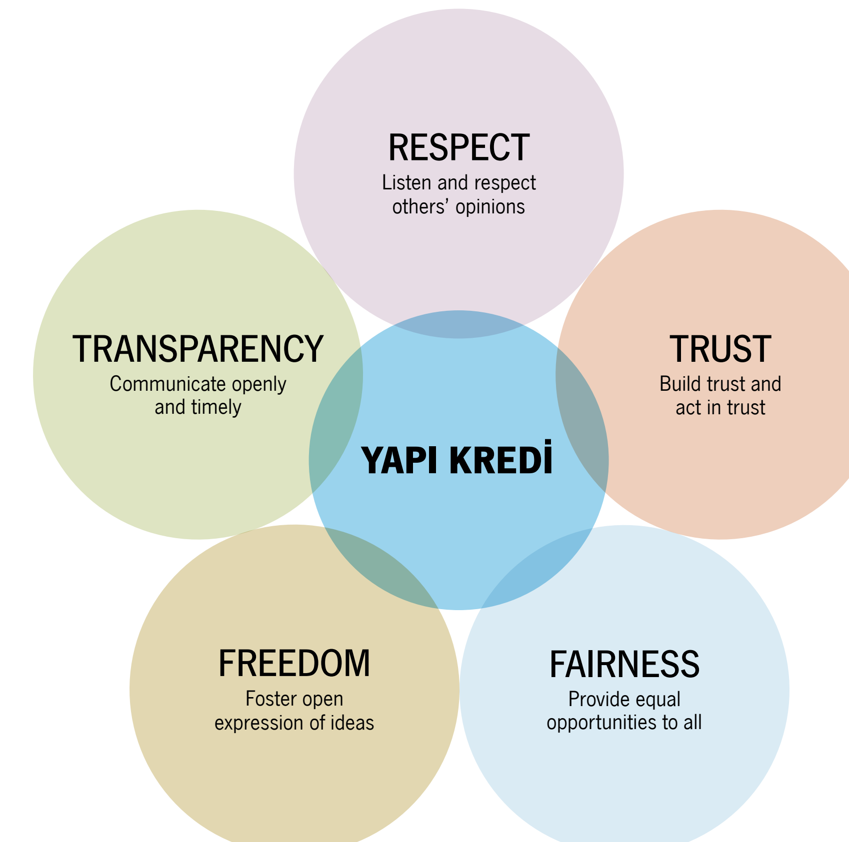
Strong and sustainable profitability

Efforts to address specific customer needs via segment based service strategy and optimisation of cost to serve to improve competitiveness

Outstanding efficiency, cost and risk management

Values

Yapı Kredi's vision is based on five core values adopted by all employees



FREEDOM
Yapı Kredi employees express their opinions openly and easily in all circumstances by using appropriate and constructive methods. Yapı Kredi employees act in accordance with the framework of the Bank's values and participate in activities which contribute to the future of the corporation.

FAIRNESS
Yapı Kredi employees treat their customers, colleagues and the Bank's stakeholders in a consistent manner to provide equal opportunities without seeking personal gain. Yapı Kredi employees make decisions after objectively evaluating every situation and act in accordance with their values and commitments while fulfilling their corporate and social responsibilities and maintaining dedication to customer satisfaction.

RESPECT
Yapı Kredi employees listen to their customers and colleagues, irrespective of their identities, to understand their needs and take their statements seriously. They respect opinion of others and know that their opinions and ideas will be taken seriously as well.

TRUST
Yapı Kredi employees build trust among their customers, colleagues and other stakeholders through their banking knowledge, skills and their commitment to corporate values. Yapı Kredi employees trust the people to whom they have granted responsibility and authority. Consistent with the Bank's corporate values, Yapı Kredi employees keep their promises in a timely and accurate manner; they do not make promises they cannot keep. They take responsibility for the problems of their customers, find rapid solutions and follow up on the results.

TRANSPARENCY
Yapı Kredi employees share corporate information relevant to their field with their customers, colleagues and other stakeholders in a transparent and timely manner while adhering to the Bank's confidentiality principles and ensure the accessibility of necessary information to all relevant parties. Yapı Kredi employees express their real opinions with the same degree of transparency.

The Origins: 1944 - 2006

Yapı Kredi has played a significant role in Turkey's development, setting standards in the sector through its innovative approach, commitment to social responsibility and investment in culture and arts

	1940s-1950s	1960s	1970s
INNOVATION	Yapı Kredi gained a strong position as Turkey's first retail focused private bank with a nationwide presence, distinguishing itself through its customer friendly approach and limitless service understanding	Introduced computerisation to the Turkish banking sector and played a pioneering role in developing long-term project finance lending	Led the way in the development of financial and international subsidiaries and became the first bank to be authorised to hold a foreign currency position in Turkey
SOCIAL RESPONSIBILITY	Sponsored the first primary school essay contest in cooperation with the Ministry of Education and contributed to development of private theatre in Turkey through sponsorship of children's theatre	Sponsored Doğan Kardeş children's novel competition as part of its 20th year celebrations and organised various Turkish folk songwriting contests	Sponsored various exhibitions, theatre and cinema events as part of the World Children's Year and supported the development of general knowledge by organising various contests aimed at both children an adults
CULTURE-ARTS	Launched Doğan Kardeş, Turkey's longest running children's magazine, sponsored Turkey's first fully colour film, organised the first painting competition with an international jury and formed a dedicated culture-arts department within the Bank	Became the first Turkish bank to have an art gallery by establishing the Kazım Taşkent Art Gallery, hosted landmark exhibitions about Turkish folklore and introduced many works of art from the Topkapı Palace archives to the public for the first time	Presented art lovers with a rich collection of 80,000 rare books, manuscripts and periodicals by opening the Yapı Kredi library and was chosen as the best in its category among libraries in Turkey

	1980s	1990s	2000s
INNOVATION	Introduced individual loans, credit cards, debit cards, ATMs, online banking systems and laid the foundations for today's corporate banking	Initiated the first telephone banking service and introduced an advanced credit card infrastructure with loyalty point awards and installments	Successfully completed its merger with Koçbank in October 2006, the largest merger in the Turkish banking sector, creating a unique retail franchise
SOCIAL RESPONSIBILITY	Sponsored the Second Environment and Childrens Week in cooperation with the Wildlife Conservation Society and organised various related events	Sponsored Nasuh Mahruki, the first Turkish mountaineer to successfully climb Everest and later the worlds' highest seven points and launched a theatre contest named after famous Turkish theatre player Afife Jale	Formed the Yapı Kredi Volunteers Platform and undertook many projects in the field of education: - established the Yapı Kredi Girls Technical and Vocational High School - opened the Yapı Kredi Banking Academy - started the I Read, I Play Project - took part in Koç Group's Vocational Education, A Crucial Matter for the Nation Project
CULTURE-ARTS	Produced a record and later a CD recording of pieces by Münir Nurettin Selçuk, one of the most revered Turkish classical musicians, thereby winning the Ministry of Culture award and brought the Bolshoi Ballet to Turkey as part of its anniversary celebrations	Established Yapı Kredi Cultural Activities, Arts and Publishing to spread culture and arts to a wider audience, organised the first singing competition named after world famous Turkish opera singer Leyla Gencer and supported the Çatalhöyük excavations thereby helping to uncover its 9,000 year history	Yapı Kredi Publications set a record in its sector by publishing its 3,000th book, brought Bellini's Fatih Sultan Mehmet portrait to Istanbul after 500 years and participated in Art Days started by UniCredit Group

Recent History: 2006 - 2010

Following the merger in 2006, Yapı Kredi's successful execution of a customer oriented strategy delivered consistently strong results

	2006	2007	2008	2009	2010
	MERGER AND INTEGRATION	**RESTRUCTURING**	**RELAUNCH OF GROWTH**	**GLOBAL CRISIS**	**BACK TO GROWTH**
KEY ACTIONS	Legal merger of Yapı Kredi and Koçbank Integration of information technology systems Merger of four core subsidiaries (factoring, leasing, asset management and brokerage) Restructuring of capital base	Launch of branch expansion Completion of segment based service model Bringing financial subsidiaries under the Bank to streamline governance Efficiency initiatives in systems and processes	Accelerated branch expansion Innovative new products and services Tight cost management, efficiency efforts and migration of transactions to non-branch channels Strengthening of capital base via capital increase	Temporary suspension of branch expansion Focus on supporting customer base and customer centric banking approach Tight cost management and efficiency efforts Proactive credit risk management	Re-launch of branch expansion Emphasis on innovation, new product offerings and customer acquisition Above sector growth and continuous cost discipline Simplification of processes and efficiency improvements
LOANS/ASSETS RATIO	41%	51%	55%	54%	58%
RETURN ON AVERAGE EQUITY	19%	24%	26%	23%	27%
COST/INCOME RATIO	68%	59%	53%	41%	41%
NON-PERFORMING LOAN RATIO	5.2%	5.8%	4.3%	6.3%	3.4%
CAPITAL ADEQUACY RATIO	13.3%	12.8%	14.2%	16.5%	15.4%

Based on consolidated BRSA financials

Corporate Profile

Yapı Kredi creates value for its customers through its retail focused, customer centric approach, strong competitive advantages and extensive service network

Fourth largest private bank with leading positions in credit cards, asset management, leasing, factoring, private pension funds and health insurance

- Turkey's first retail focused private bank with a nationwide presence
- Total consolidated assets of TL 92.8 billion as of the end of 2010

Customer-oriented business mix

- Solid link with the real economy via loan-heavy balance sheet
- Support for the country's development through successful execution of accelerated branch expansion since mid-2007

Fourth largest branch network, fifth largest ATM network, award winning call center and internet banking

- 927 branches at Group level (including subsidiaries), 868 branches at Bank level located in more than 70 cities, covering 88% of Turkey
- Advanced alternative delivery channels comprising 2,530 ATMs, two call centers, internet banking with 1.8 million users and mobile banking

Service model supported by domestic and international subsidiaries

- Six million active customers served through credit cards, individual banking, SME banking, corporate and commercial banking, private banking and wealth management
- Banking operations supported by asset management, brokerage, leasing, factoring, private pension and insurance product factories as well as international subsidiaries in the Netherlands, Russia and Azerbaijan

Strong shareholders: Koç Group and UniCredit Group

- 81.8% of shares owned by Koç Financial Services, a 50%-50% joint venture between the Koç Group and UniCredit Group
- Koç Group: Turkey's largest conglomerate in terms of turnover, exports, market capitalisation and number of employees with roots dating back to 1926 and operations in energy, automotive, consumer durables and finance
- UniCredit Group: Headquartered in Italy, one of the largest banking and financial services organisations in Europe and the leader in Central and Eastern European countries

Focus on customer and employee satisfaction

- Solid commitment to customer and employee satisfaction as key prerequisites of sustainable and strong performance
- Emphasis on system enhancements, improvement in sales support tools and simplification of processes to provide more timely and effective service to customers and to become easier to work with

Focus on efficiency and cost management

- Unique track record of pursuing growth together with cost containment and efficiency improvements
- Continuous investments in alternative delivery channels with an aim to increase customer satisfaction

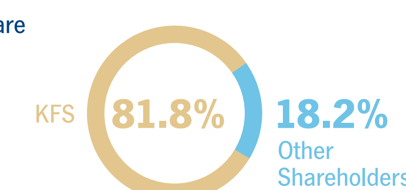
Dedication to corporate governance

- The only bank among its peer group to be a member of the Istanbul Stock Exchange Corporate Governance Index since 2008
- Corporate governance rating increased to 8.78 out of 10 in 2010

Shareholding Structure

Shareholder	Share Amount
Koç Financial Services (KFS)	3,555,712,396.07
Other Shareholders	791,338,887.93
Total	4,347,051,284.00

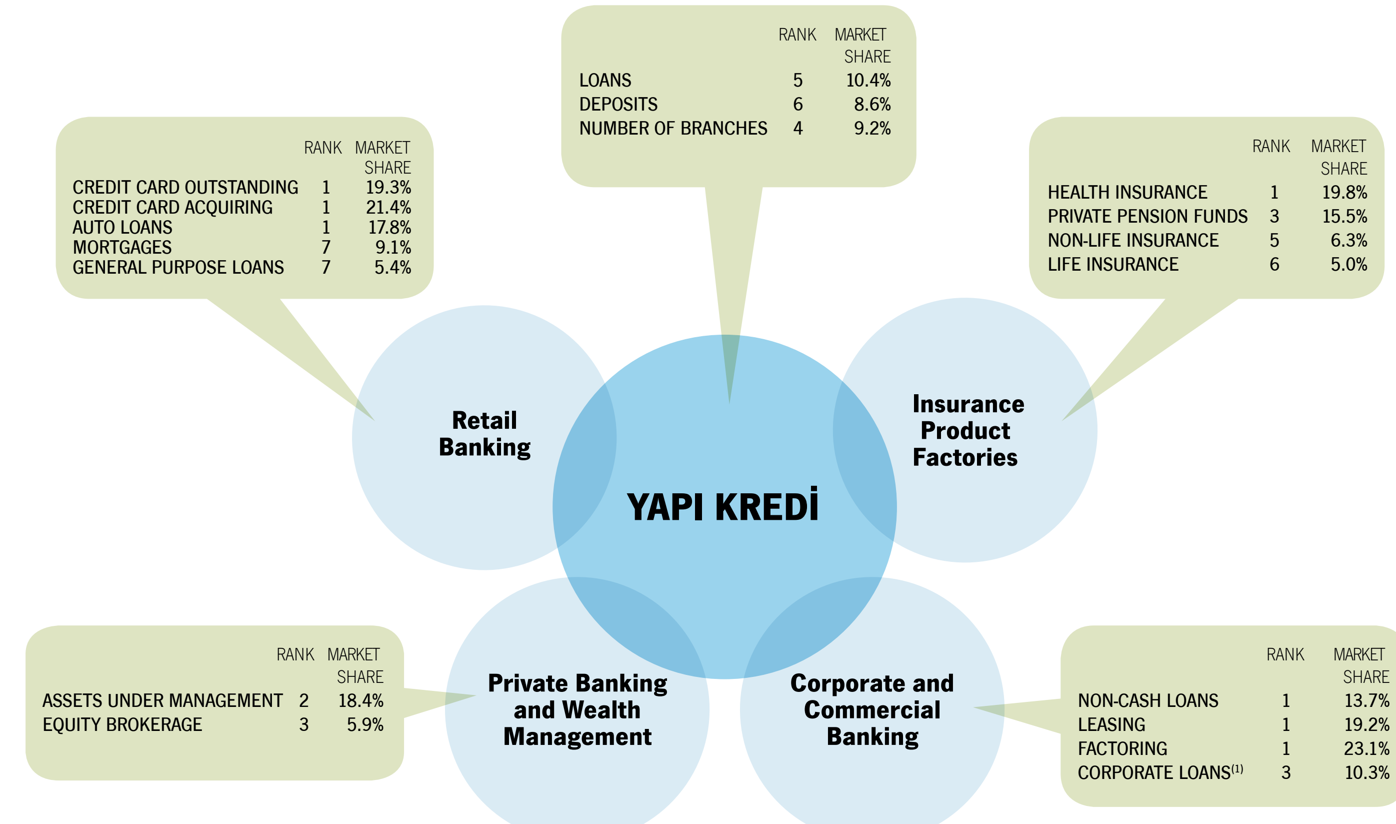
Share



18.2% of the Bank's shares are publicly traded and held by minority shareholders
The Bank's shares are listed on the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange

Sector Positioning

Yapı Kredi has a leading position in credit cards, asset management, leasing, factoring, private pension funds and health insurance. The Bank has recorded a compounded annual growth rate of 24% in loans and 34% in net income since 2006



Key Financial Indicators

(million TL)	2006	2007	2008	2009	2010	Annual Growth (2009-2010)	CAGR[4] (2006-2010)
Total Assets	55,293	56,130	70,872	71,734	92,814	29%	14%
Loans	22,754	28,733	38,910	38,863	54,243	40%	24%
Deposits	32,576	33,706	44,023	43,375	55,207	27%	14%
Assets Under Management[2]	6,145	6,372	5,818	6,991	8,444	21%	8%
Total Revenues	4,033	3,963	4,802	6,071	6,649	10%	13%
Operating Expenses	2,731	2,338	2,560	2,510	2,693	7%	0%
Net Income	697	1,019	1,265	1,553	2,255	45%	34%
Number of Branches (Group)	653	738	930	901	927	3%	42%[3]
Number of Employees (Group)	15,943	16,779	17,385	16,749	16,821	0%	6%[3]
Number of ATMs	1,707	1,930	2,381	2,353	2,530	8%	48%[3]
Number of Merchants	168,235	205,074	258,927	290,255	305,198	5%	81%[3]

Based on BRSA consolidated financials. Loans indicate performing loans
(1) Cash loans excluding credit card outstanding volume and consumer loans
(2) Including mutual funds, private pension funds and discretionary portfolio management fund volume
(3) Nominal growth rates
(4) Compounded annual growth rates

Strategy Overview

In 2010, Yapı Kredi achieved strong improvement in growth and commercial effectiveness, continued its disciplined cost containment and maintained solid funding and capital structure. The Bank aims to sustain its above sector performance in these areas

Growth and Commercial Effectiveness

2010 PROGRESS

- Retail oriented growth driven by focus on customer related business (mainly individual and SME banking)
- Improved commercial effectiveness driven by process simplification, innovative product offerings, reduced customer lending response times and further penetration of customer base
- Continuation of branch expansion plan with 39 new branch openings

2010 Loan Growth (%)

Yapı Kredi	40
Sector	34

Loans per Employee (thousand TL)

2010	3,621
2009	2,613

Number of Branches (Group)

2010	927
2009	901

2011 OBJECTIVES

- Healthy growth focused on individual and SME banking
- Further increase in commercial effectiveness through focus on cross sell, product bundling and customer activation
- 60 branch openings

MEDIUM-TERM OBJECTIVES

- Above sector performance on the back of retail focused business model, unrealised commercial potential and continuation of investments for growth

Cost and Operational Efficiency

2010 PROGRESS

- Disciplined cost containment together with continuation of investments for growth leading to limited cost growth, in line with inflation
- Decrease in cost to serve on the back of increasing migration of banking transactions to non-branch channels and effective headcount management

2010 Cost Growth (%)

Yapı Kredi	7
Sector	15

Number of Banking Transactions Carried out through Internet Banking (million)

2010	42
2009	35

Number of Employees (Group)

2010	16,821
2009	16,749

2011 OBJECTIVES

- Continuation of disciplined cost management
- Decrease in cost to serve and sustaining efficiency gains through improvement of information technology capabilities and multi-channel approach

MEDIUM-TERM OBJECTIVES

- Transformation of operational infrastructure and further development of multi-channel strategy to sustain retail growth at minimum cost to serve and increase customer satisfaction

Asset Quality

2010 PROGRESS

- Improvement in asset quality on the back of credit system enhancements, strong collections performance, restructuring programs, slowdown in non-performing loan inflows and portfolio sales
- Launch of SME scoring model aimed at enhancing credit infrastructure
- Improvement in cost of risk driven by positive asset quality evolution

Non-performing Loan (NPL) Ratio (%)

2010	3.4
2009	6.3

Collections / New NPL Inflows (%)

2010	82
2009	63

Cost of Risk (1) (%)

2010	0.80
2009	3.72

2011 OBJECTIVES

- Continuous emphasis on asset quality with dynamic NPL portfolio management and continuation of sound collections performance
- Further improvement of credit infrastructure through centralisation of SME underwriting and upgrade of individual scoring model

MEDIUM-TERM OBJECTIVES

- Ongoing investments in credit infrastructure, especially with improvement in monitoring processes

Funding and Capital Structure

2010 PROGRESS

- Solid deposit generation and funding capability leading to high share of demand deposits in total deposits
- Diversification of funding base through syndications, multilateral loans and a long-term loan participation note secured from international markets
- Strong capital base with capital adequacy ratio significantly above regulatory limit

2010 Deposit Growth (%)

Yapı Kredi	27
Sector	21

2010 Demand Deposits / Total Deposits (%)

Yapı Kredi	17
Sector	15

Capital Adequacy Ratio (Group) (%)

2010	15.4
2009	16.5

2011 OBJECTIVES

- Focus on liquidity position to support business growth
- Further diversification of funding sources
- Healthy capitalisation level also absorbing potential Basel II requirements

MEDIUM-TERM OBJECTIVES

- Accelerated access to capital markets to increase and diversify funding sources

Sustainability

2010 PROGRESS

- Increasing customer and employee satisfaction on the back of systems improvements, enhanced training and development programs and strong focus on innovation
- Focus on core customer centric banking operations leading to improvement in return on average equity and return on assets
- Highest fee coverage of operating expenses driven by customer centric business model

Return on Average Equity (2) (%)

2010	27
2009	23

Return on Assets (%)

2010	2.4
2009	2.2

Fees and Commissions / Costs (%)

Yapı Kredi	65
Sector	48

2011 OBJECTIVES

- Effective communication with customers, process improvements and reduction in customer lending response times together with efficiency improvements in service network
- Strengthening of customer centric business model to increase customer satisfaction
- Maintaining profitability through focus on sustainable revenue sources

MEDIUM-TERM OBJECTIVES

- Sustainable growth and profitability through dedication to customer and employee satisfaction

(1) Cost of risk: (Total loan loss provisions – collections) / total gross loans
(2) Return on average equity: Net income / average of current period equity (excluding current period profit) and prior year equity
Group indicates Yapı Kredi and its subsidiaries

Developments in the Economy

2010 was a year of economic growth for most of the countries which experienced severe downturns in the previous year. Turkish economy came out of the crisis with a strong growth driven by revival of domestic demand

2010 was a year of economic growth for most of the countries which experienced severe downturns in the previous year. Most of the central banks pursued a low interest rate policy approach as a stimulus for economic recovery. Economic activity in most of the emerging markets has almost recovered to the pre-crisis levels thanks to robust capital flows backed by low interest rate policies. On the contrary, developed economies recorded lower growth levels compared to developing countries, leading to high unemployment and spare capacity.

It is essential that the US economy has been recovering from a prolonged low growth environment as this sets the pace for the remaining parts of the global economy, the EU zone in particular. Latest data on the US economic activity suggests that recovery is surely, but slowly, on track. Consumer spending registered over 4% annual growth rate during the fourth quarter of 2010, consumer confidence has been rising, and perceptions of job availability have improved slightly. The newly announced quantitative easing aimed at maintaining the low interest rate environment and rendering long term interest rates low enough to induce real estate and investment expenditures. When its effectiveness became doubtful, the fiscal stimulus package was implemented as a complementary piece. Unless the economy generates a jumpstart to growth from this implementation, loose monetary and loose fiscal mix could lead to higher interest rates, contradictory to the intention behind the quantitative easing.

The case of the EU seems more problematic than that of the US economy. The economic collapse of Greece and Ireland and the challenging fiscal situations faced by Portugal, Spain, and Italy have led to serious internal debates within the EU and sustainability of public debt has become a serious issue in all these countries. Credit default spreads (CDSs) for these countries and others like Belgium have significantly soared, even reaching levels that are above those of most emerging market economies. Based on the World Economic Outlook published by the IMF in October 2010, growth in the EU is expected to be close to 2% until and including 2015. Whether European countries will be able to correct their fiscal imbalances will be based on their growth performance in the upcoming period.

According to the Global Economic Expectations report by the World Bank dated January 2011, developed markets, the US and the Eurozone are expected to grow by 2.8%, 2.8% and 1.7%, respectively in 2010. Global real GDP growth rate is expected to be 3.9% in 2010 compared to a contraction of 2.2% in 2009, indicating a strong improvement. Economic growth in Asia, Latin America and other emerging markets (including Turkey) are expected to be the main drivers of the global economic growth in 2011. The growth trend in favour of emerging markets is expected to continue in the upcoming period.

In 2010, Turkish economy bounced back very strongly through registering consecutive growth rates of 11.8%, 10.2% and 5.5% during the first three quarters of 2010. Main driver of the economic growth in 2010 was domestic demand with an expected annual increase of 10.8%(1). The growth in private investments (20.6%) is expected to be higher than private consumption (6.5%) and become the major driver of domestic demand(1). However, higher growth performance of Turkey relative to its trade partners accompanied by strong domestic demand led to deterioration in external balances. As of the end of 2010, foreign trade deficit increased with imports (37% in US$ terms) growing higher than exports (18% in US$ terms). On the one hand, the recovery in economic activity has negatively impacted the external balances and current account deficit reached US$ 49 billion as of the end of 2010, equivalent to 6.6%(1) of the expected GDP.

Meanwhile, high economic growth positively affected budget balances for 2010 and year end budget deficit stood at 3.6%(1) of expected GDP, lower than the government's projection of 4%. Another positive development was observed in the inflation front. 2010 annual CPI inflation fell to 6.4%, remaining below the 6.5% target by the CBRT. Core inflation index (excluding food, energy, alcoholic beverages, tobacco and gold) that is closely monitored by the market and CBRT was registered at a historically low 2.99%. Higher food and oil price volatility in Turkey compared to peer countries stand as a potential risk factor in terms of inflation for the upcoming period. Management of inflation expectations will be very important in 2011 due to the inertial component of inflation at 7% levels. 2011 CPI inflation expectation is 6.7%(1).

As part of the new monetary policy mix introduced by the CBRT in December 2010, policy rate (one week repo rate) was reduced by 50 bps and reserve requirement ratio of the banks was increased. CBRT's aim in reducing policy rate was to discourage short term excessive capital inflows which have been causing the appreciation in TL and thus contributing to the external deficit. As the other part of the policy mix, the reserve requirement ratio for banks was increased in a way to slowdown credit growth, thus curbing domestic demand to stabilise the current account deficit. Further adjustments to policy rate (25 bps of cut) and reserve requirements took place in January 2011.

Turkey's GDP growth in 2011 is expected to be 4.1%(1) and financing of current account deficit will be the key determinant of growth for the short term. Meanwhile, the extent of investment and thus capital stock increase will set the course of growth in the medium and long term.

(1) Yapı Kredi Economic Research forecast

Developments in the Turkish Banking Sector

In 2010, Turkish banking sector maintained its profitability driven by strong volume growth and asset quality improvement despite intense competition and narrowing net interest margin

Turkish banking sector displayed an eye-catching growth in 2010, mainly driven by solid rebound of the economy.

Total loans of the sector (excluding participation banks) reached TL 501 billion, registering a strong growth of 34% driven by balanced and robust growth in TL loans (34%) and foreign currency loans (31% in US$ terms). Retail lending increased by 38% while corporate and commercial lending grew by 35%. Loan growth gained pace especially from the second quarter onward followed by a slowdown in the third quarter and strong pick-up in the fourth quarter. General purpose loans (annual growth of 42%) and mortgages (annual growth of 35%) were the main drivers of loan growth while credit cards registered a growth of 21%. Commercial installment loans, which are a strong proxy for SME loans, also displayed a robust growth of 40%. As a result, loans to GDP ratio improved to 45%(1) in 2010 compared to 39% in 2009.

The banking sector's funding capacity remained solid in 2010, with total deposits reaching TL 611 billion, indicating 21% annual growth mainly driven by TL deposits. The sector maintained its comfortable liquidity position with a loans to deposits ratio of 82%. In the last quarter of 2010, BRSA introduced regulatory changes allowing banks to issue TL denominated corporate bonds, thereby helping diversification of funding, an issue which will gain increasing importance in the upcoming growth period.

In 2010, declining net interest margin on the back of stabilised low interest rate environment, increased competitive pressure and regulatory changes led to 8% decline in net interest income compared to 2009, a year during which banks had experienced increasing net interest income due to sharp decline in funding costs on the back of continuous CBRT rate cuts. The sector's net fees and commission income grew by 6% in 2010.

Total revenues of the sector remained stable at TL 57.7 bilion in 2010, supported by asset quality improvement on the back of macroeconomic recovery leading to strong non-performing loan collections in other income.

Cost growth of the sector was 15% in 2010, impacted by revival of branch expansion and the newly introduced branch tax. Cost/income ratio of the sector stood at 42%.

Asset quality improvement, which started in the final quarter of 2009, accelerated throughout 2010 and as of the fourth quarter, asset quality returned to its pre-crisis levels. The ratio of NPLs to total loans improved to 3.7% in 2010 (2009: 5.3%) driven by slowdown in NPL inflows, strong collections, portfolio sales and write offs. Improvement in asset quality led to a decline in loan loss provisions (annual decrease of 39%) which contributed to a 9% annual increase in the net income of the sector to TL 21 billion in 2010. Return on equity stood at 20%.

In 2010, Turkish banking sector maintained its profitability driven by strong volume growth and asset quality improvement despite intense competition and narrowing net interest margins. At the same time, the sector preserved its strong liquidity position and solid capital structure. Capital adequacy ratio of the sector stood at 18% as of the end of 2010.

The sector continued to invest in organic growth. Number of branches reached 9,465 indicating 438 net new branch openings and number of employees reached 178,504 indicating 6,102 net new employees as of the end of 2010.

(1) Yapı Kredi Economic Research forecast

Service Model

Yapı Kredi's banking activities are organised in three main segments: Retail Banking, Private Banking and Wealth Management, Corporate and Commercial Banking

	RETAIL BANKING			PRIVATE BANKING AND WEALTH MANAGEMENT	CORPORATE AND COMMERCIAL BANKING
	INDIVIDUAL	SME	CREDIT CARDS		
PROFILE	Individuals with total personal financial assets of up to TL 250 thousand are provided a wide variety of products and services through 1,911 relationship managers, 727 retail branches, alternative delivery channels including ATMs, internet and telephone banking as well as nine investment centers and one investment unit. Individual banking activities are carried out under mass and affluent sub-segments to provide customers with better service.	Companies with turnover less than US$ 5 million are provided extensive products and services through 1,560 relationship managers, 727 retail branches as well as alternative delivery channels including ATMs, internet and telephone banking.	A wide range of innovative credit and debit card products are provided to customers through the widest and most dynamic merchant network in Turkey with 305 thousand merchants and 2,530 ATMs. As of the end of 2010, total number of credit cards reached 7.8 million.	Individuals with total personal financial assets of more than TL 250 thousand are provided specialised products and services through 205 relationship managers, 32 private banking centers, nine investment centers, one investment unit and three private banking corners. Business activities of Yapı Kredi Asset Management, Yapı Kredi Invest and Yapı Kredi B Type Investment Fund are undertaken in cooperation with this segment.	Companies with turnover of more than US$ 5 million are offered a diverse range of specialised products and services through 641 relationship managers and 103 branches. Business activities of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland, Yapı Kredi Bank Moscow and Yapı Kredi Bank Azerbaijan are undertaken in cooperation with this segment.
KEY PRODUCTS AND SERVICES	Mortgages, general purpose loans, auto loans, flexible account, product bundles, mutual funds, capital guaranteed funds, health and life insurance, private pension products, alternative delivery channel membership and deposits	Commercial flexible accounts, product bundles, working capital loans, auto, mortgage and workplace insurance, remittances, cheque books, loan guarantees, deposits and POS services	World, Adios, Adios Premium, Taksitçi, Crystal, World Pin, World debit cards, credit card insurance policies	Capital guaranteed funds, structured products, derivatives, advisory services, indexed deposits, art and yacht loans.	Trade finance, project finance, cash management, TL commercial loans and derivative products
SHARE IN LOANS	16.4%	13.2%	17.5%	0.4%	52.5%
SHARE IN DEPOSITS	30.6%	10.1%	-	21.8%	37.5%
SHARE IN REVENUES(1)	16.1%	19.9%	20.6%	3.8%	23.1%
NUMBER OF ACTIVE CUSTOMERS	5.4 million	532 thousand	5.3 million	25 thousand	32 thousand
Page No	27	30	25	31	33

(1) Share of segments in Yapı Kredi's total revenues is 83.5%. The remaining 16.5% is attributable to treasury and other operations.

Subsidiaries

Yapı Kredi's customer focused and segment based service model is supported by its domestic and international subsidiaries

		DESCRIPTION	SECTOR POSITIONING AND KEY FINANCIAL HIGHLIGHTS	RETURN ON EQUITY
PRIVATE BANKING AND WEALTH MANAGEMENT PRODUCT FACTORIES	YapıKredi Asset Management	Established in 2002 and 99.97% owned by Yapı Kredi, the company provides customers a range of products in various asset classes for different risk-return profiles. It holds an M2+(tur) rating, the highest among Turkish asset management companies and is the only company to undertake management of two different private pension company funds.	Second ranking in mutual funds with 18.4% market share	141%
	YapıKredi Invest	Established in 1989 and 99.98% owned by Yapı Kredi, the company provides capital market brokerage services, corporate finance, derivative instruments and investment advisory services to Yapı Kredi customers. The company provides closer service to customers through new investment centers within Yapı Kredi branches in 10 different cities leveraging on its renewed service model in 2010.	Sector leader in total transaction volume (1) on the Istanbul Stock Exchange with 18% market share, third ranking in equity brokerage with 5.9% market share	43%
	YapıKredi Investment Trust	Established in 1995, the company is the second largest investment trust in Turkey. Shares of Yapı Kredi B Type Investment Trust are publicly traded on the Istanbul Stock Exchange and the company has a market capitalisation of TL 45 million.	Second ranking in terms of registered and issued capital with 9.9% market share	8%
CORPORATE AND COMMERCIAL BANKING PRODUCT FACTORIES	YapıKredi Leasing	Established in 1987 and 98.85% owned by Yapı Kredi, the company operates with the aim of providing fast and effective leasing services. In 2010, the company introduced a new SME business model to provide better service to customers. Shares of Yapı Kredi Leasing are publicly traded and the company has a market capitalisation of TL 1,934 million.	Sector leader in total leasing receivables with 19.2% market share	14%
	YapıKredi Factoring	Established in 1999 and 99.96% owned by Yapı Kredi, the company has been the leader in the factoring sector since 2001. The Company has been chosen as one of the leading factoring companies in the world by Factors Chain International for the last three consecutive years.	Sector leader in factoring receivables with 23.1% market share	34%
INTERNATIONAL SUBSIDIARIES	YapıKredi Nederland	Fully owned by Yapı Kredi, the bank offers a wide range of retail, corporate and private banking services to Yapı Kredi customers based abroad or conducting business abroad as well as Dutch customers. The Bank actively leverages on synergies with Yapı Kredi in providing structured commodity finance and trade finance solutions.	TL 3.5 billion of total assets	20%
	YapıKredi Moscow	Established in 1988 and 99.90% owned by Yapı Kredi, the bank is the first Turkish bank to commence banking operations in Russia. The bank aims to support Turkish corporate and commercial customers in Russia and further develop trade relations between Russia and Turkey. In 2010, the bank enhanced its systems infrastructure leading to increased efficiency for customers.	TL 289 million of total assets	1%
	YapıKredi Azerbaijan	99.90% owned by Yapı Kredi, the bank supports Yapı Kredi's domestic and international customers operating in Azerbaijan and provides a strong foothold in a growing and dynamic market. The bank has eight branches including one new branch opened in 2010.	TL 391 million of total assets	17%
INSURANCE PRODUCT FACTORIES	YapıKredi Insurance	Established in 1943 and 93.94% owned by Yapı Kredi, the company operates with 905 employees and 993 agencies as well as leveraging on Yapı Kredi's branch network. In 2010, the company increased focus on bancassurance and through effective leveraging of synergies with Yapı Kredi, launched new products. Shares of Yapı Kredi Insurance are publicly traded and the company has a market capitalisation of TL 1,128 million.	Sector leader in the health branch with 19.8% market share	20%
	YapıKredi Pension Fund	Established in 1991 and fully owned by Yapı Kredi Insurance, the company provides a diverse portfolio of private pension and life insurance products, strongly leveraging on Yapı Kredi's branch network with strong focus on bancassurance. In 2010, in a research conducted by the Pension Monitoring Center, the company was chosen as one of the most successful companies in terms of effectively informing customers about their pension plans.	Third ranking in private pension funds with 15.5% market share and sixth ranking in life insurance with 5% market share	21%
OTHER SUBSIDIARIES		YapıKredi Culture, Art and Publishing; YAPI KREDİ KORAY REAL ESTATE INVESTMENT COMPANY; BCP		

Ownership percentages refer to both direct and indirect shares of Yapı Kredi
Market capitalisations are as of 2010 year end
Yapı Kredi Koray Real Estate Investment Trust is a joint venture company
(1) Total transaction volume includes repo, reverse repo, treasury bill, government bond, equity and derivative volumes

Yapı Kredi in 2010

AWARDS

Best Bank in Turkey
(World Finance)

Best Private Banking Service in Turkey
(World Finance)

Bank of the Year
(Ekovitrin)

One of Three Most Valuable Brands in Turkey
(Capital Magazine)

Super Brand of Turkey
(Superbrands)

Respect for the Individual
(Kariyer.net)

Best Consumer Internet Bank in Turkey, Best Bill Payment and Presentment in Europe
(Global Finance Internet Banking Awards)

Best Technological Innovation Internal Solution, Best Help Desk and Best Incentive Scheme in Europe, Middle East and Africa
(ContactCenterWorld.com)

Awards and Rankings of Yapı Kredi's Credit Card Program World:
- Super Brand of Turkey Worldcard (Superbrands)
- Leader Bank in Visa Credit Card Transaction Volume (Visa)
- Turkey's Largest and Europe's 8th Largest Credit Card Program (The Nilson Report)

Best Customer Experience, Best Training Program and Best Call Center Trainer
(IMI Conferences Istanbul Call Center)

Best Organisation (BEST) Yapı Kredi Banking Academy
(American Society of Training and Development - ASTD)

Retail Banking

Yapı Kredi is the sector leader in credit cards since 1988. According to the Nilson Report, Yapı Kredi's credit card program, World is the largest credit card program in Turkey and the eighth largest in Europe in terms of issuing volume

Credit Cards
Individual Banking
SME Banking

RETAIL BANKING

Retail banking is one of Yapı Kredi's key focus areas where the Bank operates with the aim of offering tailored solutions for diverse customer needs.

At Yapı Kredi, retail banking consists of credit cards, individual banking and SME (small and medium size enterprises) banking. This structure, which was formed at the beginning of 2009 with the integration of credit cards with the retail segment (including individual and SME banking), allows the Bank to benefit from increased synergies between these diverse segments, provide better customer service and foster further increase in customer satisfaction. A significant improvement in the performance of the Bank has been achieved by introducing other banking products to credit card only customers and other non-POS banking products to POS-only customers in SME banking.

Yapı Kredi has a well established retail banking franchise with longstanding market leadership position in credit cards, a strong second place in mutual funds and leading market positions in other retail banking products including consumer loans and deposits. In retail banking, Yapı Kredi leverages on its strong multi-channel network, dedicated sales force, improved automation infrastructure and new performance management system to sustain the strong growth performance.

CREDIT CARDS

Profile

Yapı Kredi is the sector leader in credit cards since 1988 with:

- TL 8.5 billion outstanding volume and 19.3% market share,
- TL 50.7 billion cumulative acquiring volume and 21.4% market share,
- 405 thousand POS terminals and 18% market share.

In credit cards, Yapı Kredi focuses on diversifying its product range to meet customer needs, introducing innovative and competitive products and creating added value for its customers. The Bank has 7.8 million credit cards and TL 46.4 billion cumulative issuing volume as of the end of 2010.

Yapı Kredi's key competitive advantages in credit cards include strong brand recognition, innovative product range, wide merchant network and effective campaign management.

According to the Nilson Report, Yapı Kredi's credit card program, World is the largest credit card program in Turkey and the eighth largest credit card program in Europe in terms of issuing volume.

Yapı Kredi has co-branding partnerships with Millennium Bank, Vakıfbank, Anadolubank, Fortis Turkey, Cyprus Economy Bank and Cyprus Turkish Cooperative Central Bank. Together with these partnerships, Yapı Kredi's credit card program World is Turkey's leading brand and marketing platform with over 11 million credit cards.

The Year's Performance: Product and Service Innovation

2010 became a period of economic recovery following the global economic crisis in 2009, and in parallel, there was a pick-up in credit card activity. On the other hand, new regulatory requirements and stabilised low interest rate environment affected the performance of credit cards.

To effectively manage growth and profitability in credit cards, Yapı Kredi focused on increasing customer satisfaction and retention through launch of new products and services, proactive limit management and card activation via enhanced campaign mechanism. The Bank also continued to concentrate on cost containment measures and better usage of resources including optimisation of loyalty points, review of installments and reduction of advertising costs to enhance contribution of credit card business to the Bank's performance.

In 2010, Yapı Kredi strengthened its image as a strong innovator in credit cards through introduction of the following products, services and initiatives:

- *adios premium* credit card was launched specifically targeting affluent customers who travel frequently. *adios premium* cardholders benefit from privileged advantages and can utilise Yapı Kredi Travel Line to make holiday plans and redeem Worldpoints for travel expenses.

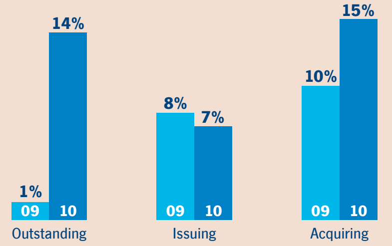
Retail Banking: Credit Cards

CREDIT CARD KEY INDICATORS

	2010	Annual Change
Number of Credit Cards(1)	7.8 mln	3%
Number of Debit Cards	5.7 mln	10%
Total Number of Merchants(2)	305,198	5%
Number of POS terminals	405 ths	13%

(1) Including virtual cards (2010: 1.5 million virtual cards)
(2) All World and other merchants included

CREDIT CARD VOLUME GROWTH



COMMERCIAL EFFECTIVENESS ACTIONS

- Launch of innovative and competitive products (taksitçi and adios premium)
- Introduction of new sales channels and multi-product sales approach
- Further enhancement of campaign mechanism via more effective limit management and card activation system

- *taksitçi* credit card was launched targeting customers who prefer to pay with installments. *taksitçi*, which also possesses all the additional benefits of Worldcard, is a first in the banking sector and allows customers to divide payments into installments with a fee, even at places not normally offering installments. The card also offers three additional installments during regular installment based payments.
- A new credit card sales channel, Apply via SMS, was created allowing customers to apply for a new or supplementary credit card, upgrade their existing cards, add contactless feature to their cards, give e-statement or utility payment orders just by sending an SMS.

The debit card market, which is still relatively underpenetrated in Turkey compared to European countries, recorded a significant growth of 58% in 2010, driven by banks' investments to increase awareness of POS usage in a period of changing customer habits. Yapı Kredi contributed to this development by including debit cards in most of the World credit card campaigns, thereby recording 55% increase in debit card POS volume compared to 2009.

As a solid example of synergies created through the merger of credit cards into retail banking, products and sales processes of individual banking, SME banking and credit cards were merged into a single multi-product application. This enabled multiple product offerings and allowed branches to effectively utilise opportunities to increase product penetration.

Strengthening the Merchant Network
Yapı Kredi is the leading player in the sector in terms of acquiring volume with the widest and most dynamic merchant network in Turkey. As of the end of 2010, Yapı Kredi is the leader in number of POS terminals with 18% market share and 405 thousand POS terminals and 21.4% market share in acquiring volume.

In 2010, Yapı Kredi's World merchant network increased by over 12 thousand and reached 207 thousand. The Bank's appealing activation campaigns, extensive branch network and customer base together with the strong performance of member merchants positively contributed to the increase in Yapı Kredi's merchant network. Some of the brands that joined the World merchant network in 2010 include Baumax, Best Buy, BIM, BP, H&M, Leroy Merlin and Toyota.

In 2010, POS terminal sharing in the merchant network continued to be one of Yapı Kredi's main focus areas. As a result, the number of terminals used jointly with other banks reached 137 thousand leading to significant efficiency gains.

Yapı Kredi continued to provide exclusive offers to its cardholders through collaborations with partner World merchants. The campaign mechanism included reward points, additional installments, gift vouchers, discounts and other privileges which contributed to an increase in customer satisfaction and loyalty. During 2010, 50 campaigns were conducted per month on average, at more than 100 World merchants in 15 sectors.

In 2010, Yapı Kredi added more than 12 thousand contactless readers to its merchant network to support the rapid growth of this segment, thereby further strengthening its position as one of the key players in the contactless payment market.

As part of an important corporate social responsibility project, Yapı Kredi started printing friendly messages on customer POS slips, especially at restaurants and bars, warning customers not to drink and drive. This campaign was very well received not only by customers and merchants but also by the general public.

Another notable corporate social responsibility project was the introduction of POS terminals capable of directing visually impaired cardholders with voice commands. Yapı Kredi is the sole provider of these POS terminals not only in Turkey but also throughout the world.

Looking Forward
In 2011, Yapı Kredi will focus on maintaining its leadership position in credit cards while at the same time focusing on sustaining the share of this segment in overall profitability of the Bank through optimisation of loyalty points and special campaigns. The Bank will further explore opportunities to leverage on synergies through better integration with other retail segments (individual and SME banking).

In the medium term, Yapı Kredi will continue its efforts on maintaining its pioneer position in the credit card sector, leading the way for customer satisfaction and innovation.

Retail Banking: Individual Banking

Together with the start of economic recovery, Yapı Kredi immediately returned to a growth path in the individual segment. In 2010, the Bank focused on innovation and improving customers' experience

Credit Cards
Individual Banking
SME Banking

INDIVIDUAL BANKING

Yapı Kredi's individual banking activities are grouped under the sub-segments of mass and affluent to provide the most suitable products and the highest service quality to these two different customer groups with varying banking needs.

As of the end of 2010, Yapı Kredi had 5.4 million individual banking customers.

Mass Segment

Profile
Yapı Kredi provides mass customers with total personal financial assets of up to TL 50 thousand a wide variety of products and services through its extensive multi-channel network.

The Bank's key competitive advantage in the mass segment is its unlimited service understanding and ability to quickly develop and present solutions for its customers, thereby making their lives easier.

The Year's Performance: A Year of Innovation and Growth
Together with the start of economic recovery, Yapı Kredi immediately returned to a growth path in the mass segment. Yapı Kredi's strong 2010 performance in this segment was supported by customer centric strategies and systems investments.

In 2010, the Bank focused on improving customers' experience by taking further steps to ensure easy to work with banking relationship:

- New retail branch openings: 39 new retail branches were opened in 2010 leading to further increase in customer reach and convenience.
- Introduction of new product bundles: Designed specifically for mass segment customers, Meşe (Oak) product bundle consists of banking and non-banking services with added benefits in a single package. Customers conveniently cover all banking needs and receive additional advantages including account maintenance and credit card annual fee waivers, free health services and more. Since its launch towards the beginning of 2010, 260 thousand product bundles have been sold.
- Enhancement of customer relationship management (CRM) capabilities: Deeper and better relations with customers were made possible through improvement of CRM systems.
- Targeted customer campaigns: In 2010, 170 million offers were created, including 130 million specifically targeted to increase product penetration. As of 2011, the Bank will also be able to generate online, real time offers to better target customers, increase product penetration.
- Multi-channel project: This project was initiated with the aim of offering tailored services for customers, increasing user-friendliness of systems by simplifying processes, increasing automation and proactive sales through existing channels, adding new delivery channels and increasing utilisation of social media networks.
- Enhanced ATM functionalities: CRM systems were installed into the Yapı Kredi ATMs to allow generation of sales and marketing activities straight through this channel.
- Western Union partnership: As part of this partnership, customers are able to benefit from fast, reliable and convenient international fund transfer services through Western Union's network of approximately 445 thousand agents in over 200 countries without the need for a bank account.
- Invoice and payment service agreements: Number of agreements with service providers increased to 420 in 2010 from 375 in 2009, allowing further convenience for customers in bill payments.

The successful implementation of these initiatives led to significant increase in commercial effectiveness and efficiency in 2010:

- 39% increase in loans per employee and 28% increase in deposits per employee
- 11% increase in customer retention
- 15% decrease in customer churn rate

Yapı Kredi increased the number of payroll customers to more than 720 thousand as of the end of 2010. The companies benefiting from this service include many public institutions as well as private companies.

In 2010, Yapı Kredi's consumer loans increased by 39% and reached TL 9.6 billion. The consumer loan types offered to customers included mortgages, general purpose, home improvement, education, auto, art and yacht loans.

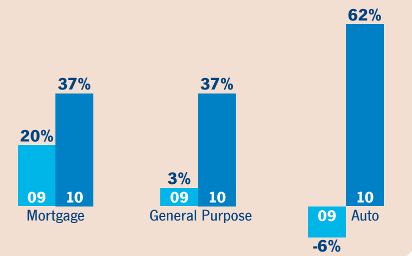
Retail Banking: Individual Banking

INDIVIDUAL BANKING KEY INDICATORS
(TL MILLION)

	2010	Annual Change
Loans	7,839	42%
Deposits	14,970	13%
Assets Under Management	2,689	5%
Total Revenues	767	22%

Includes mass and affluent segments

CONSUMER LOAN VOLUME GROWTH



COMMERCIAL EFFECTIVENESS ACTIONS

- Launch of new product bundles
- Effective utilisation of campaign management system enabling targeted customer campaigns
- Enhancement of customer relationship management capabilities and ATM functionalities

General purpose loans increased by 37% in 2010 and reached TL 3.4 billion. The strong growth performance was driven by the Bank's innovative products, as well as targeted customer incentives and collaborations with other companies in the areas of telecommunication and other services. Kredi Şimdi (Instant Credit), a loan product introduced in 2009 which allows customers to apply for loans directly through mobile phone messages (SMS) and the internet, also contributed to the successful growth of general purpose loans.

Auto loans increased by 62% in 2010 and reached TL 1 billion, which led to an increase in Yapı Kredi's auto loan market share to 18%, compared to 14% as of 2009. As a result, Yapı Kredi became the market leader in auto loans. In 2010, Yapı Kredi continued its operations stemming from the cooperation agreement with Ford Otosan, which allows exclusivity to Yapı Kredi in loans for Ford branded cars since December 2007. Since its launch, this cooperation has led to generation of 77 thousand FordFinans loans and 21 thousand new customer acquisitions. Yapı Kredi and Ford Otosan also launched FordOptions in 2010, offering customers lower monthly installments by delaying a portion of the loan until the last payment and providing customers the option to renew, return or retain their Ford card to finance the last payment.

In 2010, Yapı Kredi's mortgage loan portfolio increased by 37% and reached TL 5.2 billion, which led to a 10 bps increase in Yapı Kredi's mortgage market share to 9.1% as of the end of 2010. This strong performance was driven by economic recovery, favourable interest rate environment, steady housing prices, increase in new projects together with real-estate becoming a preferred investment option. The Bank increased its mortgage customers by 70% in 2010 to 87 thousand.

Yapı Kredi's mortgage strategy in 2010 was based on the following initiatives:

- New product launches
  Çınar (Plane tree), a product bundle specifically for mortgage customers, consists of banking and non-banking services with added benefits bundled in a single package. Customers receive mortgage and related insurance products as well as additional advantages ranging from account maintenance and credit card fee waivers, as well as free health services and more. Since its launch towards the beginning of 2010, 10 thousand product bundles have been sold.

  Mortgage for Residents Abroad product was launched for locals and foreigners living abroad and intending to buy a house in Turkey.

- Reinforcement of multi-channel strategy
  In branches, specialised Mortgage Consultants assist customers with financial, legal, technical and tax related matters. In 2010, as part of a collaboration with Boğaziçi University, selected employees took training programs to become Mortgage Consultants. As of 2010, almost all Yapı Kredi branches have at least one Mortgage Consultant.

  Yapı Kredi's mortgage website (www.yapikredimortgage.com) and the Mortgage Information Line (444 0 445) were further enriched with new features including online chat and supplementary mortgage calculators, in addition to the existing wide application base.

- Strengthening third party relations
  Agreements with housing construction companies increased significantly to 300 projects, 40 thousand agreements and a total guarantee limit of TL 500 million in 2010.

  Six new agreements were signed with prestigious online credit portals.

  To enhance relations with real estate agencies, a direct sales force team was established. Real Estate Loyalty Program and Premium Payment systems were introduced. These initiatives increased real estate agencies' contribution to the Bank's mortgage portfolio to 35% in 2010, compared to 18% in 2009.

- Refinancing of mortgages
  The stabilised low interest rate environment in 2010 led to increased demand by customers to refinance mortgage loans. To accommodate eligible customers, Yapı Kredi introduced tailor-made offers and organised various customer acquisition campaigns including pre-approved mortgage limit offers.

- System enhancements
  Process developments in underwriting led to reduction in customer lending response times, allowing quick and effective finalisation of the mortgage process. The customer lending response time for mortgages decreased to one day from two days in 2009.

Looking Forward

In 2011, Yapı Kredi's aim in the mass segment is to focus on maintaining above sector growth in key products on the back of strong customer acquisition, branch expansion and continuation of product bundling. The Bank will implement the multi-channel project initiated in 2010 with an aim to further improve service quality, product range and delivery channels, thereby increasing customer satisfaction as well as further strengthening market presence.

In the medium term, Yapı Kredi's primary aim in the mass segment is to strive to become the main bank of customers by continuously investing in increasing customer satisfaction through development of innovative and easy to use tools to efficiently fulfil customers' banking needs.

Retail Banking: Individual Banking

Yapı Kredi affluent customers are not only supported by dedicated relationship managers, but also receive specialised investment services through the Bank's leading product factories in asset management and brokerage

Affluent Segment

Profile

Yapı Kredi affluent customers with total personal financial assets between TL 50 thousand and TL 250 thousand are provided specialised services through 543 branches and 825 dedicated relationship managers who are experts in their field.

Yapı Kredi's key competitive advantages in the affluent segment include its leading position in asset management and strengthened sales support mechanism. Yapı Kredi affluent customers are not only supported by dedicated relationship managers, but also receive specialised investment services through the Bank's leading product factories in asset management and brokerage.

In 2010, following the finalisation of a project aimed at reviewing the Bank's strategic approach in the affluent segment, Yapı Kredi further fine-tuned its affluent segmentation criteria, reviewed the work load ratio of relationship managers, further rationalised the branch network and renewed its brand image in the affluent segment.

The Year's Performance: Product Diversification on the Back of Shift in Customer Preferences

During 2010, the stabilised low interest rate environment led to increasing focus by affluent customers on more specialised asset management products such as capital guaranteed funds. This led the banks to strongly focus on improving service quality and customer relationship management.

Mortgages, capital guaranteed funds and insurance products were the preferred choices of affluent customers in 2010. The Bank introduced nine new capital guaranteed funds, which generated a volume of TL 440 million, of which TL 198 million was realised by the affluent segment. These new funds also contributed to a significant new customer acquisition of 35 thousand in 2010.

In order to further increase customer satisfaction and loyalty, Ardıç (Juniper) product bundle was launched to address the specific investment needs of this customer segment. By using this product, customers are able to conveniently use investment products such as mutual funds and deposits while obtaining additional advantages ranging from waiver of account maintenance and credit card annual fees to free health services and more.

E-deposit, another new product, was launched to encourage use of internet and telephone banking and provide customers higher interest rates on deposits opened through these channels.

Looking Forward

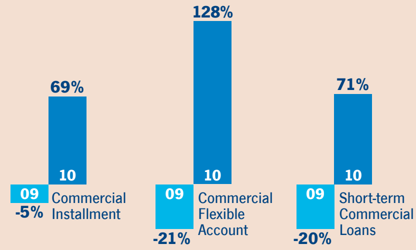
In 2011, Yapı Kredi's aim in the affluent segment is to focus on maintaining its strong position in assets under management volume, increasing product penetration and improving the effectiveness of portfolio management. The Bank will also focus on customer acquisition and leveraging synergies with investment product factories.

In the medium term, Yapı Kredi will strive to become the main bank of customers in the affluent segment and to continue to expand its market presence through further deepening customer relationships.

SME BANKING KEY INDICATORS
(TL MILLION)

	2010	Annual Change
Loans	6,314	48%
Deposits	4,953	28%
Assets Under Management	772	12%
Total Revenues	946	12%

SME BANKING LOAN VOLUME GROWTH



COMMERCIAL EFFECTIVENESS ACTIONS

- Launch of new product bundles
- System improvements in credit granting process
- Further development of tailored financial and non-financial products and services

Credit Cards
Individual Banking

SME Banking

SME (SMALL AND MEDIUM SIZE ENTERPRISES) BANKING

Profile

SMEs are a very important customer group which is at the center of the Bank's growth strategy. Yapı Kredi's SME banking segment provides companies with turnover of less than US$ 5 million extensive products and services to meet their needs through 1,560 relationship managers who are experts in their field.

Services provided to SMEs range from teller transactions to financing products. In 2010, Yapı Kredi provided SME banking services to more than 532 thousand active customers.

Yapı Kredi's key competitive advantages in SME banking include wide branch network, fast lending response times, innovative product offerings, wide POS customer base and longstanding relations with SMEs.

The Years Performance: Strong Growth through Dedicated and Tailored Customer Service

In 2010, SME banking, one of the segments with the highest growth potential, recorded a strong performance driven by economic recovery. Yapı Kredi's SME loan book recorded above sector growth of 48% and reached TL 6,314 million.

Yapı Kredi undertook several initiatives in 2010, including new product launches, systems improvements and new collaborations in order to further strengthen its position in SME banking:

- New product launches
  Yapı Kredi launched Çam (Pine) and Sedir (Cedar) product bundles specifically designed to meet the banking and non-banking needs of SME customers. Through these packages, SME customers conveniently receive free remittance and cheque collection as well as discounts on loans, cheque book commissions and World Merchant fees. In addition, SME owners are offered a variety of advantages to meet their personal needs including discounted car and house insurance, free health services and more. Since its launch towards the beginning of 2010, 70 thousand product bundles have been sold.

  Yapı Kredi's Commercial Flexible Account, which was re-launched in 2009, displayed a strong performance in 2010 and reached a total volume of TL 250 million, indicating an increase of 128%. As a result, Yapı Kredi's market share in this product increased to 10.2%.

- Systems improvements
  The credit granting process was enhanced in 2010 and as a result, the customer lending response time for SME loans was decreased to four days from ten days in 2009, allowing customers to quickly and effectively finalise their loan process.

- Loan collaborations
  Since 2008, in addition to state banks, private banks are also authorised to provide KOSGEB (Small and Medium Size Industry Development Organisation) interest subsidised loans. In 2010, Yapı Kredi granted TL 200 million interest subsidised loans to SMEs, taking third place among private banks in total placements.

  Yapı Kredi participated in the European Investment Bank's (EIB) Greater Anatolia Guarantee Fund (GAGF). As part of this programme, EIB provides partial financing for eligible SMEs while in parallel, European Investment Fund (EIF) provides a credit guarantee facility to the intermediaries to further assist with the financing of eligible SMEs. The Bank aims to reach € 100 million loan volume through this fund in 2011.

Looking Forward

In 2011, Yapı Kredi's aim in SME banking is to continue strengthening market presence and endeavour to capture market leadership through a focused approach including further simplification of products and services, sub-segmentation actions, accelerated customer logistics and increasing emphasis on further reducing cost to serve. The Bank will also continue its investments in credit infrastructure and leverage synergies with other retail segments (individual banking and credit cards) as part of an integrated lending approach and to ensure easy to work with relationships.

In the medium term, Yapı Kredi's primary aim in SME banking is to continuously increase customer satisfaction through development of high quality, tailored new products and services, including cash management services. The Bank will also continue to create synergies with its product factories and business partners in order to enhance services to SMEs.

Private Banking and Wealth Management

Yapı Kredi maintains its leadership position in private banking both in terms of total customer asset size and distribution network thanks to its customer centric approach and large service network

Profile

Yapı Kredi's private banking and wealth management segment provides specialised and exclusive services to customers with total personal financial assets above TL 250 thousand through 32 private banking centers, three corners in Yapı Kredi retail branches and 205 expert private banking relationship managers. In 2010, a new private banking center was opened, the number of private banking corners was further decreased and remote services were provided to customers throughout Turkey, in line with centralisation appoach that began in 2009. As of the end of 2010, Yapı Kredi had 25 thousand private banking customers.

Yapı Kredi's key competitive advantages in private banking and wealth management include its ability to provide specialised investment services through its expertise, innovative structured products as well as its leading product factories in asset management and brokerage.

Yapı Kredi maintains its leadership position in private banking both in terms of total customer asset size and distribution network thanks to its customer centric approach and large service network.

The Year's Performance: Focus on Alternative Investments and New Products

During 2010, on the back of economic recovery and stabilised low interest rates, customers who increasingly required more simplicity, transparency and safety in their investment decisions started reallocating their portfolios from fixed income to lower risk products such as capital protected and guaranteed funds, indexed time deposit accounts and gold deposit accounts. As a result, the capital protected and guaranteed funds market grew by 32% while the total mutual funds market recorded a growth of 9% in 2010.

Leveraging on its expertise and wide range of products and services, Yapı Kredi was able to quickly adapt its investment strategies, products and services to meet the changing needs of private banking customers. In 2010, Yapı Kredi launched innovative products and services to make life easier for its customers:

- Nine new capital guaranteed funds were introduced. In the first half of the year, the main focus of these funds was on foreign currency while in the second half of the year, this shifted to commodities. With these new funds, Yapı Kredi's transaction volume increased by 14.6% to TL 6.1 billion while number of customers increased by 8.4% to 486 thousand in 2010.
- In March, a B type gold fund was launched to address the growing interest in commodities. As of the end of 2010, the total volume of this fund reached TL 49 million and total number of investors reached 3,500.
- Two additional B Type funds, namely the Very Long Term Bond Fund and the Performance Based Variable Fund, were introduced to expand the customer base and to meet the diverse needs of customers.
- Two new types of indexed deposits were introduced, one indexed to gold and the other to the euro/ dollar parity.
- In order to further increase product diversity, bond option and credit default swap (CDS) modules were added to the private banking system in 2010.

As a result of these developments and driven by the stabilised low interest rate environment, Yapı Kredi's mutual funds volume increased by 14.6% in 2010. As of the end of 2010, contribution of mutual funds and discretionary funds to total private banking revenues reached 24%, while the share of equity transactions reached 9% (12% including Turkish Derivatives Exchange - TurkDEX transactions).

In 2010, intensive training programs for private banking relationship managers continued in order to increase both technical and relationship skills. In 2010, 40 relationship managers successfully received Certified Financial Consultant (CFC) qualifications with the cooperation of UniCredit Group and Yapı Kredi Banking Academy. This training is accredited by the European Financial Planning Association as an education for obtaining the European EFA license.

In 2010, Yapı Kredi also strongly focused on increasing commercial effectiveness through intense customer acquisition and retention activities. Branches were supported with dedicated campaigns, customer behaviour analysis and dormancy alerts. Yapı Kredi also organised 17 private banking events in 2010 where 420 customers were hosted.

Along with its tradition of supporting customers on all financial and non-financial matters, Yapı Kredi provides unique advisory services in art, tax, real estate, and inheritance matters, also leveraging the support of its product factories and business partners. As part of a joint initiative with Yapı Kredi Cultural Activities, Arts and Publishing, the Bank provides art collection consultancy services as well as information about art works, art history and news from the art world through Privart, a specially designed e-magazine.

Looking Forward

In 2011, Yapı Kredi aims to further grow market presence in private banking through the launch of new investment alternatives, higher emphasis on customer acquisition and further penetration of existing customer base. The Bank plans to develop new products in mutual funds, discretionary portfolio management, structured deposits and derivatives. In order to sustain growth and enhance easy to work with approach, Yapı Kredi will also focus on new products and process improvements.

In the medium term, Yapı Kredi's primary aim is to further strengthen its market position through continued focus on customer satisfaction and innovation.

PRODUCT FACTORIES

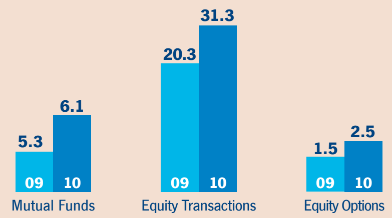
According to Yapı Kredi's organisational structure, Yapı Kredi Asset Management, Yapı Kredi Invest and Yapı Kredi B Type Investment Trust are under the governance of the private banking and wealth management segment. This structure allows effective use of synergies and further supports the performance of both the business segment and product factories.

Private Banking and Wealth Management

PRIVATE BANKING AND WEALTH MANAGEMENT KEY INDICATORS (TL MILLION)

	2010	Annual Change
Loans	199	-
Deposits	10,687	6%
Assets Under Management	2,597	15%
Total Revenues	179	13%

PRIVATE BANKING AND WEALTH MANAGEMENT VOLUMES (TL BILLION)



COMMERCIAL EFFECTIVENESS ACTIONS

- Launch of innovative products and services
- Increased focus on customer acquisition and retention via dedicated communication campaigns and advanced marketing tools
- Providing unique financial and non-financial solutions to customers

Increased synergies between the Bank and asset management and brokerage product factories coupled with transfer of product management of these product factories to the Bank resulted in introduction of 15 new mutual funds. Consequently, incremental contribution of these products to the Bank's fund volume reached TL 450 million with 23 thousand new customer acquitions by the product factories leading to increase in total number of customers close to 125 thousand.

Yapı Kredi Asset Management

Established in 2002 and 99.97% owned by Yapı Kredi, Yapı Kredi Asset Management provides customers a wide range of products in various asset classes addressing different return profiles. As of the end of 2010, the company had 56 employees.

As of the end of 2010, the company ranked second in mutual funds with 18.4% market share, first in fixed income growth funds with 25.1% market share and second in alternative investment instruments with 15.3% market share.

Rated by international rating agency Fitch Ratings, Yapı Kredi Asset Management holds a M2+(tur) rating, the highest among Turkish asset management companies.

Yapı Kredi Asset Management focuses on supporting sales activities through its in-house and on-line informational platforms. In 2010, driven by stabilised low interest rates accompanied by historically low inflation and increased product diversity, investor demand for funds increased significantly. Growth was mainly driven by capital protected and guaranteed funds, equity funds and fixed income growth funds.

In 2010, Yapı Kredi Asset Management recorded above sector growth of 14.6% in mutual funds and mutual fund volume exceeded TL 6.1 billion, mainly with the help of new business lines in discretionary mandates as well as innovative product launches.

Yapı Kredi Asset Management manages 23 private pension funds along with support in product development and sales management to Allianz and Yapı Kredi Pension. The company ranks third in private pension funds with 19.9% market share and assets under management (AUM) totalling TL 2.4 billion as of the end of 2010. Yapı Kredi Asset Management is the only company in the sector to undertake the management of two private pension company funds.

A pioneer in discretionary portfolio management, the company has TL 960 million AUM size in this business line, indicating an increase of 35% in 2010. The company provides service to institutions, including corporations, foundations, private pension funds, insurance companies and high net worth individuals and focuses on establishing long-term relationships with customers. In 2010, discretionary portfolio management services were provided to a total of 316 customers, comprising 24 institutional and 292 high net worth individuals.

Yapı Kredi Invest

Established in 1989 and 99.98% owned by Yapı Kredi, Yapı Kredi Invest provides 124 thousand customers service in capital market brokerage, corporate finance, derivatives and investment advisory. As of the beginning of 2010, as part of the company's renewed business model, customers were provided closer service through new investment centers within Yapı Kredi branches in ten different cities. The company has a broad product and service range and 131 experienced employees.

Yapı Kredi Invest is Turkey's leading brokerage house with 18% market share in total transaction volume[1] and is ranked third in equity brokerage with 5.9% market share.

At the beginning of 2010, as part of Yapı Kredi Invest's renewed business model, nine new investment centers and one investment unit were created to replace five Yapı Kredi Invest branches and six session rooms. The new investment centers serve customers throughout Anatolia in locations such as Adana, Ankara, Antalya, Aydın, Bursa, Izmir, Kayseri, Marmaris, Balıkesir and Trabzon within Yapı Kredi branches.

The strong performance displayed by Yapı Kredi Invest was supported by new product and service launches as well as other innovative initiatives:

- Yapı Kredi Invest launched the TradeBox platform in 2010. TradeBox is an electronic platform through which Yapı Kredi customers are able to easily access international market exchanges around the world on a real-time basis. Furthermore, with the debut of warrant trading on the Istanbul Stock Exchange, Yapı Kredi Invest started to provide its customers investment advisory both through investment centers as well as the company's internet branch.
- The company launched its mobile channel BorsaCepte for iPhone users. With this new application, iPhone users are also able to access services such as real-time data feed, ISE and TurkDex transactions, just like other mobile phone users.

Yapı Kredi B Type Investment Trust

Established in 1995, Yapı Kredi B Type Investment Trust is Turkey's second largest investment trust. 89% of the company shares are publicly owned and traded on the Istanbul Stock Exchange.

As of the end of 2010, the company has 9.9% market share in terms of registered and issued capital.

Yapı Kredi B Type Investment Trust conducts asset management activities in capital markets funded by its own equity. The company's objective is to perform portfolio management by trading capital market instruments listed on domestic and international markets.

Yapı Kredi B Type Investment Trust aims to reduce risk and increase return by diversifying its investments based on the principle of long-term and sustainable performance.

(1) Total transaction volume includes repo, reverse repo, treasury bill, government bond, equity and derivative volumes

Corporate and Commercial Banking

Considering its customers as business partners, Yapı Kredi operates by concentrating on creating long-lasting relationships

Profile

Yapı Kredi's corporate and commercial banking segment provides companies with turnover of more than US$ 5 million a diverse range of products and services including cash management, trade finance, project finance and structured products with highly qualified employees utilising advanced technology.

Yapı Kredi's key competitive advantage in corporate and commercial banking is the fact that the Bank considers its customers as business partners and operates by concentrating on creating long-lasting relationships. The Bank operates with the aim of being the first choice of its customers and to differentiate itself from the competitors leveraging on its innovative product and service portfolio and expert sales force. As of the end of 2010, Yapı Kredi had 1,350 corporate and 31 thousand commercial customers.

The Year's Performance: Increased Market Presence through Deepening Customer Relationships

In 2010, the corporate and commercial segment witnessed increasing demand from customers on the back of improved macroeconomic outlook. In this period, Yapı Kredi recorded strong growth and maintained its profitability through its customer centric service model by leveraging on synergies with its domestic product factories and international subsidiaries.

A strong focus area for Yapı Kredi in 2010 was new customer acquisition and activation. As a result of its innovative approach and targeted customer segment strategies including encouraging relationship managers to spend more time with customers, developing customised services tailored to meet customer needs and improving credit processes, Yapı Kredi increased number of commercial customers by 15% in 2010. Customer lending response time in commercial loans was reduced to between 5-15 days in 2010 from 40 days in the previous year, leading to significant increase in customer satisfaction.

Strong Performance in Project Finance

As one of the leading banks in Turkey, Yapı Kredi has a strong track record in project finance. The Bank focuses primarily on energy, real estate and transportation projects together with acquisition finance transactions. Project finance loans are not limited to large corporate customers, but are also provided to mid-corporates and SMEs whose investments meet specific project finance criteria.

In 2010, the Bank contributed to the financing of more than 100 projects, reaching US$ 3.6 billion. The Bank continued to concentrate especially on the energy sector, particularly financing energy production, electricity transmission and distribution projects as well as thermal and renewable energy power plants and large dam and hydroelectric power plant projects.

For the following selected project finance deals in 2010, Yapı Kredi acted as:

- Co-lead arranger providing US$ 128 million of US$ 253 million financing with 13 year maturity for the Bağıştaş hydropower plant in Erzincan with 140 MW installed capacity. The plant is expected to be operational in three years.
- Co-lead arranger providing US$ 207 million of US$ 750 million financing with 12 years maturity for the Boyabat hydro-electric power plant with 510 MW installed capacity, the largest privately owned hydroelectric power plant project in Turkey. The plant is expected to be operational by 2012.
- Co-lead arranger providing US$ 99 million of US$ 157 million financing for the privatisation of Bandırma Port. The port was acquired for a total of US$ 275 million.
- Lead arranger providing € 50 million of € 65 million financing for the acquisition of Port Göcek and Select Maris Hotel.
- Co-lead arranger providing US$ 80 million financing for the Midilli and Yavuz hydroelectric power plants on Yesilirmak river with 58 MW installed capacity. The plants had a total investment of US$ 193 million and are expected to be fully operational in 2011.
- Co-lead arranger providing € 37.5 million of the € 150 million financing for the Terracity real estate project. Terracity is expected to be a leading shopping center in Antalya.

In 2011, Yapı Kredi will continue focusing on project finance and has already received mandates for approximately US$ 1.2 billion financing of landmark projects which are expected to close in 2011.

The electricity supply deficit in Turkey is expected to support new deals in the sector in 2011. Accordingly, Yapı Kredi aims to further increase its presence in project finance lending. Infrastructure related projects will be the highlight of 2011, including privatisation of bridges and highways, for which tender preparations have already started. Build-Operate-Transfer (B-O-T) projects and acquisition finance activity is also expected to pick-up in 2011.

Innovation in Cash Management and E-banking

Yapı Kredi maintains its position as one of the leading banks in the sector in terms of cash management and e-banking. The strength of automation and reconciliation products and services for cash flow and corporate transactions continues to provide the Bank a significant competitive advantage in the sector. Further, the extensive array of cash management products and services leads to increased customer loyalty.

In 2010, cash management sales activities were reorganised and cash management sales forces were relocated to commercial regional offices and corporate branches thereby allowing the Bank to provide more specialised customer service.

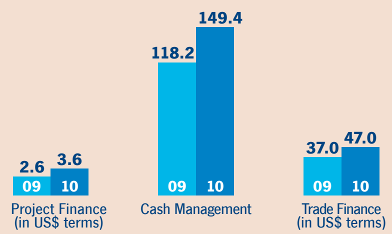
Yapı Kredi strengthened its leading position in the sector with record high turnover performance, especially in Direct Debit, 24 hour Enriched Book-to-Book Remittance which provides on-line payment and collection services through ATMs and internet banking with reconciliation features and in BANKO™-OHES (mass payment application) which reached 4 million transactions annually.

Corporate and Commercial Banking

CORPORATE AND COMMERCIAL BANKING KEY INDICATORS (TL MILLION)

	2010	Annual Change
Loans	25,074	35%
Deposits	18,379	59%
Assets Under Management	271	-37%
Total Revenues	1,100	3%

CORPORATE AND COMMERCIAL BANKING VOLUMES (TL BILLION)



COMMERCIAL EFFECTIVENESS ACTIONS

- Development of customised services tailored to meet customer needs
- Further improvement in credit processes
- Reorganisation of cash management sales activities

Yapı Kredi's e-banking competitive edge in cash management was also underlined through offering SWIFT FileAct and SWIFT Score (which gained significant importance in the international arena), in particular to corporate and multinational customers. The Bank maintained its leadership position in traditional collection systems such as cheque payment and collection with 11.4% market share and ranked as one of the top three banks in public tax collection.

Leading Position in Trade Finance

Yapı Kredi serves 14,500 trade finance customers leveraging on its advanced technology and customer-centric approach through branches and experienced trade finance specialists located in Istanbul, Ankara, Izmir, Adana and Bursa.

In addition to the traditional import and export products, Yapı Kredi continued to offer innovative and alternative foreign trade products, structured products and tailored solutions to its existing customers and also focused on new customer acquisition.

In 2010, Turkey's foreign trade volume increased by 24% and reached approximately US$ 300 billion. Yapı Kredi maintained its position as one of the leading institutions in the sector, recording 27% growth and reaching US$ 47 billion foreign trade volume.

Looking Forward

In 2011, Yapı Kredi will focus on growing share of business from existing customers, increasing customer acquisition and product penetration as well as providing faster and tailored services in corporate and commercial banking.

In the medium term, Yapı Kredi's primary aim is to leverage on strength in cash management, trade finance and project finance to support business and economic growth. The Bank also aims to further improve synergies with leasing and factoring product factories as well as international subsidiaries.

PRODUCT FACTORIES AND INTERNATIONAL SUBSIDIARIES

According to Yapı Kredi's organisational structure, leasing and factoring product factories (Yapı Kredi Leasing and Yapı Kredi Factoring) and international subsidiaries (Yapı Kredi Bank Nederland, Yapı Kredi Bank Moscow and Yapı Kredi Bank Azerbaijan) are under the governance of the corporate and commercial banking segment. This structure allows effective use of synergies and further supports the performance of both the business segment and product factories.

Under the framework of synergies created between the Bank, leasing, factoring product factories and international subsidiaries, potential business opportunities were diverted to subsidiaries resulting in significant customer acquisition. Accordingly, in 2010, the number of customers of these subsidiaries increased by 65% and reached 2,500.

Yapı Kredi Leasing

Established in 1987 and 98.85% owned by Yapı Kredi, Yapı Kredi Leasing provides fast and effective leasing services to its customers. The shares of the company are publicly traded.

As of the end of 2010, leveraging on its customer centric business approach and focus on sustainable growth, Yapı Kredi maintained its leadership in total leasing receivables with 19.2% market share.

Yapı Kredi Leasing launched new products and initiatives in 2010 to respond to changing financial needs of its customers and made agreements with international institutions such as International Finance Corporation (IFC) and Kofisa to support its financing model.

The company introduced a new SME business model and started to provide service to SME customers throughout Turkey. As a result, Yapı Kredi Leasing successfully increased the number of new contracts by 72% in 2010.

Yapı Kredi Leasing will launch a new information technology project in 2011 to further reduce customer response time and create tailored solutions for its customers' investment needs. The company will also start a new sales campaign in cooperation with Turkey's leading machinery firms to provide the most appropriate financing conditions for customers.

Yapı Kredi Factoring

Established in 1999 and 99.96% owned by Yapı Kredi, Yapı Kredi Factoring has maintained its leadership position in the factoring sector since 2001. The company operates with the aim of providing factoring products to a growing customer base while also contributing to the expansion of the factoring market. Yapı Kredi Factoring provides factoring services throughout Turkey with its Head Office in Istanbul, representative offices in İzmir, Ankara, Bursa, Antalya and Adana as well as Yapı Kredi's branch network. The company has 65 employees as of the end of 2010.

The company is the sector leader with 23.1% market share in total factoring receivables and has 30% market share in total export factoring receivables as of the end of 2010. Thanks to its customer-centric approach and success in customer acquisition, Yapı Kredi Factoring achieved a total transaction volume of US$ 11.2 billion in 2010, 88% derived from domestic transactions and 12% from international transactions.

Corporate and Commercial Banking

Yapı Kredi effectively utilises synergies and potential business opportunities with leasing and factoring product factories as well as its international subsidiaries

Yapı Kredi Factoring offers its customers monitoring and collection of their short-term domestic or international receivables arising from product or service sales with flexible payment alternatives including guarantees for receivables against payment defaults and early payment option for the receivables.

Yapı Kredi Factoring has been ranked among the Best Export Factoring Companies by Factors Chain International for the last three years. In 2010, the company was awarded fourth place in the Best Export Factoring rankings by Factors Chain International. Yapı Kredi Factoring also gained an excellent evaluation in terms of service quality.

Yapı Kredi Bank Nederland

Yapı Kredi Bank Nederland was established in 2007 as a result of the merger between Koçbank Nederland NV (established in 1996) and Yapı Kredi Bank Nederland NV (established in 2001). Yapı Kredi Nederland, fully owned by Yapı Kredi, offers a wide range of retail, corporate and private banking services to Yapı Kredi customers based abroad or conducting business abroad. The bank operates through its Head Office in Amsterdam with 43 employees.

In terms of retail banking, the bank provides saving and deposit products in the Dutch retail banking market to more than 17,000 customers.

As part of its corporate banking activities, one of the bank's areas of expertise since its foundation, Yapı Kredi Bank Nederland provides structured commodity finance and trade finance solutions and maintains growth in this area by diversifying trade and commodity finance portfolios with the support of Yapı Kredi as well as other banks within UniCredit Group. Trade finance in Commonwealth of Independent States (CIS) and cooperation with international commodities traders mainly in Europe have also become increasingly important parts of the bank's core business. In addition, the bank started offering participation banking products to its customers and increased the variety of the products offered to private customers in 2010.

Yapı Kredi Bank Moscow

Established in 1988 primarily as a representative office, Yapı Kredi Bank Moscow is 99.90% owned by Yapı Kredi and is the first Turkish bank to commence banking operations in Russia. The Bank's aim is to support Turkish corporate and commercial customers in Russia and provide them with a full range of banking products and services in line with their needs and contribute to the development of commercial ties between Turkey and Russia. The bank serves around 1,500 active customers through its Head Office located near the Kremlin with an experienced staff of 70 employees.

The bank's operations include lending, deposit gathering, account services and trade finance services to a selected group of Yapı Kredi corporate and commercial customers primarily in construction, trade and tourism sectors. The bank is also active in trade finance and ruble based operations.

Yapı Kredi Bank Azerbaijan

Yapı Kredi Bank Azerbaijan is 99.90% owned by Yapı Kredi. Having commenced its operations under the name of Koçbank Azerbaijan as a joint venture between Koçbank (80%) and the International Finance Corporation (IFC) (20%) in 2000, the Bank's sole owner became Koç Financial Services (KFS) in 2006 following the merger of Yapı Kredi and Koçbank. In 2007, the bank was renamed as Yapı Kredi Bank Azerbaijan. The bank supports Yapı Kredi's domestic and international customers operating in Azerbaijan and provides a strong foothold in this growing and dynamic market. The bank has a total of eight branches including one new branch opened in 2010 in Sumgayıt, the third largest city in Azerbaijan. The Bank had 142 employees as of the end of 2010.

Yapı Kredi Bank Azerbaijan provides a wide range of banking services to its customers including loans, deposits, project finance, domestic and international money transfers, trade finance, equity market and securities transactions, credit card transactions, safe deposit box and travel cheques.

The bank has 1,800 corporate, 1,100 SME and 28,000 retail customers, 18 ATMs and 88 POS terminals.

In 2011, the bank plans to expand its operations and open additional two branches in Baku with the aim of playing a more active and pioneering role in the Azerbaijani banking sector.

Treasury, Correspondent Banking

During 2010, the treasury contributed significantly to widening of the Bank's customer base and effective communication with customers. Yapı Kredi continued to provide customers trade finance services leveraging on its historically strong and well established correspondent banking relations

TREASURY

In 2010, Yapı Kredi maintained its active position in the capital markets and provided timely and reliable pricing and financial advisory services for customers. During this successful year in terms of liquidity and profitability, the treasury contributed significantly to widening of the Bank's customer base and effective communication with customers.

In 2010, as part of the Bank's overall customer-centric strategy, Yapı Kredi maintained its strong focus on customer related business with limited investment in securities. As a result, the share of securities in total assets stood at 21% as of the end of 2010. In order to create consistent returns and limit capital at risk, Yapı Kredi continued to invest the majority of its securities portfolio in held to maturity securities.

In key products, Yapı Kredi strengthened its position in the market in 2010:

- Yapı Kredi executed US$ 322 billion worth of foreign exchange transactions, US$ 176 billion of which from domestic customers. Yapı Kredi's market share in customer foreign exchange transactions was recorded as 20%.
- The Bank's market share in customer derivative product transactions was realised as 27%.
- Thanks to its expertise, Yapı Kredi continued to be the primary choice of customers in executing bond and bill transactions. The Bank's market share in TL and foreign currency bonds under custody stood at 10%.

CORRESPONDENT BANKING

In 2010, Yapı Kredi maintained its leading role in correspondent banking. Parallel to the start of economic recovery in the country, customer demand for international trade finance increased significantly. Yapı Kredi continued to provide customers trade finance services leveraging on its historically strong and well established correspondent banking relations built on trust and reciprocal business.

In terms of wholesale funding, the international appetite for Turkish assets increased in parallel to economic recovery and the strong position of the banking sector. Historically low rates of US t-bills and expectation of an increase in Turkey's credit rating created a unique opportunity for many institutions to tap international capital markets. Yapı Kredi successfully benefited from this environment and secured a fixed rate Loan Participation Note of US$ 750 million with a maturity of five years. The transaction, which was the lowest cost long- term funding received by a private institution in Turkey as of that date, was twice oversubscribed with the participation of 100 investors from 18 countries with a yield of 5.1875%.

Thanks to the proven resilience of the Turkish banking sector and the overall positive economic environment, the Turkish syndicated loan market remained strong in 2010. This environment coupled with the well established name of Yapı Kredi in correspondent banking resulted in oversubscription in both of the Bank's syndicated loan refinancing transactions.

In April 2010, Yapı Kredi secured a US$ 1 billion refinancing of its syndicated loan with a rollover ratio of 250% and one year maturity. The dual tranche facility was closed with the participation of 51 banks from 19 different countries and with an all-in cost of Libor+1.5% compared to Libor+2.5% in 2009.

In September 2010, the Bank successfully refinanced its other maturing syndicated loan with a rollover ratio of 125%. The total amount of the dual tranche facility was US$ 1.25 billion with a maturity of one year and an all-in cost of Libor+1.30% compared to Libor+2.25% in 2009. 48 banks from 22 countries participated in this transaction. The proceeds of both of the syndicated loans were used by the Bank to pre-finance customer exports and export contracts.

The Bank continues to act as an intermediary between its SME customers and low cost supranational institutional funding opportunities. In this regard, Yapı Kredi signed new agreements totalling close to € 100 million with maturities between 5 to 12 years in 2010. In addition, the Bank signed a new agreement totalling € 200 million with a 15 year maturity to fund renewable energy and energy efficiency projects.

Alternative Delivery Channels

Share of non-branch channels in total banking transactions reached 78% in 2010 on the back of user-friendly and efficient applications and the Bank's innovative service approach

Yapı Kredi provides products and services via its alternative delivery channels (ADCs) in addition to its extensive branch network. Yapı Kredi's ADCs, referred to as Limitless Banking, comprise Turkey's fifth largest ATM network, award winning internet banking, mobile banking and call center channels.

In 2010, the number of banking transactions realised through alternative delivery channels increased significantly on the back of user-friendly and efficient applications and the Bank's innovative service approach.

ATM NETWORK AND LIMITLESS BANKING CORNERS

Yapı Kredi continued to grow its ATM network in 2010, with the aim of decreasing operational workload in branches. As of the end of 2010, Yapı Kredi has 2,530 ATMs. In 2010, the number of monthly unique ATM users reached nearly 3.2 million and the total number of transactions at ATMs approached 250 million. In addition, cash in transaction volumes through ATMs increased 11% compared to 2009, allowing the branch network to concentrate on sales activities.

In 2010, Yapı Kredi launched innovative products, new functionalities and measures to enhance customer satisfaction, to increase efficiency and control costs:

- Lower utilised ATMs were relocated and workload of over-utilised ATMs was balanced. Yapı Kredi also focused on off-site (out of branch) locations where the Bank did not have ATM presence but observed a potential for customer demand.
- Initiated by the feedback from customers, Yapı Kredi introduced ATMs with keyboards, a first in the Turkish banking sector.
- The first talking ATM for visually impaired customers was introduced, another first in the Turkish banking sector.
- New functionalities were added to ATMs including change back on credit card payments, motor vehicle tax payment, displaying flexible account limit on the transactions and increased utility and invoice payment options.
- Customer Relationship Management (CRM) capabilities were added to ATMs and thereby customised promotions, products and offers started to be generated in 2010.
- According to the new BRSA regulation, security cameras were installed into all ATMs in 2009. In addition, Yapı Kredi implemented various tools to improve card protection and overall ATM security.

Yapı Kredi continued to add more Limitless Banking corners to its branches in 2010. Thus, total number of internet banking units and telephone banking units reached 654 and 706, respectively. In 2010, incoming calls from Limitless Banking Corners increased by 25% compared to 2009.

INTERNET AND MOBILE BANKING

The total number of transactions executed through internet banking increased by 20% in 2010 compared to the previous year.

Internet banking also evolved as a sales channel in addition to its important role in decreasing the traffic at branches and cost to serve. During the year, more than 308 thousand products such as Working Account, Kartopu, Paro, Opet, Otobil, gift card, virtual credit card and credit card payment protection were sold via tailored offers through internet banking.

In 2010, the number of retail internet banking users reached 1.5 million with an increase of 18% compared to the previous year. In the same period, corporate internet banking users reached 294 thousand, indicating an increase of 38%.

Yapı Kredi initiated many innovative applications in internet and mobile banking during 2010:

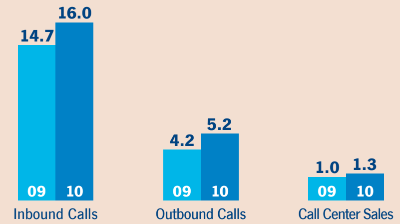
- World became Turkey's first credit card capable of creating a one time password for internet bank login. This project is the biggest pilot among Visa Europe members.
- Turkey's first financial application designed for mobile phones working with the Android operation systems and tablets was launched. This application provides users with instant access to financial information, calculation tools and information on the nearest ATM or branch as well as easy access to call center.

Alternative Delivery Channels

ALTERNATIVE DELIVERY CHANNELS KEY INDICATORS

	2010	Annual Change
Number of ATMs	2,530	8%
Number of Retail Internet Banking Customers	1.5 mln	18%
Number of Corporate Internet Banking Customers	294 ths	38%
Call Center Employees	829	18%

CALL CENTER INDICATORS
(MILLION)



COMMERCIAL EFFECTIVENESS ACTIONS

- Launch of customised sales activities through internet banking
- Transformation of ATMs into sales points
- Deployment and relocation of ATMs to increase efficiency

- One time password application was developed for iPhone users in order to widen variety of security products
- A financial application tailored for iPad was launched
- Online Help tool for corporate internet banking was introduced enabling customer support through a chat application
- Enrollment process in internet banking was re-designed to be more user friendly

CALL CENTER

Yapı Kredi Call Center sets the standards in this area in Turkey and in 2010, further strengthened its leading role with new and creative practices for both customers and employees.

Providing service to all customer segments, Yapı Kredi Call Center has tailored its service model in order to efficiently meet customer needs with 829 experienced call center employees located in Istanbul and Samsun. In addition to banking and credit card transactions, Yapı Kredi Call Center also provides specialised services for investment, mortgage, Ford Finance and private banking customers.

In 2010, the Bank continued to enhance its existing services and introduced new ones:

- Through a new call center in Samsun, the Bank started outbound sales with 100 employees and then commenced inbound calls with the addition of 150 more employees.
- With the initiative of switching to Internet Protocol (IP) infrastructure, innovative and technologically advanced tools for customers can be rapidly and efficiently designed.
- Customers started to activate telephone banking passwords from internet banking, ATMs and branches.

As a result of these innovative initiatives, Yapı Kredi achieved the following results through its call center during 2010:

- 35 million customers contacted through 400,000 e-mail and chat activities.
- 250,000 customer retentions and 150,000 customer winbacks.
- 50% decrease in customer complaints communicated through call center.
- 1,302,000 call center sales with 27% increase compared to 2009.
- 27% increase in customer satisfaction through improvements in customer communication, processes and service quality.

Looking Forward

In 2011, Yapı Kredi aims to further invest in mobile banking services in order to increase accessibility, thereby further increasing share of non-branch channels in total banking transactions. New campaigns and value-adding applications will continue to be installed onto ATMs.

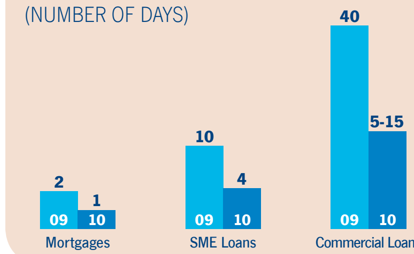
In the medium term, Yapı Kredi aims to increasingly leverage on its call center infrastructure to provide better services to customers while at the same time optimising cost to serve.

Information Technologies and Operations

INFORMATION TECHNOLOGIES (IT) PROJECTS

- IT Transformation Project
- Management Information Systems (MIS) Project
- System improvements to increase sales effectiveness
- Transfer of credit card systems to an open platform

CUSTOMER LENDING RESPONSE TIMES
(NUMBER OF DAYS)



COMMERCIAL EFFECTIVENESS ACTIONS

- Increasing operational efficiency by reducing cost to serve
- Higher automation to improve process efficiency
- Excellence in straight through processing of international payments

Yapı Kredi's primary goal with regard to information technologies (IT) and operations is to continuously improve internal processes, employees' skills and systems in order to increase operational efficiency and customer satisfaction.

In 2010, Yapı Kredi undertook the following projects and programs to improve the Bank's technological infrastructure:

- The aim of the IT Transformation Program is to reduce customer response times, increase time dedicated to sales by relationship managers, create a single platform with optimised business processes and improve operational efficiency while decreasing total cost of ownership and complexity.
- The main objective of transferring credit card systems onto an open platform is to establish a more flexible and stronger credit card infrastructure in order to further reinforce Yapı Kredi's leadership position in credit cards.
- A new IT architecture has been put in place to align revenue calculation principles among customer, portfolio, branch, region and segments further enhancing the new MIS system which was fully revised in 2009. As a result, the Bank's products and key performance indicators could be monitored on a daily and monthly basis at all levels.
- Several new functionalities were added to a special sales tool providing an integrated view of customer information, contacts and complaints to relationship managers to support their daily activities leading to increased sales effectiveness. Thereby, relationship managers were provided with increased capability to analyse customer needs and create new opportunities as well as gather additional information on customer portfolios.

Yapı Kredi also launched various initiatives in 2010 in order to improve operational efficiency and enhance existing products and services:

- IT infrastructure was improved in order to centralise monitoring and control activities in loan processes. The major objective of these improvements was to reduce customer lending response times and improve risk management.
- A project was launched to automate derivative (bond options and CDS) transactions in treasury operations in order to increase process efficiency. Another automation project was launched to measure market prices and collateral management for foreign exchange and money market operations. A new Reuters RTFX system was implemented, enabling operations to be automatically processed over systems without any user intervention.
- The swift infrastructure was successfully adapted to accommodate recent MT202COV swift messages put in practice in 2010.
- In line with the new cheque legislation regarding cheque usage and collection, all of the required technical and functional changes were successfully completed. Yapı Kredi achieved leadership position in interbank clearing house processed cheque volume as of December 2010 with 12% market share.

Through continuous efforts to excel in payment processing, Yapı Kredi maintained its position as one of the leading banks in straight through processing (STP) of international payments. In this regard, Swift STP operations ratio increased to 99% as of 2010. The Bank has received STP awards from JP Morgan, Commerzbank and Deutsche Bank in 2010.

Yapı Kredi achieved the following results after continuous improvements in IT and operations in 2010:

- Effective management of increased transaction volumes in peak hours with prioritisation and flexible source allocation,
- Elimination of teller and back office distinction through combining job descriptions and staff's increased capability of providing both cash and non-cash transactions,
- Increased contribution of operations staff in sales activities also supported by transferring some portion of sales and customer contact activities (excluding limit, pricing, terms and conditions) to branch operations staff, named Business Partner.

Number of operations staff per branch decreased to 6.1 in 2010 from 9.2 in 2007 leading to cost savings. In the same period, despite 281 new branch openings, total number of operations personnel decreased to 5,431 from 5,898.

Looking Forward

In 2011, Yapı Kredi aims to further improve customer service quality through simplified internal processes and systems and continue investments in IT and operations projects and programs.

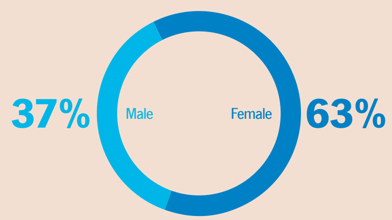
In the medium term, Yapı Kredi's primary aim is to become more and more a customer service point thereby further increasing customer satisfaction and improving operational efficiency.

Human Resources

HUMAN RESOURCES KEY INDICATORS

	2010	Annual Change
Number of Employees (Bank)	14,411	1%
Number of Employees (Group)	16,821	-
Sales and Branch Employees/ Total Employees	66%	2 pp
Training Hours per Employee	53	4%
Transfer from Operations to Sales	316	74%

EMPLOYEE GENDER COMPOSITION



TRAINING AND DEVELOPMENT ACTIVITIES

- Structured training programs at Yapı Kredi Banking Academy
- Continuation of partnerships with INSEAD, IMD, Bahçeşehir and Bilgi universities
- International career opportunities within UniCredit Group

Yapı Kredi values its employees and truly acknowledges employee satisfaction as one of the prerequisites of sustainable business results and customer satisfaction. In this regard, the Bank's human resources approach is to ensure that the right employee is matched with the right job and that the Bank's workforce is effectively utilised. Human resources closely cooperates with business segments to ensure and maintain the right job environment needed for sustainable success. Yapı Kredi also strongly focuses on training and development programmes to ensure continuous improvement in service quality.

Yapı Kredi (Bank and subsidiaries) had 16,821 employees as of the end of 2010 (2009: 16,749) with the following characteristics:

- 63% of Yapı Kredi employees are female, 81% hold an undergraduate or post-graduate degree and 30% are fluent in at least one foreign language.
- 68% of the Bank's employees benefit from Yapı Kredi's employee group pension plan, which provides employees additional support during retirement years. As of the end of 2010, Yapı Kredi employees, as well as their spouses and children, also benefit from group health insurance.
- 65% of employees are union members. A collective labour agreement is signed between the Bank and BASİSEN (Bank and Insurance Employees Union) every two years. The latest 13th Period Collective Labour Agreement covers the period between April 1, 2009 and March 31, 2011.

Career Development Opportunities

Yapı Kredi encourages job rotation and transfers for its employees to increase employee satisfaction, capability and expertise. As of the end of 2010, 8,600 employees, 66% of the branch network, were appointed or promoted to new positions.

As part of the Bank's continuous efforts to efficiently utilise its existing employee pool and contribute to the development of its employees, 114 new branch managers were appointed through an internal branch manager candidate identification process in 2010. Similarly, 316 employees were transferred from back-office to sales positions.

Yapı Kredi has been organising one-on-one meetings with employees since 2008 in order to ensure that the Bank's development actions are aligned with employee expectations. In 2010, 232 employees working at the Head Office were interviewed and 56 branches were visited, during which 562 branch employees were interviewed.

Yapı Kredi employees are provided opportunities to participate in projects designed to improve their skills and abilities, facilitate international career opportunities within UniCredit Group and increase their experience.

Yapı Kredi also attaches high importance to the academic development of its employees in accordance with the Bank's policy. Thus, the Bank closely tracks academic developments, opportunities and projects. Partnership agreements with Bahçeşehir University and Bilgi University that were signed in the previous year also continued in 2010.

Employee Satisfaction

In order to closely track employee satisfaction and implement strategies and actions accordingly, Yapı Kredi carries out a People Survey once a year. In 2010, the results of this survey showed that there was significant increase in the areas of training and development, engagement and commitment and customer focus compared to 2008. In the areas with room for improvement, the Bank prepares a specific report which incorporates the development plans for the following year based on the feedback from employees. In 2010, the Bank implemented the following projects based on the feedback of employees:

- Employee Assistance Line was launched with an aim to provide 24/7 financial, psychological and legal support to employees.
- A new kindergarten was set up in the Bank's operational center in Gebze (Istanbul) to provide mothers extra flexibility and to increase motivation.

Training Programs

Yapı Kredi Banking Academy, launched in 2009 to train the most qualified employees in the banking sector, is one of the most comprehensive corporate universities in Turkey. The daily training capacity of Yapı Kredi Banking Academy is approximately 1,200 participants.

Yapı Kredi Banking Academy has a structured training catalogue based on each position. Each employee outlines an annual training schedule, including compulsory and elective courses, from the training catalogue. In addition, contribution to employees' development was ensured through specially designed development programs and certificate programs in cooperation with universities and in parallel with the Bank's strategies and goals. Also, e-learning, game based simulation, remote development activities, workshop and social responsibility programs supporting personal development were provided to employees. In 2010, the average training time per employee was 53 hours.

In addition to ongoing training and development activities, Yapı Kredi Banking Academy cooperates with Europe's leading business schools, IMD and INSEAD, while undertaking joint certificate programmes with universities and important institutions in Turkey.

Yapı Kredi Banking Academy was awarded as the BEST company in training and development in the World by American Society of Training and Development (ASTD) in 2010. Yapı Kredi Banking Academy building received the success award in construction field by the Chamber of Architects.

Insurance Product Factories and Other Subsidiaries

Yapı Kredi's insurance product factories are Yapı Kredi Insurance and Yapı Kredi Pension. Other subsidiaries consist of Yapı Kredi Cultural Activities, Arts and Publishing, Yapı Kredi Koray Real Estate Investment Trust and Banque de Commerce et de Placements

YAPI KREDI INSURANCE

Established in 1943 and 93.94% directly and indirectly owned by Yapı Kredi, the company is one of the leading companies in the insurance sector and quoted on the Istanbul Stock Exchange. In 2010, the company continued to focus on bancassurance and developed new products in cooperation with Yapı Kredi through leveraging on effective synergies. Yapı Kredi Insurance operates with 905 employees and 993 agencies.

Yapı Kredi Insurance is the leader in the health branch with 19.8% market share.

In 2010, Yapı Kredi Insurance generated premium production of TL 758 million in the non-life branch, indicating an increase of 25% compared to the previous year. The company successfully maintained its leading position in the health branch with premium production of TL 337 million indicating an increase of 19% compared to 2009.

Closely monitoring the developments in the industry, Yapı Kredi Insurance launched a new information technology project in November 2010 with the aim of maintaining its competitive edge in the sector and offer high quality and rapid service to its customers. In addition, process and software improvements have been undertaken to increase productivity and service quality in agency and bancassurance channels.

Bancassurance is a strong focus area for Yapı Kredi Insurance where the company is leveraging more and more on the strong potential of Yapı Kredi's wide branch network as a distribution channel. In addition, new products are being introduced and sold in cooperation with the Bank's own product and service range. In bancassurance, Yapı Kredi Insurance is aiming to provide auto and mortgage insurance policies through Yapı Kredi branches.

In 2011, Yapı Kredi Insurance will continue to focus on sustaining growth and profitability based on long-term growth strategies and providing faster and more efficient services to its customers on the back of its renewed infrastructure. The company will also further increase emphasis on bancassurance products and synergies with Yapı Kredi.

YAPI KREDI PENSION

Established in 1991 and fully owned by Yapı Kredi Insurance, Yapı Kredi Pension operates with the aim of understanding the needs of customers and fulfilling their expectations. Yapı Kredi Pension provides private pension and life insurance products, as well as risk, unemployment and personal accident insurance through a wide network of eight regional offices, 10 branches, 133 agencies and 820 employees as well as Yapı Kredi's wide branch network and synergies in bancassurance.

Yapı Kredi Pension is one of the leading companies in the private pension and life insurance segment, ranking fourth in terms of number of private pension contracts with 12.3% market share, ranking third in terms of private pension fund size with 15.5% market share and ranking sixth in life insurance with 5.0% market share.

In a research conducted by the Pension Monitoring Center in 2010, Yapı Kredi Pension was chosen as one of the most successful companies in terms of informing customers of their pension plans.

Yapı Kredi Pension maintained its leadership position in number of employer sponsored group pension plan contracts with 23.3% market share. In life insurance, the company recorded total premium generation of TL 109.7 million in 2010 and maintained its leading position in the sector.

In order to develop product recognition and customer satisfaction, Yapı Kredi Pension launched new insurance products to meet the changing needs of customers in 2010:

- The Credit Card Payment Protection, Loan Payment Protection and Commercial Loan Payment Protection insurance products were launched in cooperation with Yapı Kredi.
- In addition, Children's Education Protection and Multi Protection Personal Accident insurance products were also launched.

In 2011, Yapı Kredi Pension will focus on further developing its customer relationship management system, improving customer service, expanding VIP customer advisory services and developing a customer effort index.

YAPI KREDI CULTURAL ACTIVITIES, ARTS AND PUBLISHING

Established in 1984 and fully owned by Yapı Kredi, Yapı Kredi Cultural Activities, Arts and Publishing is one of the most prestigious culture and arts companies in Turkey, presenting the public with important literary pieces, cultural events and shows through Yapı Kredi Cultural Center and Yapı Kredi Publications.

The Yapı Kredi Cultural Center consists of Vedat Nedim Tör Museum, Kâzım Taşkent Art Gallery and Sermet Çifter Hall. Yapı Kredi Cultural Center hosted 10 exhibitions during 2010.

The Vedat Nedim Tör Museum, which hosted two exhibitions during the year, focuses primarily on Anatolian civilisations.

Kâzım Taşkent Art Gallery hosted six exhibitions during 2010 including the PastPresentFuture exhibition of works from UniCredit Group's art collection, which spans four centuries of European art history and creates a dialogue between eras and languages.

Sermet Çifter Hall hosted two exhibitions during 2010. One of the special exhibitions was Magnum Photos by Bruno Barbey. Another prominent exhibition was by another photographer Güneş Karabuda.

YAPI KREDI KORAY REAL ESTATE INVESTMENT TRUST

Established in 1996 and 30.45% owned by Yapı Kredi, Yapı Kredi Koray Real Estate Investment Trust has been a pioneer in residential and commercial real estate development. Main projects that the company has undertaken are Istanbul-Istanbul, Istanbul Zen, Istanbul Bis, Evidea, Ankara-Ankara, Ankara-Çankaya, Neo Shopping and Lifestyle Center.

BANQUE DE COMMERCE ET DE PACEMENTS

Established in 1963, Banque de Commerce et de Placements (BCP) is a Swiss bank headquartered in Geneva with two branches in Luxembourg and Dubai. 31% owned by Yapı Kredi, BCP provides customers high quality services in the areas of trade finance, private banking, treasury services and correspondent banking.

Yapı Kredi Koray Real Estate Investment Trust is a joint venture company

Research and Development Activities

Yapı Kredi continuously focuses on taking research and development activities one step further with an aim to become the first choice of its customers

Yapı Kredi continuously focuses on research and development activities as part of its customer centric and innovative approach. In this regard, the Bank undertook a variety of initiatives throughout 2010:

- Satisfaction surveys: Yapı Kredi measures customer satisfaction both at branch and segment level and sets a strong benchmark in Turkey in terms of customer surveys. Accordingly, 80,000 customers were surveyed throughout 2010.
- Mystery shopping survey: In order to measure service quality and fully understand end to end customer experience, including after sales service, Yapı Kredi carried out mystery shopping surveys in the areas of loan application, current account opening, teller transactions and alternative delivery channel applications.
- Transaction based research in credit cards: In order to measure the quality of delivery process and POS after sales services, the Bank carried out transaction based research in credit cards.

The following products were developed in 2010 according to the various needs of customers:

- Product bundles: A first in the sector, Yapı Kredi designed various product bundles to provide customers with value added banking and non-banking services with increased advantages in a single package
- Credit card products: *adios premium* credit card was launched providing affluent customers who travel frequently privileged advantages including possibility of gaining extra points while making travel plans. In addition, *taksitçi* credit card was launched, a first in the banking sector, which allowed customers to divide payments into installments even at places, which are not normally offering installments.
- Funds and structured products: In order to meet customers' needs in changing market conditions, nine new capital guaranteed funds, four new B type funds and two new indexed deposits were launched
- Innovation in alternative delivery channels: A first in the banking sector, Yapı Kredi introduced ATMs with keyboards in order to provide added convenience for customers in carrying out money transfers and investment transactions. The Bank also introduced talking ATMs specially designed for the hearing impaired.

Corporate Social Responsibility

Yapı Kredi supports social responsibility projects in education, environment, culture and arts with an aim to become an exemplary corporate citizen

Yapı Kredi's corporate social responsibility approach is based on providing sustainable benefits to the society and becoming an exemplary corporate citizen. Yapı Kredi supports social responsibility projects mainly in education, environment, culture and arts with benefits to the society and takes initiatives to fulfill its obligations in meeting sustainable development of the community.

EDUCATION

Vocational Education, A Crucial Matter for the Nation Project: As part of the project pioneered by Koç Holding to promote vocational education, 98 vocational school students were provided with the opportunity of internship at Yapı Kredi branches in 2010.

I Read I Play Project: This project, conducted in cooperation with the Educational Volunteers Foundation of Turkey (TEGV), reached out to 74 thousand children.

Darüşşafaka Scholarship: A special scholarship program was introduced for Darüşşafaka Educational Institutions.

Yapı Kredi Girls Technical and Vocational High School: 450 students are currently being educated in Yapı Kredi Girls Technical and Vocational High School.

Yapı Kredi Banking Academy: Yapı Kredi Banking Academy, established with the aim of creating the most qualified employees in the Turkish banking sector, initiated a Banking Certificate Program for university students in 2010.

ENVIRONMENT

Infinite Blue Project: As a result of this project undertaken in cooperation with the Turkish Marine Environment Protection Association (TURMEPA), the number of students, who were trained reached 5 million in 2010.

Paper Reduction Act: As a result of this project, 165 thousand trees were prevented from being cut down in three years. There was a 41% paper saving through the new printing system introduced in 2010.

Product Bundles: On behalf of each customer purchasing a product bundle, forests composed of 150,000 trees were created at four locations in Turkey in collaboration with TEMA.

CULTURE AND ARTS

Yapı Kredi Cultural Activities, Arts and Publishing Activities: Yapı Kredi Cultural Center hosted 10 different exhibitions during 2010. Yapı Kredi Publications published 581 titles comprising 210 new works and 371 reprints. Over one million books were sold during the year.

Çatalhöyük Excavation: Çatalhöyük Excavation team, bringing new archeological findings to light each year, performed excavation works between June and September in 2010 with the support of Yapı Kredi.

VOLUNTARY PROJECTS OF YAPI KREDİ

Yapı Kredi's Volunteers Platform was established under the framework of corporate voluntary activities. The following initiatives were launched in 2010:

- Legal and financial consultation for women in cooperation with the Foundation for the Support of Women's Work (KEDV-FSWW)
- Volunteer programs and aid for the visually impaired in cooperation with the Six Dots Foundation (Altı Nokta Körler Derneği), including book readings and donation of audio books to the foundation's library
- Support for Küçükyalı kindergarden through various activities with the children, including organising a summer camp
- Opportunities and aid for highly motivated students in underprivileged villages, also through organisation of charity bazaars and visits by employees
- Volunteer programs in cooperation with the Yapı Kredi Nursing Home, encouraging employees to actively visit pensioners on a monthly basis
- Support for underprivileged children in cooperation with GEA Search, Rescue and Ecology Group (GEA Arama Kurtarma Ekoloji Grubu)
- Social and cultural activities for underprivileged children to contribute to their after school social development in cooperation with Darüşşafaka Children's Charity

Under the framework of the campaign called For My Country, intitiated by Koç Holding, Yapı Kredi employees donated 607 units of blood to the Turkish Red Crescent.

PART II
MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

Board of Directors

Tayfun BAYAZIT
Chairman of the Board of Directors

After having received a BS degree in Mechanical Engineering (1980) and an MBA from Columbia University, New York, (Finance and International Business - 1983), Tayfun Bayazıt started his banking career at Citibank in 1983. He subsequently worked in senior executive positions within Çukurova Group for 13 consecutive years, including Yapı Kredi (Senior Executive Vice President and Executive Committee Member), Interbank (CEO) and Banque de Commerce et de Placements S.A. Switzerland (President and CEO). In 1999, he was appointed as the Vice Chairman of Doğan Holding and an Executive Director of Dışbank. He assumed the CEO position at Dışbank in 2001 and was appointed as the Chairman of the Board of Directors at the 2003 Annual Shareholders' Meeting. He became the CEO and Board Member of Fortis Turkey after the acquisition of the majority shares of Dışbank in July 2005. In the 2006 Annual Shareholders' Meeting, he was appointed as Chairman of the Board of Directors of Fortis Bank A.Ş. He was appointed as the CEO of Yapı Kredi and of the Bank's holding company (Koç Financial Services, KFS) in the beginning of 2007. Two years later, he was elected as the Chairman of Yapı Kredi and in 2010 he also started to serve as Chairman of Koç Financial Services. Being the President of Banking and Insurance Group at Koç Holding, Bayazıt also serves as Chairman of Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Koray Real Estate Investment Trust, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan and Yapı Kredi Bank Moscow as well as Vice Chairman of Banque et de Placements.

Federico GHIZZONI
Vice-Chairman of the Board of Directors

Following his graduation from the Faculty of Law at Parma University, Federico Ghizzoni began his career in 1980 as a Customer Relations Manager at the Piacenza Branch of UniCredit Group. Working in this position until 1988 as the Head of Credit Risk, Ghizzoni later became Branch Manager of the Trieste Branch between 1988 and 1990 and Branch Manager of the Seriate Branch between 1990 and 1992 after which he was appointed the Assistant General Manager at the Group's London office. In 1995, Ghizzoni became the General Manager of the Group's Singapore office and between 2000 and 2002, worked as Executive Director at the Corporate and International Banking Division of Bank Pekao S.A., a subsidiary of UniCredit Group. Assuming the role as a member of the Board of Directors of Koç Financial Services Inc., a 50%-50% joint venture between Koç Holding A.Ş. and UniCredit Group, he also served on the Executive Board of Koçbank A.Ş. in 2003. Joining Yapı Kredi on September 28, 2005 as Executive Board Member, he was the Chief Operating Officer (COO) of the Bank. He was appointed as the President of Poland's Markets Division within UniCredit Group and Member of the Managing Board responsible for UniCredit Bank Austria AG's Central and Eastern Europe operations on July 1, 2007. In April 2009, Ghizzoni was appointed Member of UniCredit Group's Executive Management Committee and in August 2010 he assumed the position of Deputy CEO and Deputy General Manager of UniCredit. Having started to serve as CEO of UniCredit since September 2010, Ghizzoni has been a member of Yapı Kredi's Board of Directors since September 28, 2005 and Vice-Chairman of the Board of Directors since April 26, 2007. Ghizzoni also serves as Vice Chairman of Koç Financial Services.

H. Faik AÇIKALIN
Chief Executive Officer (CEO)

After earning a BS degree in Business Administration from Middle East Technical University, Faik Açıkalın began his banking career in 1987 as a Management Trainee at Interbank. He subsequently worked in various positions including internal auditor, relationship manager, branch manager and marketing manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank. In May 1998, he joined Dışbank as Executive Vice President. Later that year, he was appointed Chief Operating Officer (COO) responsible for the coordination and communication between the Board of Directors and business units. He also assumed the position as a member of the Credit Committee. In June 1999, Açıkalın was appointed as Deputy CEO and member of the Board of Directors. In December 2000, he became CEO of Dışbank. Following the acquisition of the majority shares of Dışbank by Fortis in July 2005, he continued to serve as CEO of the Bank when it was renamed Fortisbank and was appointed member of the Fortis Global Management Committee and Fortis Global Retail Management Team. In October 2007, he resigned from his duties at Fortis and became CEO at Turkey's largest newsprint media holding company, Doğan Gazetecilik. In April 2009, Açıkalın was appointed Executive Director of Yapı Kredi and was also appointed Chairman of the Executive Committee in April 2009. Having started to serve also as CEO of the Bank's holding company (KFS) in 2010, Açıkalın has been CEO of Yapı Kredi since May 2009. Açıkalın also serves as Chairman of Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring and a member of Board of Directors of Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan and Yapı Kredi Bank Moscow.

Alessandro Maria DECIO(1)
Executive Director and Deputy CEO

A graduate from the Department of Economics, Commerciale L. Bocconi University, Alessandro Maria Decio holds an MA from INSEAD (the European Institute for Business Administration) and worked as a research assistant for six months at Commerciale L. Bocconi University. Starting his finance career at IMI International, Decio held the post of Vice President until 1991. Subsequently, he was employed by Morgan Stanley International as an associate and afterwards by McKinsey until 1994 with the same position. Decio joined the European Bank for Reconstruction and Development (EBRD) at the end of 1994 and left in 2000 as a Director. In June 2000, he joined UniCredit Group as the Head of Foreign Banks Strategy, Mergers, Acquisitions, Planning and Control Group and in October 2002 was appointed Chief Operating Officer (COO) for Zagrebacka Banka (within UniCredit Group). He served as COO at Bulbank, another UniCredit Group company between 2003 and 2005 and later at UniCredit Group's Integration Project as Manager. Decio was appointed Manager of UniCredit Group's Germany Integration Project at the beginning of 2006, before going on to serve as UniCredit Group Deputy Head of Integration Office from July 2006 to July 2007. Appointed as Executive Director of Yapı Kredi on April 26, 2007, he also became the Chief Operating Officer of the Bank on July 1, 2007. On January 30, 2009, Decio was appointed as the Deputy CEO of Yapı Kredi. Decio also serves as Executive Director and Deputy CEO of Koç Financial Services, Vice Chairman of Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Moscow and Yapı Kredi Cultural Activities, Arts and Publishing. Decio is a member of Board of Directors of Yapı Kredi Koray Real Estate Investment Trust.

Fatma Füsun AKKAL BOZOK(2)
Member of the Board of Directors

F.Füsun Akkal Bozok completed her academic studies with an MBA from Boğaziçi University, Faculty of Administrative Sciences and a PhD from Istanbul University, Faculty of Administration. Beginning her career at Arthur Andersen Audit Company in 1980, Akkal joined Koç Group in 1983 and worked as Associate and Coordinator Assistant in Audit and Financial Group Division. In 1992, she was appointed Audit and Financial Group Coordinator and served in this capacity for 11 years and as the Finance Group Director from 2003 until 2006. Akkal still works as an assistant professor at Sabancı University. She has been a member of the Board of Directors of Yapı Kredi since September 28, 2005. Akkal is also a member of Board of Directors of Koç Financial Services and Yapı Kredi B Type Investment Trust.

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Director Carlo Vivaldi has been appointed as an Executive Director and Director Alessandro M. Decio previously appointed as Executive Director was relieved of this duty and has continued as a Director. In addition, Alessandro M. Decio has resigned as Deputy CEO as of 31 January 2011 due to the fact that he has assumed a new position at Unicredit Group and Carlo Vivaldi has been appointed as Deputy CEO to replace Alessandro M. Decio. Based on the decision of the Board of Directors of Koç Financial Services dated January 24, 2011, numbered 249; Director Carlo Vivaldi has been appointed as an Executive Director and Alessandro M. Decio previously appointed as Executive Director was relieved of this duty and continue as a Director. In addition, Alessandro M. Decio has resigned as Deputy CEO as of 31 January 2011 and Carlo Vivaldi has been appointed as Deputy CEO of Koç Financial Services to replace Alessandro M. Decio.

(2) Based on the decision of the Board of Directors dated February 28, 2011, Fatma Füsun Akkal Bozok has been appointed as a member of Board of Directors in charge of Internal Systems.

Ahmet Fadıl ASHABOĞLU
Member of the Board of Directors

After graduating from the Alman Lisesi (German High School) in Istanbul and Tufts University, Department of Mechanical Engineering, in the USA, Ahmet F. Ashaboğlu received an MS from Massachusetts Institute of Technology (MIT), Department of Mechanical Engineering and began his career as a research assistant at MIT in Cambridge in 1994. He worked as Associate Director of US Treasury Bond Trading at UBS Warburg, New York and then as Head Trader of FX Options at UBS Warburg, Philadelphia in 1998 and 1999. He served as a consultant at McKinsey&Company between 1999 and 2003 in New York. Joining Koç Holding as the Finance Group Coordinator after his return to Turkey in 2003, Ashaboğlu has been the CFO (Chief Financial Officer) of Koç Holding since January 2006. Ashaboğlu has been a member of the Board of Directors of Yapı Kredi since September 28, 2005. Ashaboğlu is also a member of Board of Directors of Koç Financial Services, Yapı Kredi Insurance and Yapı Kredi Pension.

O. Turgay DURAK
Member of the Board of Directors

After receiving B. Sc and M. Sc. degrees from Northwestern University, Department of Mechanical Engineering, in the USA, O. Turgay Durak began his carreer at Otosan in 1976 as manufacturing engineering and appointed as product development engineer in the same year. In 1979, he became Project Manager in Inönü Engine Factory where he was appointed as Project Coordination Manager and Head of Project Coordination Division in 1982 and 1984, respectively. In 1986, he became Assistant General Manager responsible for marketing and he served as Assistant General Manager responsible for purchasing between 1987 and 1999. After the restructuring of the company as Ford Otosan, in 2000 he was appointed as Assistant General Manager, then became CEO and Board Member of Ford Otosan in 2002. In May 2007, he was promoted as President of Automotive Group at Koç Holding and in April 2009 he was also appointed as Deputy CEO of Koç Holding. Turgay Durak, who served as a Chairman of the Turkish Automotive Manufacturers Association from 2004 to 2010 for six years, assumed the position of CEO of Koç Holding on 21 April 2010 and since April 2009 he has been a member of the Board of Directors of Yapı Kredi. Durak is also a member of Board of Directors of Koç Financial Services.

Vittorio G. M. OGLIENGO
Member of the Board of Directors

Vittorio G. M. Ogliengo holds a degree in Business from the University of Turin. Having joined Price Waterhouse in 1983 and gained auditing experience, he moved to Citibank N.A. in 1985 and worked in Corporate Banking, Corporate Finance and Investment Banking in Turin, Milan and London. In 1988 he joined Fiat SpA and had senior management responsibility in the Treasury and Capital Markets area, reporting directly to the International Finance Director. In the same year, he became Head of the Finance Department and then General Manager of Fiat Deutschland, the Fiat Group's finance company in Germany. In 1994, he joined the Barilla Group as Head of the Finance Department. In 1998, he moved to Chicago as Chief Financial Officer of Barilla America. In November 1999, he came back to Italy as Chief Financial Officer for Barilla G&R Fratelli. On 1 February 2003, he was appointed Chief Executive Officer and Chief Financial Officer of Barilla Holding, where he was also responsible for the corporate governance of subsidiaries (Barilla G&R Fratelli SpA, Kamps AG, Harry's Sa and Gran Milano SpA). Ogliengo joined UniCredit Group in 2005 as Group Deputy General Manager and Head of Corporate Division and in the same year, he was also appointed as Chief Executive Officer of UniCredit Corporate Banking, Member of HVB Supervisory Board, Member of Bank Austria Creditanstalt Supervisory Board and Chief of the Credit Committee of the Supervisory Board. In 2006 and 2007, Ogliengo served as the President of the Locat SpA, a company within UniCredit Group, and then in 2007, he was appointed as President of UniCredit Global Leasing and served until April 2007. In 2009, Ogliengo was appointed as President of UniCredit Leasing and Head of UniCredit Finance and Advisory Division and also became member of the Board of UniCredit MedioCredito Centrale SpA. Since May 2009, Vittorio G. M. Ogliengo has been a member of the Board of Directors of Yapı Kredi. Ogliengo is also a member of Board of Directors of Koç Financial Services.

Carlo VIVALDI(1)
Member of the Board of Directors

After graduating from the University of Ca' Foscari, Venice, Department of Business Administration, Carlo Vivaldi started his career in 1991 in Cassamarca, one of the four banks which merged into UniCredit in 1998. At that time he moved in Group's Planning and Control and then after a brief experience in contributing to the development of Group's internet strategy, in 2000 he moved under the newly established New Europe Division as responsible for Planning and Control, contributing to the expansion of UniCredit in the region. At the end of 2002, he moved to Turkey and pursued the position of Chief Financial Officer and Executive Vice President at KFS and Yapı Kredi in addition to memberships of the Board of Directors at some Group subsidiaries until September 2007. In October 2007, he was appointed as the Chief Financial Officer and Member of the Management Board positions at UniCredit Bank Austria AG and started to serve in several other Supervisory Boards in CEE subsidiaries of UniCredit Group (UniCredit Bank Czech Republic A.S.as Chairman, Zagrebacka Banka D.D., UniCredit Tiriac Bank S.A., JSC ATF Bank Kazakhstan, and UGIS). In May 2009, Carlo Vivaldi was also appointed as Member of the Board of Directors at Yapı Kredi. Vivaldi is also a member of Board of Directors of Koç Financial Services.

Massimiliano FOSSATI
Member of the Board of Directors

After graduating from L. Bocconi University, also earning a post-graduate degree in Bank Management, Massimiliano Fossati started his career as a Financial Analyst at the Credits Department of Centrobanca S.p.A. (Banca Popolare di Bergamo Group) where he served from 1995 to 1998, Fossati later became a Relationship Manager before serving as a Senior Analyst at the same bank till 2000. Fossati served as a Senior Analyst at the Credits Department of Locat S.p.A. (leasing company within UniCredit Group) from 2000 to 2001; he then worked as a Functional Analyst at the Organisation Department of the company until 2002. He joined UniCredit in 2002 where he worked until 2004 in the Foreign Banks Credit Unit of the Credits Department. Fossati also worked as the Credit Management Director and until 2005 served as an ALCO Board and Executive Committee member at Živnostenská Banka Prague, a UniCredit Group company. He continued his duties at the same bank as a member of the Board of Directors responsible for Credit Risk Management, as a member of the Board of Directors responsible for Organisation and as IT Integration Process Project Manager from 2005 to 2006. Fossati was Global Banking Services Division Manager and member of the Board of Directors responsible for Global Banking Services Department at Prague UniCredit Bank CZ (UniCredit Group) from 2007 until September 2008. In October 2008, he started working for Yapı Kredi as Executive Vice President responsible for Corporate and Commercial Credits and later he was appointed Executive Vice President responsible for Risk Management on January 30, 2009. In June 2010, he assumed the position of the Member of the Management Board of UniCredit Bank Austria AG and Chief Risk Officer of UniCredit Bank Austria AG. Since July 2010, he has been a member of the Board of Directors of Yapı Kredi. Fossati is also a member of Board of Directors of Koç Financial Services.

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Director Carlo Vivaldi has been appointed as an Executive Director and Director Alessandro M. Decio previously appointed as Executive Director was relieved of this duty and has continued as a Director. In addition, Alessandro M. Decio has resigned as Deputy CEO as of 31 January 2011 due to the fact that he has assumed a new position at Unicredit Group and Carlo Vivaldi has been appointed as Deputy CEO to replace Alessandro M. Decio. Based on the decision of the Board of Directors of Koç Financial Services dated January 24, 2011, numbered 249; Director Carlo Vivaldi has been appointed as an Executive Director and Alessandro M. Decio previously appointed as Executive Director was relieved of this duty and continue as a Director. In addition, Alessandro M. Decio has resigned as Deputy CEO as of 31 January 2011 and Carlo Vivaldi has been appointed as Deputy CEO of Koç Financial Services to replace Alessandro M. Decio.

Statutory Auditors

Adil G. ÖZTOPRAK

After graduating from Ankara University, Faculty of Political Sciences, Department of Finance and Economics in 1966, Adil G. Öztoprak served as Auditor at the Ministry of Finance between 1966 and 1975. Promoted to Assistant General Director of Budget and Financial Control in 1975, Öztoprak served as CFO and CEO in various companies from 1976 to 1993. He worked as a Partner at Başaran Nas Yeminli Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) between 1993 and 2000. Öztoprak has continued his career as an Independent Chartered Accountant since 2000. Adil G. Öztoprak has been serving as a Statutory Auditor at Yapı Kredi since 2005.

Abdullah GEÇER

Abdullah Geçer graduated from Middle East Technical University, Department of Economics in 1996 and received his MBA (in finance) from the University of Nottingham in 2006. After working as an Assistant Sworn Bank Auditor at the Undersecretariat of Treasury during 1996-2000, Geçer served as a Sworn Bank Auditor at the Banking Regulation and Supervision Agency between 2000 and 2007. Promoted to Senior Sworn Bank Auditor in 2007, he joined Koç Holding A.Ş. as the Audit Group Coordinator in the same year. Abdullah Geçer has been serving as a Statutory Auditor at Yapı Kredi since 2008.

The members of the Board of Directors and statutory auditors each have a one-year term of duty; the appointments of members and auditors are set out annually at the Annual Shareholders' Meeting.

CEO, Executive Vice Presidents and Managers of Internal Systems

H. Faik AÇIKALIN
Chief Executive Officer (CEO)
(Please see page 46)

Alessandro Maria DECIO
Executive Director and Deputy CEO
(Please see page 46)

Mehmet Güray ALPKAYA[1]
Executive Vice President – Corporate and Commercial Sales

Mehmet Güray Alpkaya earned an MBA at Koç University and an MS in Finance from Istanbul University. He started his banking career at the Import and Export Bank of Turkey in 1989 where he served as Assistant Manager in the Istanbul Main Branch Corporate Credit and Marketing Department before moving to the Istanbul branch of Chase Manhattan Bank N.A. in 1991. He served in various positions including Vice President and Head of Corporate Client Management Group at Chase Manhattan Bank N.A. before moving to Koçbank in 1999 to establish and develop the Project and Structured Finance function. At Koçbank, he served as Head of Project and Structured Finance Group until 2003 and then as Head of Credit Underwriting Division until he was appointed Executive Vice President responsible for Credit Management at Yapı Kredi in February 28, 2006. On August 1, 2008, Alpkaya was appointed Chief Risk Officer and on January 30, 2009, he was appointed as Executive Vice President responsible for Corporate and Commercial Sales.

Marco CRAVARIO
Executive Vice President – Chief Financial Officer (CFO) – Financial Planning and Administration

Following his graduation from the Economics Department at the University of Turin in 1991, Marco Cravario attended top-level financial education programmes at the London School of Economics and INSEAD. He started his career as an auditor at Ernst & Young first in Turin (Italy) and then in Prague (Czech Republic). In 1996, he moved to Ernst & Young Corporate Finance in Milan (Italy), serving as a Director. In 2001, Cravario joined UniCredit Group to head the New Europe Division Mergers and Acquisitions unit. Subsequently, he held a number of managerial positions in the Group, including planning and control, organisation, business development, also gaining some commercial experience in the retail network. In 2006, Cravario assumed the position of CFO and Executive Board Member at UniCredit Tiriac Bank in Romania. Cravario has been Executive Vice President and CFO at Yapı Kredi since January 2008 and a member of the Executive Committee since February 2009. Cravario is also a member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Insurance, Yapı Kredi Pension and Yapı Kredi Bank Azerbaijan.

Yakup DOĞAN
Executive Vice President – Alternative Delivery Channels

Yakup Doğan started his career at İş Bankası as an Assistant Specialist in 1992 after graduating from the Faculty of Business Administration at Çukurova University. He then served as a Senior Executive responsible for the development of Retail Banking, Credit Cards and Alternative Delivery Channels at Ottoman Bank from 1996 to 2001. In 2001, Doğan joined Koçbank as Section Head in the Alternative Delivery Channels Department and was later appointed Head of the Alternative Delivery Channels Department in February 2006. As of January 30, 2009, he has assumed the position of Executive Vice President in charge of Alternative Delivery Channels at Yapı Kredi.

Mehmet Murat ERMERT
Executive Vice President – Corporate Communications

In 1987, following his graduation from Marmara University Department of Business Administration, Murat Ermert began his career at Leo Burnett Advertising Agency. Between 1989 and 1993, he served as the Head of Advertising Group at Yapı Kredi. Between 1993 and 1996, he worked as Media Marketing Manager at Doğan Media Group and later joined Demirbank as Advertising and Public Relations Coordinator until 2000. Between 2000 and 2008, Ermert served as Executive Vice President in charge of Corporate Communications at Dışbank (later Fortis) and also worked at the Global Marketing and Communications Management (Brussels) of Fortis. Ermert also served as faculty member at both Anadolu University and Bahçeşehir University. He is currently Vice Chairman of the Corporate Communications Directors Association and also a board member of the Turkish Advertisers' Association. Ermert has been Executive Vice President responsible for Corporate Communications at Yapı Kredi since June 2008.

Wolfgang SCHILK
Executive Vice President – Risk Management

In 1992, following his graduation from University of Wien, Law School, Wolfgang Schilk completed a postgraduate trainee program at Creditanstalt-Bankverein (CA-BV). Between 1994 and 1996, he served as Restructuring Manager responsible for corporates at CA-BV. Between 1996 and 2004, Schilk worked as Head of the Credit Unit at Bank Austria Creditanstalt. Later in 2004, he assumed the position as Head of the Regional Office responsible for corporates. In 2006, he started to serve as the Head of Regional Office responsible for private and SME clients. Between 2007 and 2010, Schilk served as the Head of Risk Management responsible for private, SME clients and private banking. During his career, he served as member of the supervisory board of Leasfinanz Bank (a subsidiary of UniCredit Leasing) and BAF (a subsidiary of Bank Austria for Mobile Sales Channel) as well as member of the advisory council of IRG Immobilien Rating GMBH (a subsidiary of Bank Austria for Real Estate Appraisal). Schilk has been Executive Vice President responsible for Risk Management and a member of the Executive Committee at Yapı Kredi since September 2010. Schilk is also a member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Bank Nederland and Yapı Kredi Bank Moscow.

Mert GÜVENEN
Executive Vice President – Corporate and Commercial Banking

After earning an MBA in 1990 from the University of West Georgia, Mert Güvenen began his career at Yapı Kredi. Appointed Branch Manager of the Bank's Esentepe Corporate Branch in 1999, Güvenen went on to serve as Körfezbank's Central Branch Manager. He then worked as Corporate Marketing Director at Koçbank and General Manager at Koç Factoring. Since May 2006, he served as the Executive Vice President responsible for Commercial Banking Management at Yapı Kredi. Güvenen has been Executive Vice President responsible for Corporate and Commercial Banking as well as commercial coordination of Yapı Kredi Leasing, Yapı Kredi Factoring and the Bank's international subsidiaries since January 2009. Güvenen is also a member of the Executive Committee since February 2009. Güvenen is a member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan and Yapı Kredi Bank Moscow.

Süleyman Cihangir KAVUNCU
Executive Vice President – Human Resources

After receiving his MBA from the University of Bridgeport, Süleyman Cihangir Kavuncu began his career at Arthur Andersen in 1983 as an Auditor. Between 1985 and 1989, he was the Foreign Funds Manager at the Treasury Division of Interbank. Kavuncu then went on to serve as the Financing Director and Human Resources Director at Coca-Cola, Administrative Affairs Coordinator at Çukurova Holding and Human Resources Director at Colgate Palmolive. Following his appointment in August 2004 as Executive Vice President at Koçbank, he has been Executive Vice President responsible for Human Resources at Yapı Kredi since February 2006. Kavuncu is also a member of the Executive Committee since February 2009.

Erhan ÖZÇELİK
Executive Vice President – Private Banking and Wealth Management

After graduating from the University of Evansville in Indiana with a major in marketing, in 1988, Erhan Özçelik began his career at Yapı Kredi. Starting from 1991, he served for ten years as foreign representative in Russia in various positions including Executive Vice President at Yapı Toko Bank for four years and Executive Director at Yapı Kredi Moscow between 1997 and 2000. Assuming the position of Executive Vice President responsible for Corporate Banking Sales and Marketing at Yapı Kredi in 2001, Özçelik then served as Executive Vice President responsible for International Relations and Foreign Subsidiaries at Yapı Kredi between 2006 and 2007. Until January 30, 2009, he was Executive Vice President responsible for Private Banking and International Activities. Özçelik has been Executive Vice President responsible for Private Banking and Wealth Management as well as commercial coordination of Yapı Kredi Asset Management and Yapı Kredi Invest and Yapı Kredi B Type Investment Trust since January 2009. Özçelik has been a member of the Executive Committee since February 2009. He serves as Chairman of the Board of Directors of Yapı Kredi B Type Investment Fund and is also a member of Board of Directors of Yapı Kredi Asset Management and Yapı Kredi Invest.

Mehmet Erkan ÖZDEMİR
Executive Vice President – Compliance Officer

After graduating from Middle East Technical University, Department of Economics in 1989, Mehmet Erkan Özdemir worked as a Sworn-in Bank Auditor on the Sworn-in Bank Auditor Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Group in August 2001 where he worked as Audit Coordinator in the Koç Holding Audit Group responsible for the financial companies of the Group. Özdemir has been Compliance Officer and Executive Vice President at Yapı Kredi since April 2008.

Muzaffer ÖZTÜRK[2]
Executive Vice President – Retail Sales

Muzaffer Öztürk began his career at Yapı Kredi as Intern Inspector in 1984 after graduating from Uludağ University, Faculty of Business Administration. In 1991, he was appointed Vice President of the Inspection Committee. From 1993, Öztürk served as Manager of the Bank's Beyazıt and Plaza branches for two years each. In 1997, he assumed the position of Corporate Banking Coordinator for both the Bank and the Esentepe Branch. Öztürk became Executive Vice President of Group 2 of Yapı Kredi's Retail Commercial Banking in October 2000 and after August 2003, served as Executive Vice President responsible for Personal Banking and Business Banking Sales. On February 2006, Öztürk was appointed as Executive Vice President responsible for Retail Sales.

Stefano PERAZZINI
Executive Vice President – Internal Audit

After graduating from the University of Turin in Economics, Stefano Perazzini began his career at San Paolo IMI Bank in 1987. Between 1989 and 1992, he joined Honeywell Bull where he was responsible for the Planning and Control Department. Perazzini then became an Information Technology Auditor at Banca CRT Head Office and later an Internal Auditor at the London and Paris branches of the Bank. Assuming the position of Internal Auditor at UniCredit Holding in September 1999, Perazzini was then appointed Deputy Manager of the Internal Audit Department at Bank Pekao, a UniCredit Group company. In March 2003, he took on the responsibilities of Executive Vice President for Internal Audit at Koç Financial Services. Perazzini has been Executive Vice President responsible for Internal Audit at Yapı Kredi since March 2006.

(1) As of 01 January 2011, Mehmet Güray Alpkaya has been appointed as Executive Vice President in charge of Corporate Sales.

(2) Muzaffer Öztürk has resigned from his position as Executive Vice President responsible for Retail Sales on January 31, 2011.

CEO, Executive Vice Presidents and Managers of Internal Systems

Mutlu ATAKİŞİ
Internal Control Director
Following his graduation from Bosphorus University, Faculty of Business Administration in 1986, Atakişi started his business career as Assistant Auditor at İşbank. He moved to Koçbank in 1989 as Auditor and was then appointed as Operations Manager and later Branch Manager. In 1997, he moved to Finansbank as Branch Manager and worked there till 2001. He returned to Koçbank in 2001 as Deputy Manager on the Board of Auditors and continued his career at Yapı Kredi as Manager of the Strategic Planning and Coordination section in the Internal Audit Department. Since November 2008, he has been serving as Internal Control Director.

Yüksel RİZELİ
Executive Vice President – Information Technologies and Operations
Yüksel Rizeli started her career in 1982 following her graduation from Sakarya High School. With 35 years of experience in banking operations including ten years in the capacity of Head of Operations at Garanti Bank, Yüksel Rizeli served as Head of Project Implementation Management at Garanti Bank as well as part of the Business Process Reengineering (BPR) project with IBM consultancy. She managed most of the major project implementations at Garanti Bank in addition to network business process design including central operations units. Rizeli was then appointed as member of Executive Management Team at Ottoman Bank. She served as Head of Operations, Head of BPR, Head of System Analysis, Head of Organisation at Ottoman Bank until 2002. During the last two quarters of 2001, she managed first the merger between Ottoman Bank and Körfezbank and then the merger between Garanti Bank and Ottoman Bank. Prior to joining Yapı Kredi, she served as the Head of Operations at Koçbank responsible for System Analysis, Organisation, Strategic Planning and Monitoring of Operations. In February 2006, she was appointed as Head of Operations at Yapı Kredi. Rizeli has been Executive Vice President responsible for Information Technologies and Operations since January 2009. Rizeli is also a member of the Executive Committee since November 2009.

Cahit ERDOĞAN
Executive Vice President - Chief Information Officer (CIO)
Having graduated from Faculty of Mechanical Engineering at İstanbul Technical University, Cahit Erdoğan earned his MBA degree from Rochester Institute of Technology. Starting his professional career at Xerox Corporation (Rochester, NY) as a Business Analyst, Erdoğan moved to Accenture Istanbul Office in 2000 as a Management Consultant, where he was promoted to Manager and Senior Manager positions. He was appointed as Turkey Country Lead for Management Consulting Growth Platform in February 2008, before he left Accenture in November 2009. Erdoğan has been Chief Information Officer (CIO) at Yapı Kredi since December 2009.

Luca RUBAGA
Executive Vice President – Organisation and Logistics
Following his graduation from Cattolica University in Business Administration, Luca Rubaga started his career at Andersen Consulting working as a Senior Consultant within the Finance Division between 1995 and 1999. He then joined the Allstate Italy insurance company as Project Manager and later worked at Banca Popolare di Verona Banking Group in 2000 as Manager. Rubaga served as Online Business Unit Director at Banca Primavera (Banca Intesa Banking Group) and in September 2003 he became Operation Director at UniCredit Private Banking. He joined Koçbank in March 2005, serving as Director responsible for Integration Activities. In April 2006, he became Executive Vice President responsible for Organisation at Yapı Kredi. Rubaga has been Executive Vice President responsible for Organisation and Logistics (including organisation, logistics, purchasing and cost management) since June 2008.

Cemal Aybars SANAL
Executive Vice President – Legal Affairs
After graduation from Istanbul University, Faculty of Law, Cemal Aybars Sanal began his career in 1986 with the law firm of Sanal&Sanal as a partner. Subsequently, he served at the Shell Company of Turkey Limited as an attorney from 1992 to 1995, at White&Case Law Firm as an attorney from 1995 to 1998, at the Shell Company of Turkey Limited once again as Chief Legal Counsel and a member of the Board of Directors from 1998 to 1999 and at Boyner Holding A.Ş. as Chief Legal Counsel and Vice President between 1999 and 2006. After working as a freelance attorney between 2006 and 2007, Sanal worked with the ELIG Law Firm as Senior Consultant from 2007 to 2008. Sanal has been Executive Vice President responsible for Legal Affairs at Yapı Kredi since July 2008.

Zeynep Nazan SOMER
Executive Vice President – Retail Banking
A graduate of Boğaziçi University, Faculty of Business Administration, Zeynep Nazan Somer joined Arthur Andersen in 1988 and served as a Partner in charge of the finance sector from 1999 until 2000. Joining Yapı Kredi in September 2000 as Executive Vice President responsible for Individual Banking, she then served as Executive Vice President responsible for Credit Cards and Consumer Lending from February 2006 until January 2009. Somer has been Executive Vice President responsible for Retail Banking since January 2009. Somer is also a member of the Executive Committee since February 2009.

Feza TAN
Executive Vice President – Corporate and Commercial Credits
Feza Tan earned her graduate degree from the Department of Economics, Boğaziçi University in 1993. She began her professional career at Yapı Kredi as a Management Trainee in Corporate and Commercial Credits the same year and served in various positions in the same unit from 1993 until 2006. In 2006, she was promoted to the Head of Corporate and Commercial Credits Underwriting Unit. Tan has been Executive Vice President responsible for Corporate and Commercial Credits since February 2009. Tan is also a member of the Board of Directors of Yapı Kredi Factoring.

Selim Hakkı TEZEL
Executive Vice President – Retail Credits
A graduate of Boğaziçi University, Department of Business Administration, Selim Hakkı Tezel began his professional career at Arthur Andersen where he served as Senior Auditor between 1995 and 1999. He later worked at Yapı Kredi from 1999 to 2008 as Department Manager responsible for Credit Cards, Financial Planning and Accounting; Manager of Credit Cards, Financial Planning and Risk; and Head of Credit Cards and Consumer Loans Risk Group. Tezel has been Executive Vice President responsible for Retail Credits since December 2008.

Mert YAZICIOĞLU
Executive Vice President – Treasury
After receiving his MA from Istanbul Technical University, Department of Business Administration, Mert Yazıcıoğlu began his career at S. Bolton and Sons in 1987, serving as International Relations Officer. He joined Koçbank in 1989 where he served as Customer Relations Officer, Dealer, Senior Dealer and Assistant Manager. Yazıcıoğlu was promoted to Group Manager of the TL - FX Group under the Treasury Department in 1996 and then to Executive Vice President in 1999. He has served as Executive Vice President responsible for Treasury Management at Yapı Kredi since February 28, 2006.

Board of Directors, Committees and Members' Participation in Relevant Meetings

The Board of Directors convenes upon request by the Chairman when necessitated by the Bank's business and affairs, as per the relevant article of the Articles of Association. In 2010, the Board of Directors convened 10 times in line with the Bank's requirements. The Board of Directors reviewed and decided on the corporate agenda as authorised by the Articles of Association of the Bank, laws and regulations. Members committed to regular attendance of meetings and satisfied the required majority and the quorum in 2010.

EXECUTIVE COMMITTEE

The Executive Committee is the decision making body of the Bank and its subsidiaries, established to decide collectively upon top priority subjects, to share information among senior management, to provide nurturing opportunities to young talents and to support strong team focus. The Committee acts according to the delegation of responsibilities determined by the Board of Directors and its decisions are ratified by relevant corporate bodies as appropriate. The Committee is mainly responsible for defining the Group strategies, the Bank's structural risk management guidelines and policies, pricing guideline, evaluating the product needs by segments and sub-segments and approving new products, reviewing credit, operational and market risks, validating the commercial policies and guidelines of the Bank in coherence with the economic and budget objectives, verifying the commercial performance compared to budget and the results of commercial actions, verifying and improving customer satisfaction, coordinating the marketing activities of all the different departments, approving the annual project plan of the Bank and monitoring the progress verifying that the strategies and priorities of the project plan are aligned with the Bank's strategy, evaluating major organisational changes and evaluating/approving the internal and external communication plan of the Bank. The Committee also fulfils the asset and liability responsibility and functions including defining the Bank's structural risk management guidelines, policies and market risk profile management strategies, ensuring their compliance with the Board of Directors guidelines in terms of risk appetite, defining the Bank's interest rate levels including external and internal transfer rates, fixing/reviewing deposit rates, optimising the level of market risk that the Bank's balance sheet is exposed to within the guidelines set by the Board of Directors, defining market risk and liquidity risk limits, defining operational principles of risk management and approving risk measurement and control models, approving new products and overview of credit, market and operational risks. These responsibilities and functions are undertaken within regular biweekly meetings or more frequently when necessary (or at least once in a month). In accordance with the Board of Directors' decision setting the structure of the Executive Committee, the Committee is composed of CEO as the Chairman, Deputy CEO as the Vice Chairman and heads of Risk Management, Financial Planning and Administration (CFO), Corporate and Commercial Banking, Retail Banking, Private Banking and Wealth Management, Human Resources and Information Technologies and Operations Management as the members. Other responsible heads attend the meetings by invitation and are not permanent. All decisions including the ones related to asset and liability management are taken unanimously by the members.

The Executive Committee met 22 times in 2010 and fulfilled its functions with regular attendance as committed by the members. The Committee meetings held during 2010 satisfied the required majority and the quorum.

Executive Committee Members

Chairman	H. Faik Açıkalın	Chief Executive Officer (CEO)
Deputy Chairman	Alessandro M. Decio(1)	Executive Director and Deputy CEO
Member	Wolfgang Schilk(2)	Executive Vice President Risk Management
Member	Marco Cravario	Executive Vice President Financial Planning and Administration (CFO)
Member	Mert Güvenen	Executive Vice President Corporate and Commercial Banking
Member	Nazan Somer	Executive Vice President Retail Banking
Member	Erhan Özçelik	Executive Vice President Private Banking and Wealth Management
Member	Cihangir Kavuncu	Executive Vice President Human Resources
Member	Yüksel Rizeli	Executive Vice President Information Technologies and Operations

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Carlo Vivaldi has been appointed Deputy Chairman of the Executive Committee to replace Alessandro M. Decio as of January 31, 2011.
(2) Wolfgang Schilk has been appointed as Executive Vice President of Risk Management to replace Massimiliano Fossati, who left his position in the Bank in September 2010.
Note: Based on the decision of the Board of Directors dated February 28, 2011, numbered 68/19; Mert Yazıcıoğlu, Executive Vice President of Treasury, has been appointed as Member in the Executive Committee.

CREDIT COMMITTEE

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the lending activities of the Bank, in coherence with the credit policy, the economic objectives and the overall risk profile of the credit portfolio of the Bank, to grant credits in the limits of its power or advise the Board of Directors for the credits which are not under its delegated authorities, to define conditions for restructuring unpaid credits in the limits of its power, providing rebate of principal or interest when necessary, or advise the Board of Directors for restructuring of unpaid credits which are not under its delegated authorities; to define the parameters for credit scoring and monitoring systems and to perform duties assigned by the Board of Directors relating to credits. In particular, the Board of Directors may determine, in accordance with such principles as provided by the Banking Regulation and Supervision Agency (BRSA), all the principles relating to the methods and procedures of credit lending and to the decision making mechanism. In accordance with applicable laws and legislation, the Committee is constituted by five principal members including CEO, Deputy CEO and three members from Board of Directors and two alternate members from the Board of Directors. The Executive Vice President of Risk Management attends the meetings by invitation. The Credit Committee normally convenes once a week. All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority.

The Credit Committee, established in accordance with the formation, working and decision making principles determined by the BRSA, convened 50 times in 2010; the members committed regular attendance to the Committee meetings and satisfied the required majority and the quorum.

Board of Directors, Committees and Members' Participation in Relevant Meetings

Credit Committee Principal Members

Chairman	H. Faik Açıkalın	Chief Executive Officer (CEO)
Member	Alessandro M. Decio[1]	Executive Director and Deputy CEO
Member	Federico Ghizzoni	Vice Chairman of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors
Member	Massimiliano Fossati[2]	Member of the Board of Directors
Credit Committee Alternate Members		
Alternate Member	Vittorio G. M. Ogliengo	Member of the Board of Directors
Alternate Member	Carlo Vivaldi[1]	Member of the Board of Directors

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Carlo Vivaldi has been appointed as Deputy Chairman of the Credit Committee as of January 31, 2011 to replace Alessandro M. Decio who has been continued as Alternate Member in the Credit Committee to replace Carlo Vivaldi.
(2) Based on the decision of the Board of Directors dated July 27, 2010, numbered 67/73; Massimiliano Fossati was appointed as Member of Credit Committee to replace Stephan Winkelmeir whose Board membership has ended.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in its function of supervision of the Bank in terms of compliance with local laws and internal regulations, monitors the performance of the Internal Audit Department, Internal Control Department and Risk Management Department which report to the Audit Committee and fulfils the tasks determined by the Banking Legislation and Capital Markets Board (CMB) Legislation for Audit Committees. In performing its responsibilities, the Audit Committee approves the annual audit plan and the charter of the internal audit function; verifies the adequacy of the Internal Control Systems through periodical reviews, controls the execution of the audit plan and monitors the progress made on a quarterly basis, supervises the work plans prepared by the Risk Management, the Internal Audit and Internal Control functions; monitors audit projects; evaluates significant findings arising from the Internal Audit or from other third parties' examinations and/or investigations; appoints, compensates and oversees the work of any external auditor and rating, valuation and support service institutions employed by the organization and examines the status of relations with external audit companies; monitors the financial reporting process and oversees the external audit of the annual and consolidated accounts; reviews procurement policies and practices for expenditures and reports at least every six months to the Board of Directors. The Audit Committee consists of three non-executive members of the Board of Directors who satisfy the conditions specified in the legislation in force, at least one of whom is a specialist in accounting and/or audit. The Committee meets quarterly or more frequently according to the needs of the Bank. The Audit Committee meets with the internal auditors and the auditors of the independent audit company/institution conducting the external audit process of the Bank, on the programs and agenda to be determined, at regular intervals and not less than four times in a year. The external auditor reports to the Audit Committee on key matters arising from the external audit. All members have equal voting rights. All decisions of the Audit Committee require the affirmative vote of the majority of its members.

The Audit Committee convened five times in line with the Bank's requirements and discussed and finalised its agenda as authorised in 2010. The members committed regular attendance to the Committee meetings and satisfied the required majority and the quorum.

Audit Committee Members

Chairman	Federico Ghizzoni	Vice Chairman of the Board of Directors
Member	Vittorio G. M. Ogliengo	Member of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee, which was established by the decision of the Board of Directors in October 2010, is an advisory body that assists the Board of Directors by performing studies on the compliance of the Bank and its subsidiaries to the corporate governance principles, investor relations and public disclosure. The Committee acts according to the related laws and is mainly responsible for monitoring the practices related to the corporate governance principles of the Bank, identifying conflicts of interest that may arise and making suggestions to the Board of Directors for improvement. The committee is also responsible for monitoring the relations between the Subsidiaries and shareholders unit and shareholders and investors to assure the proper flow of information, ensuring that the corporate disclosures are performed effectively considering primarily law and regulations, making suggestions for improvement, monitoring the practice and development of the Bank's ethical rules and promoting the adoption and practice of Corporate Governance Principles within the Bank. The Committee consists of at least two non-executive members selected by the Board of Directors among its members for one year (the members whose period of service have expired may be re-elected). The Committee can seek support from any department or employee of the Bank. The decisions of the Committee are taken unanimously and in cases where unanimity cannot be reached, the topics are escalated to the Board of Directors.

The Board of Directors resolved that the meetings of the Corporate Governance Committee shall be held at least two times a year or more often when needed. The Corporate Governance Committee was established in October 2010 and hence no meetings were organised in 2010.

Members of the Corporate Governance Committee

Member	O. Turgay Durak	Member of the Board of Directors
Member	Vittorio G. M. Ogliengo	Member of the Board of Directors

Board of Directors Report to be Submitted at the Annual Shareholders' Meeting on March 31, 2011

Dear Shareholders,

We would like to take this opportunity to thank you for your participation at this meeting during which you will be presented with Yapı Kredi's activities and accounts for the year 2010.

During 2010, the impacts of the global crisis on the world economy gradually started to disappear. In this recovery period, countries began to put further emphasis on financial stability.

2010 was a year of strong macroeconomic recovery driven by domestic demand in Turkey, which was supported by the sustained low interest rate environment and falling inflation. In parallel to this positive trend, private consumption and consumer confidence bounced back to pre-crisis levels, leading to a significant increase in industrial production. Meanwhile, the unemployment rate continued to decline, albeit still staying at high levels. On the one hand, the strong recovery in economic activity led to deterioration in the current account deficit. Thus, the CBRT introduced a new monetary policy mix in order to stabilise the current account deficit. As part of this new policy mix, the CBRT increased the reserve requirement ratios for banks to limit loan growth. On the other hand, the CBRT reduced the policy rate (one week repo rate) by 50 bps to 6.5% from 7% with an aim to limit excessive short-term capital inflows and TL appreciation. Further adjustments to policy rate (25 bps of cut) and reserve requirements took place in January 2011.

In 2010, the Turkish banking sector sustained its profitability on the back of strong volume growth and improvement in asset quality despite declining net interest margin as a result of the sustained low interest rate environment and intense competition. The sector maintained its solid funding and capital structure. As a result of these positive developments, the return on equity of the sector was realised as 20% at the end of 2010.

Yapı Kredi, one of the leading retail banks in the Turkish banking sector, continued to focus on healthy growth, customer satisfaction, commercial effectiveness and profitability in 2010. Thus, Yapı Kredi displayed one of the strongest performances in the sector in 2010 both in terms of growth and profitability.

Based on Yapı Kredi's 2010 year end consolidated financials:

- Total consolidated assets increased by 29% reaching TL 92.8 billion and Yapı Kredi maintained its position as the fourth largest private bank.
- Above sector volume growth was achieved on the back of strong retail focus and customer-oriented business mix. Performing loans increased by 40% (sector: 34%) reaching TL 54.2 billion. Total deposits increased by 27% (sector: 21%) in parallel to strong loan growth and reached TL 55.2 billion.
- Despite declining net interest margin, strong profitability was maintained with healthy fee and commission performance and controlled cost management. Consolidated net income increased by 45% and reached TL 2,255 million, indicating the highest annual net income growth among the top four private banks. Yapı Kredi recorded the highest return on average equity of 26.9% among private banks. Tangible return on average equity was 30.5%.
- Revenues grew 10% annually and reached TL 6,649 million on the back of strong volume growth supported by commercial effectiveness gains, despite an 8% decline in net interest income due to the sustained low interest rate environment and competition.
- Net fees and commissions increased by 11% on the back of strong volume growth and new product launches.
- Operating expenses were up by a limited 7% (in line with inflation) driven by tight cost management and operational efficiency improvements, indicating one of the best cost performances in the sector. Cost/Income ratio was realised as 41%.
- Non-performing loan (NPL) ratio down to 3.4% with the best improvement among the top four private banks (-290 bps annually) driven by declining NPL inflows, strong collection performance, NPL portfolio sales and credit infrastructure enhancements.
- Solid capital structure was maintained. Capital adequacy ratio was realised as 15.4% at consolidated level and 16.1% at Bank level.
- Branch expansion strategy continued and 30 net branch openings (39 new openings) were realised. Number of branches reached 927 at Group level (including subsidiaries) and 868 at Bank level. Total headcount was 16,821 at Group level and 14,411 at Bank level.
- Leadership position in credit cards was maintained with 19.3% market share in outstanding volume and second position in assets under management was kept with 18.4% market share. In 2010, leadership position was also maintained in leasing and factoring with 19.2% and 23.1% market shares, respectively.

Although there is a visible pick up in global economic growth, some major risks continue to persist especially in emerging countries, including high inflation, uncertainty regarding oil and commodity prices and the political environment. In the upcoming period, Yapı Kredi will continue its focus on commercial effectiveness gains, healthy volume growth, cost and efficiency improvements, branch expansion strategy and sustainable solid profitability while maintaining its strong focus on customer and employee satisfaction.

As we present our 2010 annual report and financial statements for your review and approval, we would like to take this opportunity to extend our gratitude on behalf of the Board of Directors to our customers for always being beside us, our colleagues for their commitment and hard work, our correspondent banks for their strong and long-standing relationships, and our shareholders for their unrelenting support.

Sincerely,

On behalf of the Board of Directors,
Chairman
Tayfun Bayazıt

Human Resources Implementations

Following the determination of human resource requirements, candidate searches are conducted through existing candidate pools, intra-bank announcements, as well as through the internet and press advertisements. In addition, a special candidate pool composed of existing employees is also prepared for the required positions.

Applications are assessed on the basis of pre-determined criteria such as education, foreign language skills and work experience as indicated in the scope of the position for which recruitment will be made.

All applicants possessing the appropriate characteristics are invited to join the recruitment process.

The recruitment process consists of an examination, interview and job offer.

At the examination stage, utilising tests based on job function, it is determined whether the candidate possesses the necessary abilities required for the position. These abilities include: learning, adaptability, problem solving, identifying details in words and figures, performing rapid numerical calculations, visual, numeric and verbal memory. For specific positions, a personality inventory is applied.

The interview stage is carried out through role playing and observing the candidates throughout the process. This is aimed at determining whether candidates possess certain abilities (establishing communication, teamwork, etc.) required by the position to which they will be assigned.

Candidates are asked ability based and behaviour focused questions during the interview stage to assess whether the qualities required by the job match the expectations of the candidates.

At the end of the process, the suitable candidate is offered the position and if the offer is accepted, the candidate receives the required document list and the offer letter by e-mail.

During the job offer meeting, candidates are informed of employee rights at Yapı Kredi, the articles of the contract they will sign and other relevant subjects. In addition, all of their questions are addressed.

Contracts are signed with candidates who accept the job.

For newly formed positions or positions that require expertise and technical know-how, candidates with sufficient work experience in the relevant field are preferred. The interview stage of hiring experienced staff is carried out by the human resources career and workforce planning team together with the relevant department.

The human resources career and workforce planning team operates to choose suitable candidates compatible with the Bank's vision, mission and strategic objectives. During the interview process, the Bank initiated an online interview process practice especially for experienced candidates from out of town, which allows the Bank to act faster during candidate evaluation processes.

Yapı Kredi participated in the 3İK Interaction and Development camp on October 14-15, 2010. The camp activity was aimed at bringing university club members and human resources departments of the leading companies of Turkey together. Yapı Kredi took this opportunity to introduce the Bank and also learn about the expectations of the university clubs.

Support Services

Yapı Kredi procures support services for printing account statements, transportation of cash and valuable articles, and security-related activities.

Koçsistem Bilgi ve İletişim Hizmetleri A.Ş. provides printing services for credit card account statements while the electronic distribution of account statements is undertaken by the Bank.

Group-4 Securicor Güvenlik Hizmetleri A.Ş. provides cash transportation services integrated into the Yapı Kredi organisation in 24 provinces through 25 G4S offices with 350 employees and 150 armoured vehicles.

All physical armed and unarmed security services are provided by Group-4 Securicor Güvenlik Hizmetleri A.Ş.

Transactions Carried out with Yapı Kredi's Risk Group

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

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

December 31, 2010	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Groups' risk group (1) (2)	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	5,128	1,281	68,674	54,926	545,598	550,074
Balance at the end of the period	25,085	3,271	258,251	81,282	951,016	671,337
Interest and commission income received	816	38	4,388	868	77,789	3,921

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

Group's risk group (1), (3)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Beginning of the period	41,731	25,966	3,060,980	3,999,194	2,330,627	1,693,037
End of the period	11,699	41,731	4,367,079	3,060,980	5,279,564	2,330,627
Interest expense on deposits	1,125	2,117	198,531	210,921	137,756	139,252

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

Group's risk group (1)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Transactions at fair value through profit or loss (4)						
Beginning of the period (5)	-	-	378,169	171,366	710,036	540,506
End of the period (5)	38,038	-	187,782	378,169	642,637	710,036
Total profit / loss	(486)	-	(17,801)	3,395	(26,061)	13,343
Transactions for hedging purposes (4)						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total profit / loss	-	-	-	-	-	-

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes banks, marketable securities and loans.
(3) The information in table above includes borrowings as well as deposits and repo transactions.
(4) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39.
(5) The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments.

Corporate Governance Principles Compliance Report

1. Declaration of Compliance with Corporate Governance Principles

Based on the decision of the Board of Directors dated 9.12.2004, it was resolved that the Corporate Governance Principles issued by the Capital Markets Board (CMB) would be adopted in principle.

Yapı Kredi strives to adhere to the CMB's Corporate Governance Principles to a significant degree and focuses on continuous development while carrying out its operations. In this regard, one of the initiatives that Yapı Kredi undertook in 2010 was the formation of the Corporate Governance Committee in order to develop the corporate governance structure and increase transparency in processes.

Yapı Kredi is the only bank among its peer group that is included in the Istanbul Stock Exchange (ISE) Corporate Governance Index composed of 31 companies. The Bank has introduced various policies and actions with regards to the Corporate Governance Principles and as a result, Yapı Kredi's corporate governance rating increased from 8.02 (out of 10) to 8.78 over the last two years.

The Bank's corporate governance ratings in each section, which are determined by SAHA Corporate Governance and Credit Rating Services Inc., are presented in the table above.

Main Sections	Weight	2008	2009	2010
Shareholders	0.25	8.29	8.56	8.72
Public Disclosure and Transparency	0.35	8.11	8.83	9.17
Stakeholders	0.15	9.50	9.50	9.67
Board of Directors	0.25	6.74	7.13	7.74
Total	1.00	8.02	8.44	8.78

2. Shareholder Relations

Yapı Kredi carries out its relations with shareholders via the Subsidiaries and shareholders unit and the Investor relations and strategic planning unit.

Primary duties and responsibilities of the Subsidiaries and Shareholders Unit include:

- Acting to facilitate the exercise of shareholders' rights, ensuring that records are updated, maintaining communication between the Board of Directors and shareholders and responding to questions,
- Carrying out capital increase operations,
- Exchanging previously issued shares and replacing them with new ones,
- Ensuring that the Annual Shareholders' Meeting conforms with the legislation in force and the Articles of Association by carrying out all necessary procedures,
- Conforming to and monitoring all issues related to public disclosure, including legislation and Yapı Kredi's disclosure policy.

Primary duties and responsibilities of the Investor Relations and Strategic Planning Unit include:

- Managing the strategic financial communication to both equity and debt investment community (investors, analysts and rating agencies) so as to provide the market with transparent, timely and consistent information in order to support the fair evaluation of the Bank and maximise long-term shareholder value,
- Establishing and maintaining a reputation for transparency and increasing visibility within the investment community with a goal to bring Yapı Kredi's investor relations activities to a recognised top position in the Turkish market,
- Contributing to reduction in cost of funding of the Bank through better understanding of Yapı Kredi's risk/return profile by debt investors,
- Interacting with the investment community to achieve an effective two-way flow of information through conferences, roadshows and investor meetings in Turkey and abroad.

Please refer to page 57 for the contact details of the Subsidiaries and Shareholders Unit and the Investor Relations and Strategic Planning Unit.

3. Exercise of Shareholders' Right to Obtain Information

Yapı Kredi informs shareholders regularly through phone calls, e-mails, the internet, press releases as well as one-on-one and/or group meetings.

In accordance with the Corporate Governance Principles, Yapı Kredi has two regularly updated websites, one in Turkish (www.yapikredi.com.tr) and the other in English (www.yapikredi.com.tr/en-us). These websites contain general information about Yapı Kredi as well as detailed information on banking services provided by the Bank.

Both the Turkish and English websites have dedicated investor relations sections, which include information such as Yapı Kredi's corporate profile, shareholder structure, financial information and share price information.

Yapı Kredi's investor relations website in English (www.yapikredi.com.tr/en-us/investorrelations) also includes periodic investor presentations as well as announcements to inform investors regarding the latest developments at Yapı Kredi.

The appointment of a special auditor has not been stipulated as an individual right in the Articles of Association of the Bank. However, shareholders can exercise this right pursuant to Article 348 of the Turkish Commercial Code and Article 11 of the Capital Markets Law. In 2010, shareholders made no requests for the appointment of a special auditor.

4. Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on March 25, 2010. Shareholders attended this meeting with an 88.61% majority, while no stakeholder or media representative attended. In accordance with the applicable law and the Bank's Articles of Association, invitation to the meeting was made by announcements that included the date and agenda of the meeting published in the Turkish Trade Registry Gazette, Milliyet and Referans newspapers dated March 9, 2010.

At the Annual Shareholders' Meeting, regular articles were discussed and approved. The dividend distribution policy for 2010 and beyond and the disclosure policy of the Bank, both set by the Board of Directors and as required by CMB's Serial:8, Number:54 regulation and Corporate Governance Principles, were also presented at the Annual Shareholders' Meeting. Shareholders were also informed about the possible changes to the Bank's disclosure policy by the Board of Directors in order to comply with Capital Markets regulations.

Shareholders were informed through the Istanbul Stock Exchange and the media to facilitate their participation in the Annual Shareholders' Meeting. The Annual Report, containing the date and the agenda of the meeting, balance sheet, income statement and auditor reports was made available for the examination of shareholders 15 days prior to the date of the meeting at the Bank's Head Office, İzmir and Ankara Kızılay branches, as well as on Yapı Kredi's website.

Subsidiaries and Shareholders

Name, Surname	E-mail address	Phone Number
Erdinç TETİK	erdinc.tetik@yapikredi.com.tr	+90 (212) 339 64 31
Hasan SADİ	hasan.sadi@yapikredi.com.tr	+90 (212) 339 73 80
Canan KARAKAYA	canan.karakaya@yapikredi.com.tr	+90 (212) 339 63 40
Ercan YILMAZ	ercan.yilmaz@yapikredi.com.tr	+90 (212) 339 73 17

Investor Relations and Strategic Planning

Name, Surname	E-mail address	Phone Number
Hale TUNABOYLU	hale.tunaboylu@yapikredi.com.tr	+90 (212) 339 76 47
Gülsevin TUNCAY	gulsevin.tuncay@yapikredi.com.tr	+90 (212) 339 73 23
Pınar CERİTOĞLU	pinar.ceritoglu@yapikredi.com.tr	+90 (212) 339 76 66

5. Voting Rights and Minority Rights

Yapı Kredi has no privileged shares. Minority shares are not represented in the management.

There is no cross-shareholding between the Bank and its subsidiaries and thus no such votes were cast at the most recent Annual Shareholders' Meeting. The Bank's Articles of Association does not provide for cumulative voting.

6. Dividend Policy and Dividend Distribution Date

Since its foundation, the right to receive dividends, an inseparable part of shareholding, has always been granted utmost importance at Yapı Kredi.

Principles with regard to the Bank's dividend distribution are set out in detail in Article 78 of the Bank's Articles of Association. In this respect, shareholders are, taking into consideration the growth of the Bank towards its targets within the sector as well as its financing requirements, authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase and to fix the distribution dates as required by law. Shareholders may take the decision to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves in accordance with Article 80 of the Articles of Association.

It is envisaged that the dividend policy of the Bank will be set out in such a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors whenever necessary, taking into consideration the domestic and international economic conditions and the projects and funds on the agenda.

Information regarding 2010 dividend distribution can be found in Yapı Kredi's annual report.

7. Transfer of Shares

There are no provisions in Yapı Kredi's Articles of Association that restrict transfer of shares.

8. Company Disclosure Policy

Yapı Kredi's disclosure policy is prepared with the objective of pursuing an effective communication policy and in accordance with BRSA, CMB and ISE regulations. The Bank's disclosure policy is available on the Bank's website.

Yapı Kredi undertakes all public disclosure and provision of information to shareholders under the supervision of its Compliance Office.

By the authorisation of the Board of Directors, Executive Vice President M. Erkan Özdemir and Head of the Subsidiaries and Shareholders Unit Erdinç Tetik were identified as authorised signatories and responsible for public disclosures. These officers were also charged with overseeing and monitoring all issues related to public disclosures. In addition, the Investor Relations and Strategic Planning Unit, directed by Hale Tunaboylu, strives to disclose detailed information regarding the Bank and the sector in a clear, equitable, transparent, consistent, complete and timely manner.

9. Disclosures

During the year, 37 official disclosures were made in accordance with CMB regulations. No additional disclosures were requested by the CMB or the ISE in response to these disclosures.

Important disclosures that have the potential to impact the share price and important developments pertaining to Yapı Kredi were translated into English, posted on the Bank's English investor relations website (13 posts) and e-mailed to foreign institutional investors and bank analysts throughout the year.

10. Company Website and Its Contents

Information relevant to this section was presented in "Section 3. Exercise of Shareholders' Right to Obtain Information" of this report.

11. Disclosure of Real Persons Holding Ultimate Controlling Shares

81.8% of Yapı Kredi's total capital of TL 4,347,051,284 is owned by Koç Financial Services, which is an equal share (50%-50%) joint venture between the Koç Group and UniCredit Group. With this share, Koç Financial Services is the majority shareholder.

12. Disclosure of Persons with Access to Insider Information

Members of Yapı Kredi's management and audit functions and people who have regular access to the Bank's insider information directly or indirectly and have responsibility of making managerial decisions effecting Yapı Kredi's future development and commercial objectives are included in the list of persons with managerial responsibility.

Please refer to page 58 for the related table.

13. Informing Stakeholders

Yapı Kredi employees are duly informed about the activities of the Bank through the use of intra-bank communication systems by the CEO and Executive Vice Presidents. In addition, Head Office and branch managers are regularly informed about various developments at meetings.

14. Participation of Stakeholders in Management

Yapı Kredi is a joint stock company and is managed by various executive functions within the Bank. The subjects on which these functions need to make decisions are initially evaluated by the relevant management and then submitted for the approval of the related decision making body.

15. Human Resources Policy

Aware that human resources is the most important element for Yapı Kredi to perform and improve its activities in the best possible way, the Bank's human resources policies and practices are based on the following principles:

- Recruiting and appointing employees with qualifications suitable for the job,
- Creating a work environment where all Yapı Kredi employees can utilise and improve their skills and capabilities,

Corporate Governance Principles Compliance Report

- Creating and providing in-house and external training opportunities for Yapı Kredi employees within the framework of career management in order to develop them professionally, increase their accomplishments and prepare them for higher positions,
- Laying the foundation for the creation and expression of new ideas and to find solutions to problems in an environment of mutual respect, trust, understanding and effective communication,
- Developing and implementing systems that encourage and reward success,
- Monitoring the values of the Bank, ensuring that these values are embraced by all employees and taking the necessary measures to improve processes,
- Ensuring that equal opportunities are offered without any exceptions in all of the above practices.

16. Customer and Supplier Relations

For Yapı Kredi, customer satisfaction is an indispensible part of sustainable growth and profitability and the Bank continuously strives to improve this ideal. Customer satisfaction, expectations and service quality are measured and analysed in great detail at the Bank, customer and branch levels. In addition, to ensure that service and basic customer relationships provided at all Yapı Kredi branches and via the call center meet a certain standard, training programmes are implemented and performance is monitored via mystery customer surveys throughout the year.

Customer complaints received are registered in the system, examined carefully and resolved. The customer is contacted with the resolution and the Bank takes the necessary measures to prevent a repetition of this complaint. Furthermore, with the periodically conducted reputation survey, the Bank's reputation among various institutions as well as Yapı Kredi customers and suppliers is monitored.

17. Social Responsibility

Yapı Kredi's corporate social responsibility approach is based on providing sustainable benefits to the society and becoming an exemplary corporate citizen. Yapı Kredi supports social responsibility projects mainly in education, environment, culture and arts and takes initiatives to fulfil its obligations in meeting sustainable development target of the community.

Yapı Kredi's corporate social responsibility activities are outlined in the Bank's annual report.

List of Persons with Managerial Responsibility at Yapı Kredi

Tayfun Bayazıt	Chairman of the Board of Directors
Federico Ghizzoni	Deputy Chairman of the Board of Directors
H. Faik Açıkalın	Chief Executive Officer (CEO)
Alessandro Maria Decio(1)	Executive Director and Deputy CEO
Osman Turgay Durak	Member of the Board of Directors
F. Füsun Akkal Bozok	Member of the Board of Directors
Vittorio G. M. Ogliengo	Member of the Board of Directors
Ahmet Fadıl Ashaboğlu	Member of the Board of Directors
Carlo Vivaldi(1)	Member of the Board of Directors
Massimiliano Fossati(2)	Member of the Board of Directors
Stefano Perazzini	Executive Vice President (Internal Audit)
Mehmet Güray Alpkaya(3)	Executive Vice President (Corporate and Commercial Sales Management)
Zeynep Nazan Somer	Executive Vice President (Retail Banking Management)
Mert Yazıcıoğlu	Executive Vice President (Treasury Management)
Mehmet Murat Ermert	Executive Vice President (Corporate Communications Management)
Süleyman Cihangir Kavuncu	Executive Vice President (Human Resources Management)
Cemal Aybars Sanal	Executive Vice President (Legal Affairs Management)
Marco Cravario	Executive Vice President (CFO - Financial Planning and Administration Management)
Luca Rubaga	Executive Vice President (Organisation, Logistics and Cost Management)
Erhan Özçelik	Executive Vice President (Private Banking and Wealth Management)
Mert Güvenen	Executive Vice President (Corporate and Commercial Banking Management)
Muzaffer Öztürk(4)	Executive Vice President (Retail Banking Sales Management)
Mehmet Erkan Özdemir	Executive Vice President (Compliance Officer)
Wolfgang Schilk(5)	Executive Vice President (Risk Management)
Selim Hakkı Tezel	Executive Vice President (Retail Credits Management)
Yüksel Rizeli	Executive Vice President (Information Technologies and Operations Management)
Feza Tan	Executive Vice President (Corporate and Commercial Credits Management)
Yakup Doğan	Executive Vice President (Alternative Delivery Channels Management)
Cahit Erdoğan	Head of Information Technologies (CIO)
Adil G. Öztoprak	Statutory Auditor
Abdullah Geçer	Statutory Auditor

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Director Carlo Vivaldi has been appointed as an Executive Director and Alessandro M. Decio, previously appointed as Executive Director, was relieved of this duty and continues as a Director. In addition, Alessandro M. Decio has resigned as Deputy CEO as of January 31, 2011 due to the fact that he has assumed a new position at the UniCredit Group and Carlo Vivaldi has been appointed as Deputy CEO to replace Alessandro M. Decio.
(2) Based on the decision of the Board of Directors dated July 27, 2010, numbered 67/73; Massimiliano Fossati has been appointed as Director to replace Stephan Winkelmeier whose Board membership has ended following his resignation on June 11, 2010
(3) As of January 01, 2011, Mehmet Güray Alpkaya, formerly Executive Vice President in charge of Corporate and Commercial Sales, has been appointed as Executive Vice President in charge of Corporate Sales
(4) Muzaffer Öztürk has resigned from his position as Executive Vice President responsible for Retail Sales on January 31, 2011.
(5) Based on the decision of the Board of Directors dated July 30, 2010; Wolfgang Schilk has been appointed as Executive Vice President in charge of Risk Management to replace Massimiliano Fossati

18. Board of Directors and its Structure

The Bank is governed and represented by the Board of Directors. Pursuant to the Bank's Articles of Association, the Board of Directors of the Bank is composed of a minimum of seven and a maximum of 10 individuals. The members are elected at the Annual Shareholders' Meeting for a term of office of maximum three years and to serve until the election of their successors. A member whose term of office has expired may be re-elected. Members of the Board of Directors are elected from amongst shareholders. However, if non-shareholders are elected as members, such individuals can start serving in their posts upon becoming a shareholder. A legal entity shareholder may not be a member of the Board of Directors. However, real persons who are representatives of a shareholding legal entity may be elected to serve on the Board of Directors. Members of the Board of Directors are the Bank's authorised signatories in the first degree.

19. Qualifications of the Members of the Board of Directors

Members of the Board of Directors should fulfill the educational requirements stipulated in the legislation in force. The appointed Board Members are expected to possess the qualifications stipulated in the Banking Law. The official documentation proving these qualifications are presented to the BRSA within seven business days following the appointment. Pursuant to legislation, each Board Member is obliged to take an oath of duty after being appointed or elected to the post. In addition, they are also subject to the provisions of the Law No 3628 on Declaration of Assets and Fight Against Corruption.

20. Mission, Vision and Strategic Objectives of the Company

Mission: To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees

Vision: To be the undisputed leader in the finance sector

Yapı Kredi's Strategy:

- Healthy and consistent growth

– Focus on core banking activities to maintain leadership in the higher return on capital and growth segments

– Continuous expansion of market presence through network development and investment for growth aimed at sustaining long-term performance and increasing commercial effectiveness

Board of Directors

Tayfun Bayazıt	Chairman of the Board of Directors
Federico Ghizzoni	Vice Chairman of the Board of Directors
H. Faik Açıkalın	Chief Executive Officer (CEO)
Alessandro M. Decio(1)	Executive Director and Deputy CEO
Fatma Füsun Akkal Bozok	Member of the Board of Directors
Ahmet F. Ashaboğlu	Member of the Board of Directors
O. Turgay Durak	Member of the Board of Directors
Vittorio G. M. Ogliengo	Member of the Board of Directors
Carlo Vivaldi(1)	Member of the Board of Directors
Massimiliano Fossati(2)	Member of the Board of Directors

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Director Carlo Vivaldi has been appointed as an Executive Director and Alessandro M. Decio, previously appointed as Executive Director, was relieved of this duty and continues as a Director. In addition, Alessandro M. Decio has resigned as Deputy CEO as of January 31, 2011 due to the fact that he has assumed a new position at the UniCredit Group and Carlo Vivaldi has been appointed as Deputy CEO to replace Alessandro M. Decio.
(2) Based on the decision of the Board of Directors dated July 27, 2010, numbered 67/73; Massimiliano Fossati has been appointed as Director to replace Stephan Winkelmeier whose Board membership has ended following his resignation on June 11, 2010

- Superior and long-lasting customer satisfaction

– Continuous innovation, investments in technology and delivery channels to address changing customer needs and enhance easy to work with approach

– Strong focus on employee loyalty and satisfaction

- Strong and sustainable profitability

– Efforts to address specific customer needs via segment based service strategy and optimisation of cost to serve to improve competitiveness

– Outstanding efficiency, cost and risk management

21. Risk Management Mechanism

The 2010 credit policy directive reflecting the Bank's approach to risk taking includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve asset quality, as well as supporting effective risk management and complying with legal practices.

The main strategies to be followed throughout 2011 are:

- Effective implementation of the credit policy directive to reinforce common risk management approach throughout the Bank
- Diversification of the loan portfolio toward less risky sectors
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits
- Focus on maintaining customers with good credit ratings
- Avoidance of transactions bearing high credit risk and reputational risk
- Measurement of cost of risk by business segments while applying general provisioning in line with cost of risk
- Preventive actions against new defaults in individual and SME loans
- Roll-out of new SME credit process based on SME scoring
- Establishment of new monitoring system for SME and commercial segments
- Re-design of individual underwriting process to quickly reply to customer needs

22. Authorities and Responsibilities of Members of the Board of Directors and Executives

The authorities and responsibilities of the Members of the Board of Directors and executives are stipulated in the relevant articles of the Articles of Association of Yapı Kredi. These authorities and responsibilities are determined in line with the laws and regulations concerned. Members of the Board of Directors and executives of the Bank are responsible for the discharge of the duties allocated to them by these laws and regulations within the scope of their authority. They are all held liable under the laws, regulations and provisions of the Articles of Association for the attention and prudence they exhibit during the execution of Bank affairs.

Corporate Governance Principles Compliance Report

23. Operating Principles of the Board of Directors

The Board of Directors convenes upon the invitation of the Chairman within the frequencies as the operations of the Bank necessitate and holds at least 10 meetings every year. The Board of Directors convenes subject to the meeting quorum of at least one more than the half of the total number of members. The necessary activities of the meetings of the Board of Directors, which are effectively held throughout each year by the actual attendance of the members, are carried out by the secretariat department of the Board on behalf of the Chairman of the Board of Directors.

In this regard; the convocations are communicated to all members and statutory auditors on behalf of the Chairman of the Board of Directors before the scheduled date of the meeting; the matters to be discussed by the Board of Directors at the meeting as well as the matters requested by the members and/or the Bank's management to be submitted to the consideration of the Board are collected; the meeting agenda is drawn up based on the collected material and submitted on behalf of the Bank's management to the Chairman, and are sent to all members and statutory auditors prior to the meeting upon the Chairman's approval.

The adoption of resolutions requires the votes in favor of the absolute majority of the members of the Board. During the signing of the minutes by the attendees; the members, who vote against an adopted resolution, should state and undersign the reasons for their opposition thereof.

24. Non-compete and Non-transaction Rules

At the Annual Shareholders' Meeting held on March 25, 2010, the right to conduct transactions was granted to the Members of the Board of Directors according to articles 334 and 335 of the Turkish Commercial Code.

25. Code of Ethics

Ethics are moral principles governing behaviour, in which values, norms and rules constitute the basis for individual and social relationships. In this context, Yapı Kredi's code of ethics is a part of the Bank's personnel policies, principles and regulations. Information on the Bank's code of ethics is available on the Bank's website. An inseparable part of the Bank's personnel policies, principles and regulations, these rules are accepted by the Bank's employees with all their details.

26. Number, Structure and Independence of Committees Formed by the Board of Directors

The aim of the committees established by the Board of Directors is to provide support during the decision-making process and/or the evaluation of proposals to be submitted for the approval of Bank's related functions as well as making decisions in their own areas of responsibility in accordance with the authorities delegated to them by the Board of Directors. Committees convene as required by the Bank's business and transactions and within the framework of provisions of law, the Articles of Association and the relevant resolutions of the Board of Directors. The committees are responsible for acting in compliance with the principles and methods determined by the Banking Law, related regulations and the Board of Directors, and carry out their functions within the framework of the corporate governance principles. In 2010, by forming the Corporate Governance Committee, Yapı Kredi further strengthened its commitment to corporate governance principles.

27. Remuneration of the Board of Directors

Members of the Board of Directors receive dividends reserved in accordance with Article 78 of the Bank's Articles of Association. In addition, they receive attendance fees determined at the Annual Shareholders' Meeting.

Audit Committee Members

Chairman	Federico Ghizzoni	Vice Chairman of the Board of Directors
Member	Vittorio G. M. Ogliengo	Member of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors

Credit Committee Members

Principal Members:		
Chairman	H. Faik Açıkalın	Chief Executive Officer (CEO)
Member	Alessandro M. Decio(1)	Executive Director and Deputy CEO
Member	Federico Ghizzoni	Vice Chairman of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors
Member	Massimiliano Fossati(2)	Member of the Board of Directors
Alternate Members:		
Alternate Member	Vittorio G. M. Ogliengo	Member of the Board of Directors
Alternate Member	Carlo Vivaldi(1)	Member of the Board of Directors

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Carlo Vivaldi has been appointed as Deputy Chairman of the Credit Committee as of January 31, 2011 to replace Alessandro M. Decio who continues as Alternate Member to replace Carlo Vivaldi
(2) Based on the decision of the Board of Directors dated July 27, 2010, numbered 67/73; Massimiliano Fossati has been appointed as Member of the Credit Committee to replace Stephan Winkelmeier whose board membership has ended following his resignation on June 11, 2010

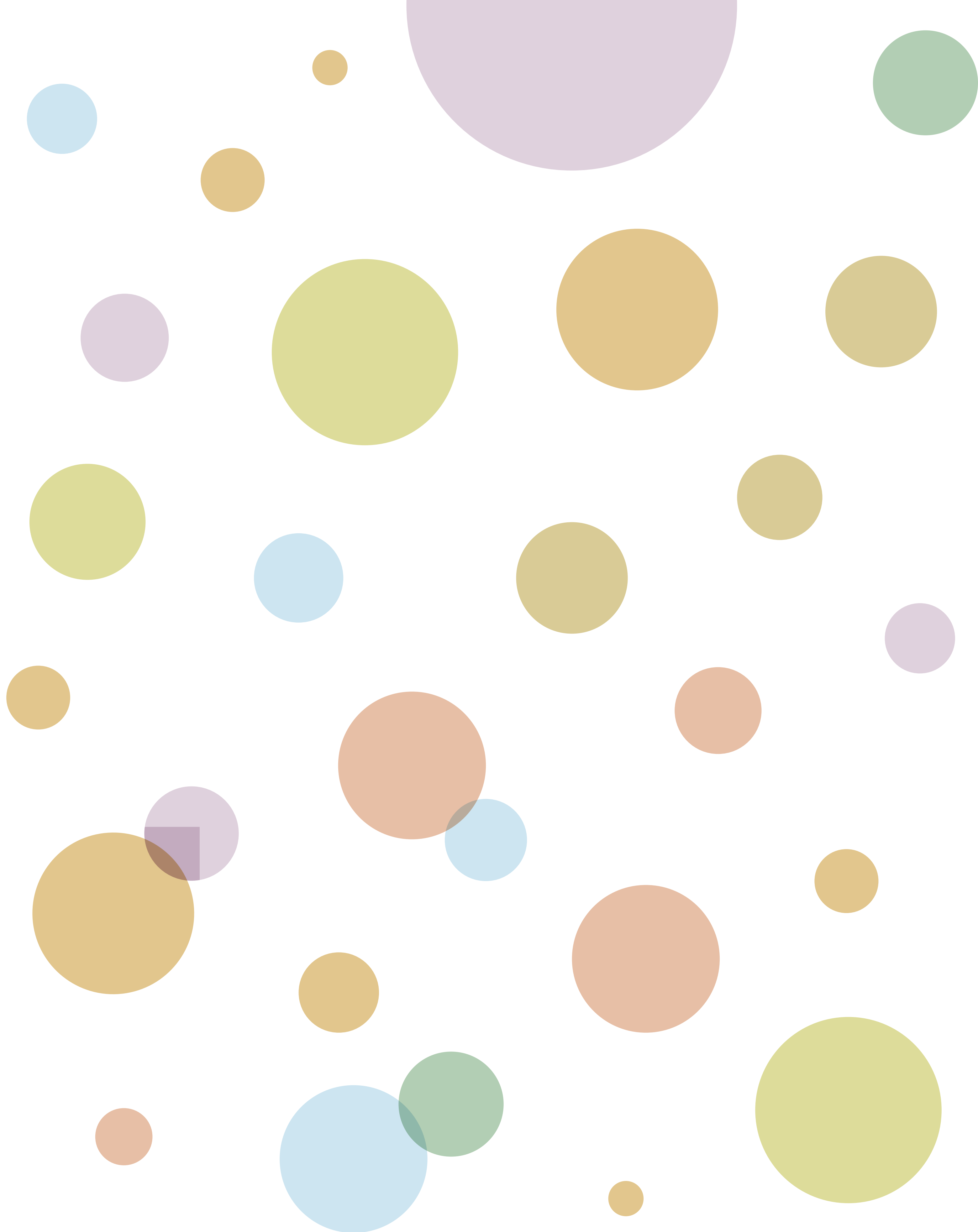
Executive Committee Members

Chairman	H. Faik Açıkalın	Chief Executive Officer
Deputy Chairman	Alessandro M. Decio(1)	Executive Director and Deputy CEO
Member	Wolfgang Schilk(2)	Executive Vice President - Risk Management
Member	Marco Cravario	Executive Vice President - Financial Planning and Administration (CFO)
Member	Mert Güvenen	Executive Vice President - Corporate and Commercial Banking
Member	Nazan Somer	Executive Vice President - Retail Banking
Member	Erhan Özçelik	Executive Vice President - Private Banking and Wealth Management
Member	Cihangir Kavuncu	Executive Vice President - Human Resources
Member	Yüksel Rizeli	Executive Vice President - Information Technologies and Operations Management

(1) Based on the decision of the Board of Directors dated January 24, 2011, numbered 68/2; Carlo Vivaldi has been appointed as Deputy Chairman of the Executive Committee as of January 31, 2011 to replace Alessandro M. Decio
(2) Wolfgang Schilk has been appointed as Executive Vice President in charge of Risk Management to replace Massimiliano Fossati in September 2010
Note: Based on the decision of the Board of Directors dated February 28, 2011, numbered 68/19; Mert Yazıcıoğlu, Executive Vice President in charge of Treasury, has been appointed as Member of the Executive Committee

Corporate Governance Committee Members

Member	O. Turgay Durak	Member of the Board of Directors
Member	Vittorio G. M. Ogliengo	Member of the Board of Directors



PART III
UNCONSOLIDATED FINANCIAL INFORMATION AND RISK MANAGEMENT ASSESSMENT

Statutory Auditors' Report

To the Council of the Shareholders' Meeting,

We hereby submit for your esteemed information and opinion the results of the audit performed for the fiscal year between the dates 01.01.2010 - 31.12.2010 on the accounts and transactions of Yapı ve Kredi Bankası A.Ş. in accordance with the Turkish Commercial Law, the Banking Law, Capital Markets Law, the Articles of Association of the Company and the other relevant legislation.

It is thus observed that;

- The books and records to be kept mandatorily pursuant to the Turkish Commercial Code, the Banking Law and the other legislation were kept duly and regularly, and the documents authenticating and verifying the records were maintained orderly;
- The resolutions regarding the management of the Company were recorded in the book of resolutions, which was kept duly;
- The information and the related notes in the the Board of Directors' Report and the balance sheet, dated 31.12.2010, and the Annual Income Statement for 2010 attached to the Board of Directors' Report were in compliance with the accounting records.
- The attached balance sheet, issued as of 31.12.2010, which the auditing was based upon, demonstrates the actual financial status of the company on the mentioned date, and the income statement for the fiscal year between the dates 01.01.2010-31.12.2010 indicates the actual operating results of the company on the mentioned period in an accurate and realistic fashion.
- The dividend distribution proposal by the Board of Directors was found to be appropriate in accordance with the related laws and the Articles of Association of the Company.

Therefore, we kindly submit the Balance Sheet and the Income Statement for your approval and request the Board of Directors to be acquitted.

14.03.2011

Abdullah Geçer	Adil G. Öztoprak
Auditor	Auditor

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

The vision of Yapı Kredi's Internal Audit Department is to be considered a world class internal audit function able to satisfy expectations coming from various stakeholders and counterparties such as the Audit Committee, Board of Directors, supervisory bodies, external auditors, etc. To this end, the internal audit department received the opinion of conformity with international audit standards by the Quality Assessment Review of Deloitte in 2007.

With its 111 experienced auditors, the internal audit department is responsible for performing audits of the Bank and its subsidiaries to ensure compliance with internal regulations and procedures, legislations and international standards. In addition, the internal audit department is also responsible for evaluating the effectiveness and adequacy of management procedures and business processes from a risk-oriented perspective. internal audit works with four different audit approaches: regular audit, process audit, investigations and follow-up audit. Audit reports containing risks identified as a result of the audits are submitted to the senior management.

Regular audits and process audits are scheduled based on an annual audit plan. For the annual audit plan preparation, business units risk assessment meetings are organised with the senior management every year in order to determine the risk priorities of each business unit. Furthermore, the annual audit plan includes periodic follow-up activities to check whether effective and corrective actions regarding risks identified have been taken by related departments. This plan is submitted to the Board of Directors and shareholders for approval via the Audit Committee. The internal audit department submits reports to the Board of Directors, via the Audit Committee, at least four times a year.

In 2010, the internal audit department achieved its targets by auditing 525 branches. In addition, 51 follow-up branch audits were performed. Moreover, the internal audit department performed 55 regular/process/follow-up Head Office (HO) department audits and 114 regular/process/follow-up/agency/branch subsidiary audits, thus completing all planned audits. In addition, 47 HO/Branch investigations/inquiries and 10 subsidiaries investigations/inquiries were performed.

In 2010, the Internal Audit Department continued to undertake projects in order to maintain the effectiveness and efficiency of audits. A new branch audit model was established. Increased effectiveness in risk-based audit and reinforced remote/full centralised audit have been identified as the pillars of this new model. In addition, check list of the branch control points was reviewed and updated at the beginning of the year.

Starting from 2010, the Audit Certification Program was launched. The program is established in collaboration with Boğaziçi University and Institute of Internal Auditing – Turkey (TIDE). A suitable timeframe is allocated for training activities of the Audit Certification Program in the annual audit plan.

Internal control activities are carried out by the internal control department, which directly reports to the Audit Committee of the Bank. In 2010, the main areas like treasury, credits, credit cards, accounting, financial reporting, payments and expenses, branches and central operations, IT controls, financial subsidiaries of the Bank have been controlled by checking compliance with the Banking Law, legal requirements stipulated in other banking laws and regulations, bank policies and implementation methods. At the same time, the fraud prevention section continued to make significant contributions through its periodic controls aimed at preventing frauds. Moreover, after being integrated with Internal Control Department, ADC Security Section under the coordination of Internal Control Department continued to detect and prevent the suspicious cases in internet banking transactions and enlarged the scope of controls by adding also ATM, call center frauds and credit card loss transactions.

The Internal Control Department consists of 41 employees including the head of the department. Within the specified main control areas and work schedule, the group performs daily, weekly, monthly and periodically controls, on-site or remotely. Findings of these controls are reported to the related executives and personnel on a timely basis so as to fix the problems with the necessary measures. In 2010, pursuant to BRSA regulations, the Internal Control Department continued to make branch audits. As a result of the risk evaluation made by Internal Control Department, 32 branches have been chosen for auditing, and branch audits have been performed on site.

In line with BRSA requirements, preparations have already started to strengthen the effectiveness and to broaden the scope of the department by adding new functions such as deposit controls and regional set-up for the on-site controls at the branches.

Risk Management, executing the risk management and Basel II compliance functions of Yapı Kredi, directly reports to Audit Committee of the Bank. The main target of the risk management department is to measure, monitor, report and mitigate the risks that the Bank is exposed to. The risk management department continues its functions with 31 employees and the following sub-segments: credit risk management; credit risk control and operational risk management; market risk management.

The credit policy directive reflecting the Bank's approach to risk appetite has been updated and approved by the Board of Directors and became operational in 2010. The credit policy directive includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve and preserve the asset quality, as well as supporting effective risk management and complying with legal practices.

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

Credit risk management aims to measure, monitor and manage the risk stemming from credit risk. To achieve this target, rating systems are developed internally and updated on annual basis. Rating systems are used in all credit processes.

Credit risk management is also responsible for the preperations and implementations of Basel II in terms of credit risks.

Operational risk management is responsible for Basel II compliance activities as well as the identification, measurement and mitigation of operational risks of the Bank and the subsidiaries. Operational risk management function is also in charge of the coordination of business continuity management activities. Policies regarding the operational risk and business continuity management are reviewed every year, updated if necessary and submitted to the approval of the Board of Directors.

Operational risk management executes the compliance activities to Basel II advanced measurement approaches. Within this context, operational risk losses and key risk indicators of the Bank are monitored risk based insurance management is performed to effectively mitigate the risks.

The operational risk and business continuity activities are reported to the senior management on a monthly basis and to the Board of Directors on a quarterly basis via the Audit Committee.

Market risk management measures risks in the Bank's balance sheet resulting from price, interest rate and exchange rate volatilities in the financial markets. Besides, the effects of these risk factors upon the Bank's liquitidy are observed and evaluated. In this perspective, market risk managament policies, liquidity policies, risk reduction tehcniques policies and product trees are updated as of December 2010 and approved by the Board of Directors.

Market risk management is responsible for the preparation of market risk reports monitored by regulatory authorities and harmonisation of advance mesurement techniques arising from Basel II in the Bank. In this regard, risk measurements calculated by using advance measurement techniques, are implemented, limits are checked on a daily basis and several scenario analysis and stress tests are applied. All calculation and analysis results are presented to the Board of Directors via the Audit Comitee and senior management on a daily and monthly basis.

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

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

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 2010, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

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

Other matter:

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

Additional paragraph for convenience translation to English:

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

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

Selim Elhadef
Partner, SMMM

Istanbul, February 28, 2011

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

Yapı ve Kredi Bankası A.Ş.

The Unconsolidated Financial Report of Yapı ve Kredi Bankası A.Ş. as of December 31, 2010

Yapı ve Kredi Bankası A.Ş.
Genel Müdürlük
Yapı Kredi Plaza D Blok
Levent 34330 İstanbul
Tel: (0212) 339 70 00
Faks: (0212) 339 60 00
www.yapikredi.com.tr
E-Posta: financialreports@yapikredi.com.tr

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

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

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

Tayfun BAYAZIT
Chairman of the Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

M. Gökmen UÇAR
Head of Financial Reporting and Accounting

Federico GHIZZONI
President of Audit Committee

Vittorio G. M. OGLIENGO
Member of Audit Committee

Füsun Akkal BOZOK
Member of Audit Committee

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

Name-Surname/Title : Aysel TAKTAK/Yasal Raporlama Müdürü
Telephone Number : 0212 339 63 29/0212 339 78 20
Fax Number : 0212 339 61 05

Section one
General Information about the Bank

Section two
Unconsolidated financial statements

Section three
Explanations on accounting policies

Section four
Information related to financial position of the Bank

Section five
Explanations and notes related to unconsolidated financial statements

Section six
Other explanations

Section seven
Explanations on independent auditor's report

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

Yapı ve Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

Section one

General information about the Bank

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

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

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

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

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

In 2005, the Bank’s shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund (“SDIF”) were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from ISE and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger, the share transfer procedures in 2007 and capital increase by TL920 million in 2008, KFS shares in the Bank increased to 81,80%.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

Board of Directors Members:

Name	Responsibility
Tayfun BAYAZIT	Chairman
Federico GHIZZONI	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Alessandro M. DECIO(1)	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Füsun Akkal BOZOK	Member
Carlo VIVALDI(1) (2)	Member
Vittorio G. M. OGLIENGO	Member
O. Turgay DURAK	Member
Massimiliano FOSSATI	Member

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

General Manager and Assistant General Managers:

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

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

Audit Committee Members:

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

Statutory auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

V. Summary information on the Bank’s activities and services:

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

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

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

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

As of December 31, 2010, the Bank has 867 branches operating in Turkey, 1 branch in off-shore region (December 31, 2009-837 branches operating in Turkey, 1 branch in off-shore region). As of December 31, 2010, the Bank has 14.411 employees (December 31, 2009-14.333 employees).

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

Section two
Unconsolidated financial statements

I. Balance sheet

			(31/12/2010)			(31/12/2009)		
	Assets	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	Cash and balances with Central Bank	I-a	2.558.309	3.345.174	5.903.483	1.784.268	2.190.797	3.975.065
II.	Financial assets at fair value through profit or (loss) (net)	I-b	777.810	104.311	882.121	665.087	168.811	833.898
2.1	Trading financial assets		777.810	104.311	882.121	665.087	168.811	833.898
2.1.1	Government debt securities		159.875	60.999	220.874	117.747	109.402	227.149
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		617.935	43.112	661.047	547.340	59.219	606.559
2.1.4	Other marketable securities		-	200	200	-	190	190
2.2	Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	Banks	I-c	69.745	994.796	1.064.541	409.144	1.240.512	1.649.656
IV.	Money markets		949.427	-	949.427	1.530.286	-	1.530.286
4.1	Interbank money market placements		-	-	-	1.500.271	-	1.500.271
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	30.015	-	30.015
4.3	Receivables from reverse repurchase agreements		949.427	-	949.427	-	-	-
V.	Financial assets available-for-sale (net)	I-d	4.086.092	847.152	4.933.244	570.377	693.914	1.264.291
5.1	Share certificates		2.903	156	3.059	5.400	2.083	7.483
5.2	Government debt securities		3.027.506	541.549	3.569.055	520.530	652.026	1.172.556
5.3	Other marketable securities		1.055.683	305.447	1.361.130	44.447	39.805	84.252
VI.	Loans and receivables	I-e	34.574.736	18.040.424	52.615.160	24.725.350	13.132.466	37.857.816
6.1	Loans and receivables		34.180.130	18.008.809	52.188.939	24.328.531	13.126.626	37.455.157
6.1.1	Loans to bank's risk group		722.352	284.021	1.006.373	466.589	150.558	617.147
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		33.457.778	17.724.788	51.182.566	23.861.942	12.976.068	36.838.010
6.2	Loans under follow-up		1.766.342	94.322	1.860.664	2.569.983	11.022	2.581.005
6.3	Specific provisions (-)		(1.371.736)	(62.707)	(1.434.443)	(2.173.164)	(5.182)	(2.178.346)
VII.	Factoring receivables		-	-	-	-	-	-
VIII.	Held-to-maturity investments (net)	I-f	5.245.468	7.285.189	12.530.657	5.841.634	6.173.158	12.014.792
8.1	Government debt securities		5.245.468	7.285.189	12.530.657	5.841.634	6.173.158	12.014.792
8.2	Other marketable securities		-	-	-	-	-	-
IX.	Investments in associates (net)	I-g	3.940	43.404	47.344	3.940	43.404	47.344
9.1	Consolidated based on equity method		-	-	-	-	-	-
9.2	Unconsolidated		3.940	43.404	47.344	3.940	43.404	47.344
9.2.1	Investments in financial associates		3.940	43.404	47.344	3.940	43.404	47.344
9.2.2	Investments in non-financial associates		-	-	-	-	-	-
X.	Subsidiaries (net)	I-h	1.392.800	397.041	1.789.841	1.392.800	389.148	1.781.948
10.1	Unconsolidated financial subsidiaries		1.390.500	397.041	1.787.541	1.390.500	389.148	1.779.648
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	Joint ventures (net)	I-i	24.592	-	24.592	24.592	-	24.592
11.1	Accounted based on equity method		-	-	-	-	-	-
11.2	Unconsolidated		24.592	-	24.592	24.592	-	24.592
11.2.1	Financial joint ventures		24.592	-	24.592	24.592	-	24.592
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	Lease receivables	I-j	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	Derivative financial assets held for hedging	I-k	34.463	3.738	38.201	127.678	953	128.631
13.1	Fair value hedge		34.463	-	34.463	127.678	953	128.631
13.2	Cash flow hedge		-	3.738	3.738	-	-	-
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	Property and equipment (net)	I-l	1.104.973	-	1.104.973	1.086.374	-	1.086.374
XV.	Intangible assets (net)	I-m	1.229.401	-	1.229.401	1.186.024	-	1.186.024
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		249.908	-	249.908	206.531	-	206.531
XVI.	Investment property (net)	I-n	-	-	-	-	-	-
XVII.	Tax asset		215.964	-	215.964	211.670	-	211.670
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset	I-o	215.964	-	215.964	211.670	-	211.670
XVIII.	Assets held for resale and related to discontinued operations (net)	I-p	79.377	-	79.377	86.966	-	86.966
18.1	Held for sale		79.377	-	79.377	86.966	-	86.966
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	Other assets	I-r	546.620	821.200	1.367.820	428.958	452.101	881.059
	Total assets		52.893.717	31.882.429	84.776.146	40.075.148	24.485.264	64.560.412

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

I. Balance sheet

			(31/12/2010)			(31/12/2009		
	Liabilities	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	Deposits	II-a	32.345.382	20.379.150	52.724.532	22.998.513	17.834.824	40.833.337
1.1	Deposits of the Bank’s risk group		4.096.117	2.753.585	6.849.702	1.860.251	2.497.743	4.357.994
1.2	Other		28.249.265	17.625.565	45.874.830	21.138.262	15.337.081	36.475.343
II.	Derivative financial liabilities held for trading	II-b	290.361	42.773	333.134	222.091	45.286	267.377
III.	Funds borrowed	II-c	967.174	7.405.771	8.372.945	757.536	4.551.003	5.308.539
IV.	Money markets		44.350	2.915.611	2.959.961	64.764	861.631	926.395
4.1	Funds from interbank money market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements		44.350	2.915.611	2.959.961	64.764	861.631	926.395
V.	Marketable securities issued (net)		-	-	-	-	-	-
5.1	Bonds		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bills		-	-	-	-	-	-
VI.	Funds		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	Miscellaneous payables		3.261.858	677.040	3.938.898	2.637.294	354.417	2.991.711
VIII.	Other liabilities	II-d	699.659	314.021	1.013.680	501.690	374.678	876.368
IX.	Factoring payables		-	-	-	-	-	-
X.	Lease payables		-	16.044	16.044	-	5.593	5.593
10.1	Financial lease payables	II-e	-	16.430	16.430	-	5.800	5.800
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred financial lease expenses (-)		-	(386)	(386)	-	(207)	(207)
XI.	Derivative financial liabilities held for hedging	II-f	352.025	101.638	453.663	357.513	100	357.613
11.1	Fair value hedge		313.917	-	313.917	357.513	100	357.613
11.2	Cash flow hedge		38.108	101.638	139.746	-	-	-
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	Provisions	II-g	1.904.100	375.417	2.279.517	1.942.146	391.390	2.333.536
12.1	General loan loss provision		521.573	298.726	820.299	552.701	339.212	891.913
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		162.205	-	162.205	149.789	-	149.789
12.4	Insurance technical provisions (net)		-	-	-	-	-	-
12.5	Other provisions		1.220.322	76.691	1.297.013	1.239.656	52.178	1.291.834
XIII.	Tax liability	II-h	255.798	-	255.798	168.553	-	168.553
13.1	Current tax liability		255.798	-	255.798	168.553	-	168.553
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	Subordinated loans	II-i	-	2.110.274	2.110.274	-	2.224.023	2.224.023
XVI.	Shareholders' equity	II-j	10.325.912	(8.212)	10.317.700	8.179.769	87.598	8.267.367
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		716.069	(8.212)	707.857	612.063	87.598	699.661
16.2.1	Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	II-j	101.047	84.026	185.073	6.213	87.598	93.811
16.2.4	Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		(9.590)	(92.238)	(101.828)	-	-	-
16.2.9	Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		80.731	-	80.731	61.969	-	61.969
16.3	Profit reserves		3.202.502	-	3.202.502	1.865.878	-	1.865.878
16.3.1	Legal reserves		163.959	-	163.959	96.220	-	96.220
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		3.038.543	-	3.038.543	1.769.658	-	1.769.658
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Income or (loss)		2.060.290	-	2.060.290	1.354.777	-	1.354.777
16.4.1	Prior years’ income or (loss)		-	-	-	-	-	-
16.4.2	Current year income or (loss)		2.060.290	-	2.060.290	1.354.777	-	1.354.777
	Total liabilities and shareholders’ equity		50.446.619	34.329.527	84.776.146	37.829.869	26.730.543	64.560.412

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

II. Off-balance sheet commitments

			(31/12/2010)			(31/12/2009)		
		Note (Section five)	TL	FC	Total	TL	FC	Total
A	**Off-balance sheet commitments (I+II+III)**		46.765.703	54.018.284	100.783.987	33.515.201	39.708.236	73.223.437
I.	**Guarantees and warranties**	III-a-2,3	7.798.057	11.665.319	19.463.376	6.224.437	9.921.476	16.145.913
1.1	Letters of guarantee		7.780.045	7.030.946	14.810.991	6.219.586	6.784.084	13.003.670
1.1.1	Guarantees subject to state tender law		510.007	596.097	1.106.104	477.787	441.239	919.026
1.1.2	Guarantees given for foreign trade operations		840.037	6.434.849	7.274.886	683.494	6.342.845	7.026.339
1.1.3	Other letters of guarantee		6.430.001	-	6.430.001	5.058.305	-	5.058.305
1.2	Bank acceptances		-	165.797	165.797	-	151.669	151.669
1.2.1	Import letter of acceptance		-	165.797	165.797	-	151.669	151.669
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		12.337	3.894.831	3.907.168	1.410	2.589.754	2.591.164
1.3.1	Documentary letters of credit		12.337	3.894.831	3.907.168	1.410	2.589.754	2.591.164
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Prefinancing given as guarantee		143	2.062	2.205	143	2.008	2.151
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		5.532	269.072	274.604	2.398	197.374	199.772
1.9	Other warranties		-	302.611	302.611	900	196.587	197.487
II.	**Commitments**	III-a-1	19.805.392	2.750.840	22.556.232	16.411.945	2.996.032	19.407.977
2.1	Irrevocable commitments		19.370.406	2.750.840	22.121.246	16.411.945	2.996.032	19.407.977
2.1.1	Asset purchase and sale commitments		-	2.544.040	2.544.040	-	517.280	517.280
2.1.2	Deposit purchase and sales commitments		44	9.797	9.841	5.419	-	5.419
2.1.3	Share capital commitments to associates and subsidiaries		2.000	-	2.000	2.000	-	2.000
2.1.4	Loan granting commitments		3.070.259	186.250	3.256.509	2.693.259	376.669	3.069.928
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	1.209.483	2.088.453	3.297.936
2.1.7	Commitments for cheques		3.653.626	-	3.653.626	1.468.823	-	1.468.823
2.1.8	Tax and fund liabilities from export commitments		39.486	-	39.486	38.261	-	38.261
2.1.9	Commitments for credit card limits		11.706.172	-	11.706.172	10.952.962	-	10.952.962
2.1.10	Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		898.819	10.753	909.572	41.738	13.630	55.368
2.2	Revocable commitments		434.986	-	434.986	-	-	-
2.2.1	Revocable loan granting commitments		434.986	-	434.986	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	III-b,c	19.162.254	39.602.125	58.764.379	10.878.819	26.790.728	37.669.547
3.1	Derivative financial instruments for hedging purposes		3.446.632	9.397.626	12.844.258	1.957.152	2.011.741	3.968.893
3.1.1	Transactions for fair value hedge		2.106.632	2.210.606	4.317.238	1.957.152	2.011.741	3.968.893
3.1.2	Transactions for cash flow hedge		1.340.000	7.187.020	8.527.020	-	-	-
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		15.715.622	30.204.499	45.920.121	8.921.667	24.778.987	33.700.654
3.2.1	Forward foreign currency buy/sell transactions		2.332.158	3.667.734	5.999.892	2.047.518	2.894.878	4.942.396
3.2.1.1	Forward foreign currency transactions-buy		639.241	2.347.493	2.986.734	964.150	1.501.122	2.465.272
3.2.1.2	Forward foreign currency transactions-sell		1.692.917	1.320.241	3.013.158	1.083.368	1.393.756	2.477.124
3.2.2	Swap transactions related to foreign currency and interest rates		7.923.100	20.304.304	28.227.404	5.410.890	17.149.577	22.560.467
3.2.2.1	Foreign currency swap-buy		5.869.467	7.007.043	12.876.510	3.839.391	4.476.702	8.316.093
3.2.2.2	Foreign currency swap-sell		1.853.633	10.479.439	12.333.072	1.571.499	6.265.821	7.837.320
3.2.2.3	Interest rate swap-buy		100.000	1.408.911	1.508.911	-	3.203.527	3.203.527
3.2.2.4	Interest rate swap-sell		100.000	1.408.911	1.508.911	-	3.203.527	3.203.527
3.2.3	Foreign currency, interest rate and securities options		4.910.363	5.878.631	10.788.994	1.463.259	4.209.477	5.672.736
3.2.3.1	Foreign currency options-buy		2.205.493	2.995.826	5.201.319	530.200	1.279.554	1.809.754
3.2.3.2	Foreign currency options-sell		2.399.726	2.815.730	5.215.456	653.793	1.168.323	1.822.116
3.2.3.3	Interest rate options-buy		-	-	-	16.194	880.800	896.994
3.2.3.4	Interest rate options-sell		-	-		16.194	880.800	896.994
3.2.3.5	Securities options-buy		152.572	67.075	219.647	129.092	-	129.092
3.2.3.6	Securities options-sell		152.572	-	152.572	117.786	-	117.786
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		1	-	1	-	-	-
3.2.5.1	Interest rate futures-buy		1	-	1	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		550.000	353.830	903.830	-	525.055	525.055
B.	**Custody and pledges received (IV+V+VI)**		99.965.963	20.279.816	120.245.779	70.610.465	17.464.080	88.074.545
IV.	**Items held in custody**		58.791.500	3.686.984	62.478.484	43.161.556	3.411.481	46.573.037
4.1	Customer fund and portfolio balances		0	102	102	-	107	107
4.2	Investment securities held in custody		50.473.276	3.243.930	53.717.206	36.727.671	3.133.759	39.861.430
4.3	Checks received for collection		6.607.943	58.497	6.666.440	4.983.674	37.425	5.021.099
4.4	Commercial notes received for collection		1.707.506	363.578	2.071.084	1.450.211	218.405	1.668.616
4.5	Other assets received for collection		-	20.877	20.877	-	21.785	21.785
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		2.775	-	2.775	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		40.304.331	15.999.918	56.304.249	26.604.251	13.446.313	40.050.564
5.1	Marketable securities		281.601	167	281.768	199.083	163	199.246
5.2	Guarantee notes		433.773	380.268	814.041	303.643	355.528	659.171
5.3	Commodity		58.680	-	58.680	11.329	-	11.329
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		27.491.727	11.473.952	38.965.679	17.764.131	9.292.461	27.056.592
5.6	Other pledged items		12.038.550	4.142.785	16.181.335	8.326.065	3.795.462	12.121.527
5.7	Pledged items-depository		-	2.746	2.746	-	2.699	2.699
VI.	**Accepted independent guarantees and warranties**		870.132	592.914	1.463.046	844.658	606.286	1.450.944
	Total off-balance sheet commitments (A+B)		146.731.666	74.298.100	221.029.766	104.125.666	57.172.316	161.297.982

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

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

III. Income statement

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

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

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Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

V. Statement of changes in shareholders' equity

	December 31, 2009	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Period opening balance		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.042.601	-	34.268	-	-	-	-	6.853.047
II.	Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.042.601	-	34.268	-	-	-	-	6.853.047
	Changes in the period																	
IV.	Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	59.627	-	-	-	-	59.627
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(84)	-	-	-	-	(84)
XI.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	1.354.777	-	-	-	-	-	-	1.354.777
XX.	Profit distribution		-	-	-	-	52.131	-	947.014	43.456	(1.042.601)	-	-	-	-	-	-	-
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	52.131	-	947.014	43.456	(1.042.601)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+......+ XVIII +XIX+XX)		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

V. Statement of changes in shareholders' equity

	December 31, 2010	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Prior period end balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367
	Changes in the period																	
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	88.962	-	-	-	-	88.962
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	2.300	-	-	-	-	2.300
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	609	-	-	-	-	-	-	-	609
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	2.060.290	-	-	-	-	-	-	2.060.290
XVIII.	Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.354.777)	-	-	-	-	-	-	-
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.354.777)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+......+XVI+XVII+XVIII)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

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

VI. Statement of cash flows

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

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated Financial Statements at December 31, 2010 and 2009

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

VII. Profit appropriation statement [1]

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

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

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

Section three

Explanations on accounting policies

I. Basis of presentation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explanations on accounting policies (continued)

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

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

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

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

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

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

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expense:

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

VII. Explanations on financial assets:

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

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

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

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

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

Explanations on accounting policies (continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

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

d. Available-for-sale financial assets:

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

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

VIII. Explanations on impairment of financial assets:

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

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

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

IX. Explanations on offsetting financial assets:

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

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

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

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

The Bank has no securities lending transactions.

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

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

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

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

The Bank has no discontinued operations.

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

XIII. Explanations on property and equipment:

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

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

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

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

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

Property and equipment has not been revalued in order to be presented at fair value in the financial statements.

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

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

XIV. Explanations on leasing transactions:

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

Financial lease

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

Operational lease

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

XV. Explanations on provisions, contingent asset and liabilities:

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

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

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

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefit

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

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

b. Pension rights

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

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

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

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

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

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

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

c. Short term benefits of employee:

According to TAS 19, liabilities derived from vacation pay liability defined in "Short term benefits of employee" are accrued in the period in which they are realized and are not discounted.

XVII. Explanations on taxation:

a. Current tax:

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

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

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

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

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

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

b. Deferred tax:

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

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

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

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

c. Transfer pricing:

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

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

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

XVIII. Explanations on borrowings:

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

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

XIX. Explanations on issuance of share certificates:

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

No dividend payments were announced after the balance sheet date.

XX. Explanations on avalized drafts and acceptances:

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

XXI. Explanations on government grants:

As of December 31, 2010 and December 31, 2009, the Bank has no government grants.

XXII. Profit reserves and profit distribution:

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

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

XXIII. Earnings per share:

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

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

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

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

XXIV. Related parties:

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

XXV. Cash and cash equivalents:

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

XXVI. Explanations on operating segments:

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

XXVII. Reclassifications:

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

Section four

Information related to financial position of the Bank

I. Explanations on capital adequacy ratio:

a. The capital adequacy ratio of the Bank is 16,14% (December 31, 2009-17,78%).

b. The capital adequacy ratio of the Bank is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders Equity” published as of November 1, 2006 (together referred as “Regulation Regarding Capital Adequacy”). The following tables show the details of “Risk weighted assets” and the calculation of “Shareholders’ equity” for the capital adequacy ratio calculation.

c. Information related to capital adequacy ratio:

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

[1] There are no assets weighted with 10% risk.
[2] Not weighted.

d. Summary information about capital adequacy ratio:

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

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e. Information about shareholders' equity items:

	December 31, 2010	December 31, 2009
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	163.959	96.220
First legal reserve (Turkish Commercial Code 466/1)	163.959	96.220
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	3.038.543	1.769.658
Reserves allocated by the general assembly	3.038.543	1.769.658
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	2.060.290	1.354.777
Current period net profit	2.060.290	1.354.777
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	114.906	89.004
Profit on disposal of associates, subsidiaries and immovables	80.731	61.969
Primary subordinated loans (up to 15% of core capital)	-	-
Portion of loss not covered with reserves (-)	-	-
Current period net loss	-	-
Prior periods loss	-	-
Leasehold improvements (-)	95.906	91.257
Prepaid expenses (-)	121.397	131.956
Intangible assets (-)	1.229.401	1.186.024
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
Total core capital	**8.902.657**	**6.853.323**

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

	December 31, 2010	December 31, 2009
Supplementary capital		
General provisions	820.299	681.657
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans[1]	2.097.218	2.208.374
45% of marketable securities valuation differences	83.283	42.215
Investments in associates and subsidiaries	-	-
Available-for-sale financial assets	83.283	42.215
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)reserves, status reserves and extraordinary reserves)	-	-
Total supplementary capital	**3.000.800**	**2.932.246**
Tier III capital	-	-
Capital	**11.903.457**	**9.785.569**
Deductions from the capital	**82.638**	**88.078**
Investments in unconsolidated financial institutions (domestic, foreign) and banks in which 10% or more equity interest exist	71.933	71.933
Investments in financial institutions (domestic, foreign) and banks, in which less than 10% equity interest exist and that exceeds 10% or more of the total core and supplementary capital of the bank	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
Loans extended as contradictory to the articles 50 and 51of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	10.705	16.145
Other	-	-
Total shareholders' equity	**11.820.819**	**9.697.491**

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

II. Explanations on credit risk:

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

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

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

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

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

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

b. The Bank has control limits over the positions of forwards, options and similar agreements.

c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

d. In line with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provisions for these Loans and Other Receivables", if the cash risk of a customer is classified as non performing, the non-cash risk is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

e. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.

f. 1. The proportion of the Bank's top 100 cash loan balances in total cash loans is 21% (December 31, 2009-22%).

2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 40% (December 31, 2009-45%).

3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 20% of total cash loans and non-cash loans (December 31, 2009-22%).

g. The Bank provided a general loan loss provision amounting to TL 820.299 (December 31, 2009-TL 891.913).

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h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to banks and other financial institutions		Marketable securities [1]		Other loans[2]		Off balance sheet liabilities[2]	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Loans concentration according to the type of borrowers										
Private sector	32.166.166	20.962.638	535.673	679.025	170.595	72.970	943.163	489.802	28.572.900	16.814.032
Public sector	1.286.101	1.229.222	-	-	16.320.586	13.414.497	-	-	28.807	3.069.928
Banks	-	-	625.234	446.493	1.190.735	11.472	5.620.049	5.877.363	1.650.385	4.669.143
Individual customers	18.001.986	14.540.438	-	-	-	-	-	-	11.767.516	11.000.787
Share certificates	-	-	-	-	3.059	7.483	1.861.777	1.853.884	-	-
Total	51.454.253	36.732.298	1.160.907	1.125.518	17.684.975	13.506.422	8.424.989	8.221.049	42.019.608	35.553.890
Information according to geographical concentration										
Domestic	50.444.274	36.414.509	1.128.480	1.114.387	16.431.048	13.449.563	6.270.782	5.832.374	38.628.444	34.003.151
European Union countries	268.389	192.454	2.745	3.665	939.889	12.053	1.071.629	1.301.208	2.016.350	782.547
OECD countries [3]	26.814	27.478	-	-	-	-	757.694	787.450	729.517	294.193
Off-shore banking regions	73	3.067	-	-	14.574	27.916	73	143	930	10.636
USA, Canada	73.246	688	-	-	299.464	16.890	191.868	178.135	254.347	124.318
Other countries	641.457	94.102	29.682	7.466	-	-	132.943	121.739	390.020	339.045
Total	51.454.253	36.732.298	1.160.907	1.125.518	17.684.975	13.506.422	8.424.989	8.221.049	42.019.608	35.553.890

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

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

[3] OECD countries other than EU countries, USA and Canada.

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

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

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

December 31, 2010

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

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December 31, 2009

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

[1] Securities consist of Republic of Turkey government bonds and treasury bills.
[2] Also include investment funds amounting TL 52.965 (December 31, 2009 – TL 45.053).

k. Information according to geographical concentration:

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

[1] OECD countries other than EU countries, USA and Canada.
[2] Shareholders' equity is not included.
[3] The net profit can not be distributed according to geographical concentration.

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I. Sectoral concentrations for cash loans:

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

III. Explanations on market risk:

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on-and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly as Asset and Liability Management in the Executive Committee. The below table represents the details of market risk calculation as of December 31, 2010 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

a. Information on market risk:

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

(IX) Amount subject to market risk 12,5xVIII) or (12,5xVII)	1.410.150	1.029.475

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

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

IV. Explanations on operational risk:

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

V. Explanations on currency risk:

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

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

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

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

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

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

As of December 31, 2009;	USD	EUR	Yen

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

Information on currency risk of the Bank:

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

	EURO	USD	Yen	Other FC	Total
December 31, 2010					
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.763.299	574.614	574	6.687	3.345.174
Banks	149.782	811.797	2.344	30.873	994.796
Financial assets at fair value through profit or loss	57.936	40.204	6.171	-	104.311
Money market placements	-	-	-	-	-
Available-for-sale financial assets	30.765	816.387	-	-	847.152
Loans [1]	6.397.183	13.274.848	79.493	419.194	20.170.718
Investments in associates, subsidiaries and joint ventures	275.967	121.074	-	43.404	440.445
Held-to-maturity investments	427.411	6.857.778	-	-	7.285.189
Hedging derivative financial assets	-	3.738	-	-	3.738
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets					
	259.189	290.292	-	249.761	799.242
Total assets	**10.361.532**	**22.790.732**	**88.582**	**749.919**	**33.990.765**
Liabilities					
Bank deposits	77.505	290.364	30	241.328	609.227
Foreign currency deposits	5.998.452	13.201.356	7.878	562.237	19.769.923
Funds from money market	646.717	2.268.894	-	-	2.915.611
Funds borrowed from other financial institutions	3.701.567	3.661.009	40.960	2.235	7.405.771
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	388.420	279.932	36	8.652	677.040
Hedging derivative financial liabilities	-	101.638	-	-	101.638
Other liabilities					
	2.234.979	240.998	6.513	622	2.483.112
Total liabilities	**13.047.640**	**20.044.191**	**55.417**	**815.074**	**33.962.322**
Net on-balance sheet position	(2.686.108)	2.746.541	33.165	(65.155)	28.443
Net off-balance sheet position	3.699.938	(4.023.903)	(48.640)	35.104	(337.501)
Financial derivative assets	7.131.378	11.971.441	137.937	391.556	19.632.312
Financial derivative liabilities	3.431.440	15.995.344	186.577	356.452	19.969.813
Non-cash loans	3.925.920	7.227.463	324.972	186.964	11.665.319
December 31, 2009					
Total assets	8.300.801	17.015.001	62.694	674.811	26.053.307
Total liabilities	11.251.148	14.224.545	27.321	752.635	26.255.649
Net on-balance sheet position	(2.950.347)	2.790.456	35.373	(77.824)	(202.342)
Net off-balance sheet position	2.973.373	(2.601.197)	(38.335)	107.377	441.218
Financial derivative assets	3.985.289	9.326.291	14.865	289.528	13.615.973
Financial derivative liabilities	1.011.916	11.927.488	53.200	182.151	13.174.755
Non-cash loans	3.354.765	6.123.306	315.590	127.815	9.921.476

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

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

Currency risk sensitivity analysis:

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

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

(1) Excluding tax effect.

VI. Explanations on interest rate risk:

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

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

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

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Currency interest swaps were utilized.

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

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

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Total position	(27.130.048)	2.155.295	10.935.042	11.108.491	14.248.699	(11.543.687)	(226.208)

December 31, 2009	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.302.424	-	-	-	-	2.672.641	3.975.065
Banks	986.918	185.850	36.870	-	-	440.018	1.649.656
Financial assets at fair value through profit/loss	137.021	450.720	73.039	154.701	18.417	-	833.898
Money market placements	1.530.286	-	-	-	-	-	1.530.286
Available-for-sale financial assets	304.701	128.945	82.455	91.046	649.661	7.483	1.264.291
Loans	8.548.523	4.202.853	8.842.077	9.944.979	5.422.160	897.224	37.857.816
Held-to-maturity investments	1.235.458	3.347.635	1.313.963	2.110.168	4.007.568	-	12.014.792
Other assets	214.174	127.839	28	84	-	5.092.483	5.434.608
Total assets	14.259.505	8.443.842	10.348.432	12.300.978	10.097.806	9.109.849	64.560.412
Liabilities							
Bank deposits	162.110	180.681	2.041	-	-	371.059	715.891
Other deposits	26.626.419	4.788.729	1.399.410	16.272	-	7.286.616	40.117.446
Funds from Money market	410.728	466.328	49.339	-	-	-	926.395
Miscellaneous payables	2.132.082	-	-	-	-	859.629	2.991.711
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	873.212	3.665.984	730.713	38.630	-	-	5.308.539
Other liabilities and shareholders' equity	147.164	1.122.409	1.212.604	323.803	48.626	11.645.824	14.500.430
Total liabilities	30.351.715	10.224.131	3.394.107	378.705	48.626	20.163.128	64.560.412
Balance sheet long position	-	-	6.954.325	11.922.273	10.049.180	-	28.925.778
Balance sheet short position	(16.092.210)	(1.780.289)	-	-	-	(11.053.279)	(28.925.778)
Off-balance sheet long position	918.820	2.076.247	2.621.914			-	5.616.981
Off-balance sheet short position	-	-	-	(4.678.080)	(417.983)	-	(5.096.063)
Total position	(15.173.390)	295.958	9.576.239	7.244.193	9.631.197	(11.053.279)	520.918

Interest rate sensitivity analysis:

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

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

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(-) 1%	842.281	515.509

b. Average interest rates for monetary financial instruments:

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

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

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

[1] Does not include credit card loans.

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

VII. Explanations on liquidity risk:

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

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

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

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

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

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Lowest %	139,49	145,07	92,22	103,72

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified [1],[2]	Total
December 31, 2010								
Assets								
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.593.380	2.310.103	-	-	-	-	-	5.903.483
Banks	360.469	56.318	315.246	103.256	229.252	-	-	1.064.541
Financial assets at fair value through profit or loss	-	261.916	343.527	57.042	77.796	141.840	-	882.121
Money market placements	-	949.427	-	-	-	-	-	949.427
Available-for-sale financial assets	52.965	20.552	-	30.397	1.869.667	2.956.604	3.059	4.933.244
Loans	-	9.774.142	4.892.142	11.396.977	16.459.898	9.665.780	426.221	52.615.160
Held-to-maturity investments	-	1.481.914	-	550.894	4.006.059	6.491.790	-	12.530.657
Other assets (1)	403.734	793.150	7.236	61.438	-	3.738	4.628.217	5.897.513
Total assets	4.410.548	15.647.522	5.558.151	12.200.004	22.642.672	19.259.752	5.057.497	84.776.146
Liabilities								
Bank deposits	302.311	264.672	240.856	160	246.139	-	-	1.054.138
Other deposits	8.699.810	36.317.162	5.939.190	704.871	9.361	-	-	51.670.394
Funds borrowed from other financial institutions	-	520.483	99.964	4.026.396	2.992.251	733.851	-	8.372.945
Funds from money market	-	613.597	1.215.779	529.088	474.116	127.381	-	2.959.961
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	451.105	3.487.793	-	-	-	-	-	3.938.898
Other liabilities [2]	115.136	1.461.057	195.156	271.955	1.632.180	2.425.873	10.678.453	16.779.810
Total liabilities	9.568.362	42.664.764	7.690.945	5.532.470	5.354.047	3.287.105	10.678.453	84.776.146
Net liquidity gap	(5.157.814)	(27.017.242)	(2.132.794)	6.667.534	17.288.625	15.972.647	(5.620.956)	-
December 31, 2009								
Total assets	3.488.255	12.475.000	5.223.608	10.432.081	16.492.561	11.469.212	4.979.695	64.560.412
Total liabilities	8.146.704	31.337.459	5.822.287	4.256.563	3.505.719	2.969.415	8.522.265	64.560.412
Net liquidity gap	(4.658.449)	(18.862.459)	(598.679)	6.175.518	12.986.842	8.499.797	(3.542.570)	-

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

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(2) Shareholders’ equity is presented under the “Other liabilities” item in the “Unclassified” column.

Breakdown of financial liabilities according to their remaining contractual maturities:

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

December 31, 2010	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Liabilities					
Deposits	45.686.301	6.272.864	726.747	315.389	-
Funds borrowed from other financial institutions	520.609	214.321	4.194.902	3.204.854	895.806
Funds from money market	616.357	1.223.358	532.558	475.175	138.837
Total	46.823.267	7.710.543	5.454.207	3.995.418	1.034.643

December 31, 2009	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Liabilities					
Deposits	34.509.425	4.993.969	1.445.634	16.940	-
Funds borrowed from other financial institutions	223.174	186.901	2.720.152	2.438.215	299.715
Funds from money market	411.410	467.406	49.906	-	-
Total	35.144.009	5.648.276	4.215.692	2.455.155	299.715

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

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

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

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

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

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Information related to financial position of the Bank (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

X. Explanations on operating segments:

The Bank carries out its banking operations through three main business units: (1) Retail Banking (including credit cards and SME banking), (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

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

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

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

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

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

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

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

December 31, 2009	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other [2]	Total operations of the Bank
Operating revenue	2.775.312	1.092.280	152.929	1.429.277	5.449.798
Operating expenses	(2.356.880)	(357.756)	(61.122)	(1.102.825)	(3.878.583)
Net operating income	418.432	734.524	91.807	326.452	1.571.215
Dividend income [1]				142.688	142.688
Profit before tax	418.432	734.524	91.807	469.140	1.713.903
Tax provision [1]				(359.126)	(359.126)
Net profit [1]	418.432	734.524	91.807	110.014	1.354.777
Segment assets	19.301.370	19.097.026	217.725	24.090.407	62.706.528
Investments in associates, subsidiaries and joint ventures				1.853.884	1.853.884
Total assets	19.301.370	19.097.026	217.725	25.944.291	64.560.412
Segment liabilities	20.518.455	12.836.441	9.794.385	13.143.764	56.293.045
Shareholders' equity				8.267.367	8.267.367
Total liabilities	20.518.455	12.836.441	9.794.385	21.411.131	64.560.412

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

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

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

Section five

Explanations and notes related to unconsolidated financial statements

I. Explanations and notes related to assets

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

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

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

2. Information on the account of the CBRT:

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

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, the banks operating in Turkey are supposed to place reserves in the CBRT for their TL liabilities by 6% and for their foreign currency liabilities by 11% as USD and/or EUR. As of December 31, 2010, no interest is earned on TL and foreign currency reserve requirements. As explained in detail in Section 5 Note IX, reserve requirement ratio for TL liabilities have been changed according to "Change in Communiqué Regarding the Reserve Requirements" published in Official Gazette numbered 27788 dated December 17, 2010 and numbered 27825 dated January 24, 2011.

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

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

2. Positive differences related to trading derivative financial assets:

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

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

c. Information on banks:

1. Information on banks:

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

2. Information on foreign banks account:

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

[1] OECD countries except EU countries, USA and Canada.

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

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

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

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

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

[1] As of December 31, 2010, Eurobonds amounting to TL 530.625 (December 31, 2009-TL 634.835) have been classified under debt securities quoted on stock exchange even though they are not quoted on stock exchange since these are traded on the secondary market.
[2] As of December 31, 2010, not quoted debt securities mainly includes credit linked notes.
[3] As of December 31, 2010, other available-for-sale financial assets include mutual funds amounting to TL 52.965 (December 31, 2009 – TL 45.053).

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

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

e. Explanations on loans:

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

	December 31, 2010		December 31, 2009	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	7.962	81.282	58.004	54.926
Loans granted to employees	84.879	83	76.602	71
Total	92.841	81.365	134.606	54.997

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

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

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

3. Loans according to their maturity structure:

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

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

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

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

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

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

(ii) Fair value of collaterals:

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

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

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

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

[1] TL 852 of the credit deposit account belongs to the loans used by personnel.

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

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Notes to Unconsolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

7. Loans according to types of borrowers:

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

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

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

9. Loans granted to associates and subsidiaries:

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

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

10. Specific provisions provided against loans:

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

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

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

[1] Also includes the effects of the sales of non-performing loan portfolios.

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010			
(Gross amounts before specific reserves)	22.242	34.388	31.201
Restructured loans and other receivables	22.242	34.388	31.201
Rescheduled loans and other receivables	-	-	-
December 31, 2009			
(Gross amounts before the specific reserves)	5.348	47.329	12.941
Restructured loans and other receivables	5.348	47.329	12.941
Rescheduled loans and other receivables	-	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

[1] Also includes the effects of the sales of non-performing loan portfolios.

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

According to the resolution of the Board of Directors of the Bank dated May 26, 2010, portfolios composed of corporate and commercial loans followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Corporate and commercial loan portfolio with principal amounting to TL 298.741 including TL 28.328 as legal and other expenses as of April 30, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 7.518. Profit on this sale before taxes and legal expenses amounted to TL 5.020.

According to the resolution of the Board of Directors of the Bank dated November 25, 2010, portfolios composed of SME loans, consumer loans and credit cards followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Consumer and SME loan portfolio amounting to TL 170.867 as of October 31, 2010, was sold to Girişim Varlık Yönetim A.Ş. and Credit cards portfolio amounting to TL 256.955 as of October 31, 2010, was sold to LBT Varlık Yönetim A.Ş. for a total consideration of TL 56.045. Profit on this sale before taxes and legal expenses amounted to TL 55.074.

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

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010 (Net)	**186.253**	**33.398**	**206.570**
Loans granted to real persons and corporate entities (gross)	233.800	372.696	1.168.053
Specific provision amount (-)	(47.547)	(339.298)	(961.483)
Loans granted to real persons and corporate entities (Net)	186.253	33.398	206.570
Banks (gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-
December 31, 2009 (Net)	**93.971**	**70.277**	**238.411**
Loans granted to real persons and corporate entities (gross)	357.776	680.225	1.458.992
Specific provision amount (-)	(263.805)	(609.948)	(1.220.581)
Loans granted to real persons and corporate entities (net)	93.971	70.277	238.411
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-

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

f. Information on held-to-maturity investments:

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

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

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

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

[(1)] As of December 31, 2010, Eurobonds amounting to TL 7.285.189 have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange because they are traded in the secondary market (December 31, 2009-TL 5.333.387).

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

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

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

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

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

g. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

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

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

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

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

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

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

3. Movement of unconsolidated investments in associates:

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

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

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

5. Valuation of unconsolidated investments in associates:

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

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

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

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

h. Information on subsidiaries (net):

1. Information on subsidiaries:

No	Description	Address (City/Country)	Bank’s share holding percentage if different voting percentage (%)	Bank’s risk group share holding percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V. (1)	Amsterdam/The Netherlands	100,00	100,00
3	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99,98	99,99
4	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/Turkey	99,99	100,00
5	Yapı Kredi Faktoring A.Ş.	Istanbul/Turkey	99,95	100,00
6	Yapı Kredi Moscow [2]	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	99,58
9	Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	11,09	56,07
10	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
11	Yapı Kredi Azerbaycan [3]	Baku/Azebaijan	99,80	100,00
12	Yapı Kredi Nederland N.V. [1]	Amsterdam/The Netherlands	67,24	100,00

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

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

No	Total assets	Shareholders’ equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value[1]
1	98.774	89.681	784	6.550	106	52.419	52.530	
2	45.470	45.439	-	15	-	1.065	(1.106)	
3	797.605	270.170	5.659	40.374	13.477	76.454	71.216	
4	11.350	9.568	189	70	-	1.135	806	-
5	1.954.760	103.309	659	106.767	2.906	26.178	27.365	
6	191.959	56.480	5.951	14.683	1.680	576	7.332	
7	902.063	198.495	19.473	61.725	14.679	42.549	(11.930)	1.128.000
8	2.201.330	735.206	2.084	200.611	-	91.765	150.133	1.934.000
9	79.844	78.582	30	5.346	2.904	5.589	19.115	44.900
10	37.023	22.697	19.781	1.517	-	1.018	8.804	-
11	206.823	50.496	4.565	11.401	1.012	7.467	4.656	
12	1.739.474	212.079	304	79.117	27.886	36.298	15.361	

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

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

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

3. Movement schedule of subsidiaries:

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

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

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

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

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

5. Subsidiaries quoted on stock exchange:

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

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

i. Information on joint ventures:

1. Information on joint ventures:

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

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

j. Information on lease receivables (net):

None (December 31, 2009-None).

k. Information on hedging derivative financial assets:

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

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funds borrowed using cross-currency interest rate swaps. The net fair value of hedging instruments at December 31, 2010 is a liability amounting to TL 279.454 (December 31, 2009-TL 228.982). At December 31, 2010, the fair value difference of the hedging instruments since the inception date is TL 240.233 (December 31, 2009-TL 147.649) and the fair value difference of the hedged item is TL 224.429 (December 31, 2009-TL 140.137).

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

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

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

l. Information on property and equipment: (Net)

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

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

m. Information on intangible assets:

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

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

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

n. Information on investment property:

None (December 31, 2009-None).

o. Information on deferred tax asset:

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

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

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

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

r. Information on other assets:

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

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

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

II. Explanations and notes related to liabilities

a. Information on deposits:

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

1 (i). December 31, 2010:

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

1 (ii).December 31, 2009:

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

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

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Saving deposits	8.779.823	7.738.057	8.651.347	7.431.249
Foreign currency savings deposit	2.448.173	2.596.806	5.572.934	5.973.850
Other deposits in the form of savings deposits	117.017	71.411	196.827	194.074
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	December 31, 2010	December 31, 2009
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	21.080	23.864
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which established in Turkey in order to engage in off-shore banking activities solely	116.231	88.283

b. Information on trading derivative financial liabilities:

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

c. Information on borrowings:

1. Information on borrowings:

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

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

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Notes to Unconsolidated Financial Statements at December 31, 2010

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

2. Information on maturity structure of borrowings:

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

3. Information on securitisation borrowings:

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

d. Information on other liabilities:

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

e. Information on lease payables:

1. Information on financial leasing agreements:

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

2. Information on operational leasing agreements:

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

f. Information on hedging derivative financial liabilities:

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

[1] Explained in Note I.k of Section V.

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

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

g. Information on provisions:

1. Information on general provisions:

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

2. Information on reserve for employee rights:

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

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

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

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

Movement of employment termination benefits liability in the balance sheet:

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

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

3. Other provisions:

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

[1] Considered as provisions for possible risks.

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

i) Pension fund provision:

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

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

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

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

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

The principal actuarial assumptions used were as follows:

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

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

Plan assets are comprised as follows:

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

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

As of December 31, 2010, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 21.327 (December 31, 2009 – TL 36.290). Provisions related to the foreign currency difference of foreign currency indexed loans is netted from the loan amount in the financial statements.

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h. Information on taxes payable:

(i) Information on taxes payable:

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

(ii) Information on premium payables:

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

(iii) Information on deferred tax liability:

None (December 31, 2009-None).

i. Information on subordinated loans:

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

At March 30, 2006, Yapı Kredi obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 28, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

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j. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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

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

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

None (December 31, 2009-None).

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

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

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

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

7. Privileges on the corporate stock: None.

8. Information on marketable securities valuation differences:

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

[1] Includes current period foreign currency differences.

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

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

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in “Off-balance sheet commitments”. The Bank has recorded a general provision for its non-cash loans amounting to TL 61.590 (December 31, 2009 – TL 100.860) and a specific provision regarding non-cash loans amounting to TL 127.958 (December 31, 2009 – TL 78.250).

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

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

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

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

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

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

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

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

	Group I		Group II(1)	
December 31, 2009	**TL**	**FC**	**TL**	**FC**
Non-cash loans				
Letters of guarantee	6.070.094	6.730.059	149.492	54.025
Bank acceptances	-	151.616	-	53
Letters of credit	1.410	2.589.468	-	286
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	3.441	390.095	-	5.874
Total	**6.074.945**	**9.861.238**	**149.492**	**60.238**

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

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

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

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

[1] The distribution is based on the original maturities.

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

[1] The distribution is based on the original maturities.

b. Information on derivative financial instruments:

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

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

December 31, 2010 [1]	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	201.254	388.383	(51.482)	(542.336)	(222.020)	(226.201)
– Inflow	7.079.928	8.473.681	4.816.412	2.749.818	376.825	23.496.664
– Outflow	(6.878.674)	(8.085.298)	(4.867.894)	(3.292.154)	(598.845)	(23.722.865)
Interest rate derivatives	460	(79.904)	(119.388)	(268.554)	(43.331)	(510.717)
– Inflow	65.372	8.536	613.117	2.984.709	353.200	4.024.934
– Outflow	(64.912)	(88.440)	(732.505)	(3.253.263)	(396.531)	(4.535.651)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(20.546)	(25.509)	(224.288)	(623.637)	(2.933)	(896.913)
– Inflow	1.828	109.620	559.671	5.830.245	30.256	6.531.620
– Outflow	(22.374)	(135.129)	(783.959)	(6.453.882)	(33.189)	(7.428.533)
Total inflow	**7.147.128**	**8.591.837**	**5.989.200**	**11.564.772**	**760.281**	**34.053.218**
Total outflow	**(6.965.960)**	**(8.308.867)**	**(6.384.358)**	**(12.999.299)**	**(1.028.565)**	**(35.687.049)**

December 31, 2009 [1]	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	32.385	368.149	7.317	86.184	-	494.035
– Inflow	7.680.490	2.705.019	645.040	353.728	262.528	11.646.805
– Outflow	(7.648.105)	(2.336.870)	(637.723)	(267.544)	(262.528)	(11.152.770)
Interest rate derivatives	(4.266)	(4.283)	(109.391)	(268.337)	(35.527)	(421.804)
– Inflow	94.622	893.260	358.828	3.266.780	987.070	5.600.560
– Outflow	(98.888)	(897.543)	(468.219)	(3.535.117)	(1.022.597)	(6.022.364)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(9.395)	(12.904)	(131.221)	(259.909)	(22.295)	(435.724)
– Inflow	452	865	8.057	1.806.284	213.395	2.029.053
– Outflow	(9.847)	(13.769)	(139.278)	(2.066.193)	(235.690)	(2.464.777)
Total inflow	**7.775.564**	**3.599.144**	**1.011.925**	**5.426.792**	**1.462.993**	**19.276.418**
Total outflow	**(7.756.840)**	**(3.248.182)**	**(1.245.220)**	**(5.868.854)**	**(1.520.815)**	**(19.639.911)**

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

d. Information on contingent liabilities and assets:

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

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

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

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

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

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

[1] Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

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

[1] Excludes interest received from reserve requirements.

3. Information on interest income on marketable securities:

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

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

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

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b. Information on interest expense:

1. Information on interest expense on borrowings:

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

[(1)] Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

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

3. Maturity structure of the interest expense on deposits:

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

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

c. Information on dividend income:

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

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

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

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

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

f. Information on other operating income:

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

g. Provision for impairment of loans and other receivables:

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

h. Information related to other operating expenses:

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

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

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

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

j. Provision for taxes on income from continuing operations:

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

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

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

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

1. As a result of changes in the internal composition of the loan portfolio in the current year, the Bank revised the general loan loss provisions by updating the related parameters used with calculation of such provision. As of December 31, 2010, as a result of the revision, TL 114 million is recorded as income. Apart from this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance. (December 31, 2009-The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)

2. Information on any change in the accounting estimates concerning the current period or future periods: None.

l. Other items in income statement:

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

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

a. Information on dividends:

None.

b. Information on available for sale financial assets:

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

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

None.

d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

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

VI. Explanations and notes related to statement of cash flows

a. Information on cash and cash equivalents:

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

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

2. Effect of a change on the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

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

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

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

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

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

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

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

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

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.025.463 (December 31, 2009 – TL 144.580 decrease) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 43.319 as of December 31, 2010 (December 31, 2009 – TL 26.118 increase).

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

Yapı ve Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at December 31, 2010

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

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

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

1. December 31, 2010:

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

[1] Defined in subsection 2 of the 49th article of the Banking Act No.5411.
[2] The information in table above includes marketable securities and due from banks as well as loans.

December 31, 2009:

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

[1] Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
[2] The information in table above includes loans and due from banks as well as marketable securities.

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

Banks' risk group [1], [2]	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Beginning of the period	384.711	219.118	2.131.632	3.191.069	2.343.771	1.565.139
End of the period	549.533	384.711	3.449.707	2.131.632	5.019.730	2.343.771
Interest expense on deposits	33.850	30.810	172.642	172.096	135.069	139.045

[1] Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
[2] The information in table above includes borrowings and repo transactions as well as deposits.

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

Yapı ve Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

[(1)] Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
[(2)] The Bank’s derivative instruments are classified as “at Fair Value Through Profit or Loss” or “for Hedging Purposes” according to TAS 39.
[(3)] The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

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

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

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

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

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

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

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

IX. Explanations and notes related to subsequent events

1-According to the resolution of the Board of Directors of the Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as Executive Director and Deputy Chief Executive Officer and will continue his duty as member of Board of Directors.

2-According to the resolution of the Board of Directors of the Bank dated January 24, 2011, Carlo VIVALDI was appointed as Executive Director and Deputy Chief Executive Officer.

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

4-According to the resolution of the Board of Directors of the Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as Deputy General Manager and Carlo VIVALDI was appointed as Deputy General Manager, unless the response of the application to the BRSA is negative in 7 days.

5-Effective from January 31, 2011, Muzaffer OZTURK has resigned from his duty as vice president of Retail Sales Management due to retirement.

6-In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette numbered 27788 dated December 17, 2010; TL reserve requirement ratios are regulated as stated below. The new ratio is going to be valid starting from January 7, 2011.

-Demand, notice deposits and private current accounts 8%
-Up to 1 month time deposit accounts (1 month included) 8%
-Up to 3 months time deposit accounts (3 months included) 7%
-Up to 6 months time deposit accounts (6 months included) 7%
-Up to 1 year time deposit accounts 6%
-1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%
-Liabilities excluding deposit 8%

7-In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette numbered 27825 dated January 24, 2011; TL reserve requirement ratios are regulated as stated below. The new ratio is going to be valid starting from February 4, 2011.

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

Section six
Other explanations and notes

I. Other explanations on the Bank's operations

According to the resolution of the Board of Directors of the Bank dated March 15, 2010, the Bank's shares in UniCredit Menkul Değerler A.Ş. included in the available for sale securities portfolio (TL 3.148 nominal, 10,73% of the capital) have been sold to Koç Finansal Hizmetler A.Ş. as of July 9, 2010 for a consideration of TL 8.548.

Section seven
Explanations on independent auditor's report

I. Explanations on independent auditor's report

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

II. Explanations and notes prepared by independent auditor

None.

2010 Dividend Distribution Table

Yapı ve Kredi Bankası A.Ş. 2010 Dividend Distribution Table (TL)

1. Paid-in Capital	4.347.051.284,00
2. Legal Reserves (per Legal Book)	163.958.457,66
Information on whether Articles of Association has any privilege regarding profit distribution	None
	per Legal Book
3. Gross Profit	2.519.768.445,86
4. Reserve for Taxes (-)	459.477.684,89
5. Net Profit (=)	2.060.290.760,97
6. Prior Years' Losses (-)	0,00
7. 1st Legal reserves (-)	103.014.538,04
8 NET DISTRIBUTABLE PROFIT (=)	1.957.276.222,93
9. Donations made during the year (+)	
10. Net distributable profit including donations to be used in the calculation of 1st dividend	
11. 1st dividend to shareholders	
-Cash	
-Bonus shares	
-Total	
12. Dividend to shareholders which possess preferred shares	
13. Dividend to Members of Board of Directors and employees etc.	
14. Dividend to shareholders which possess redeemed shares	
15. 2nd dividend to shareholders	
16. 2nd Legal reserves (-)	
17. Statutory Reserves	0,00
18. Special Reserves	65.691.587,20
19. EXTRAORDINARY RESERVES	1.891.584.635,73
20. Other sources which are accepted as distributable	-
-Retained Earning	
-Extraordinary Reserves	
-Other distributable reserves in accordance with the related laws and Articles of Association	

INFORMATION RELATED WITH THE DISTRIBUTABLE PROFIT SHARE (privileged, non privileged, per share basis)

DIVIDEND INFORMATION PER SHARE

GROUP	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND TO 1 TL NOMINAL VALUE SHARE	
		AMOUNT (TL)	RATIO (%)
GROSS	0,00	0,00	0,00
NET	0,00	0,00	0,00

THE RATIO OF DISTRIBUTED PROFIT SHARE TO CHARITIES ADDED NET DISTRIBUTABLE PERIOD PROFIT

PROFIT SHARE AMOUNT DISTRIBUTED TO SHAREHOLDERS (TL)	THE RATIO OF DISTRIBUTED PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS TO CHARITIES ADDED NET DISTRIBUTABLE PERIOD PROFIT(%)

Risk Management Policies

Yapı Kredi adopted, as a risk management policy, the principle of full employee participation in risk management. In addition, this directive reconstituted the responsibilities of the Board of Directors and the senior management as well as the responsibilities and functions of the Audit Committee and the Executive Committee. In accordance with this directive, any breach of limits and policies were reported to the Bank's management and the Executive Committee in a timely manner.

The Credit Policy Directive reflecting the Bank's risk appetite was updated, approved by the Board of Directors, and became operational in 2010. The Credit Policy Directive currently in effect includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve asset quality, as well as supporting effective risk management and complying with legal practices.

The main policies to be pursued throughout 2011 in the credit risk management area will continue to be focused on improving credit rating models that measure and manage potential risk, enhancing credit infrastructure and processes, integrating Loss Given Default (LGD) and Risk Given Default (RGD) models into Bank's daily workflow and calculating the cost of credit risk for each customer segment, in compliance with Basel II principles.

The main strategies to be followed throughout 2011 are:

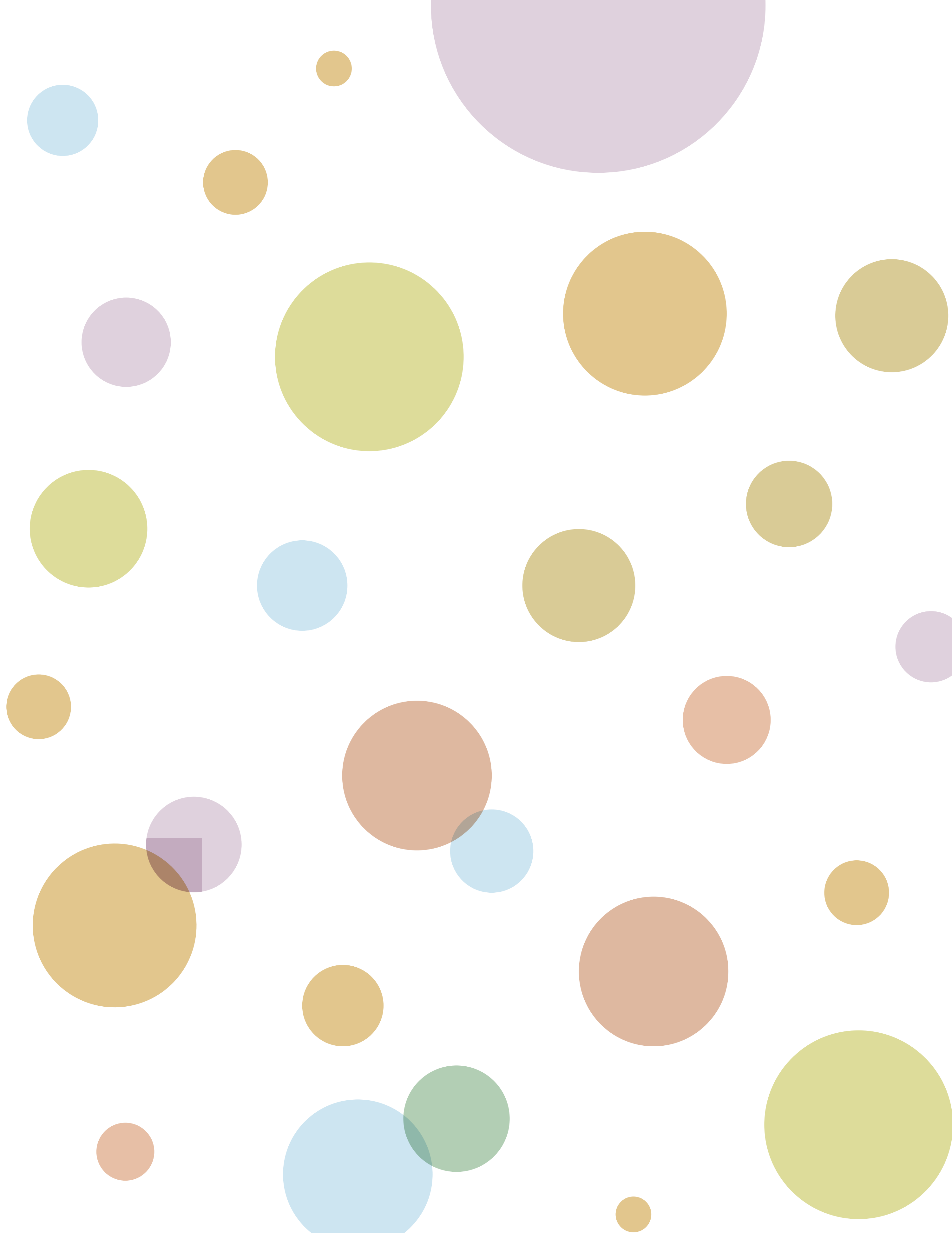
- Effective implementation of the Credit Policy Directive to reinforce common risk management approach throughout the Bank
- Update and improvement of current models and systems utilised in measuring and managing credit risk
- Continuation of credit process optimisation
- Diversification of the loan portfolio toward less risky sectors
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits
- Focus on maintaining customers with good credit ratings
- Avoidance of transactions bearing high credit risk and reputational risk
- Measurement of cost of risk by customer segments while applying general provisioning in line with cost of risk
- Preventative actions against new defaults in individual and SME loans
- Timely delivery of credit risk information to the senior management in order to ensure an effective risk management

The market risk department's function is to measure the impact of fluctuations in interest rates, foreign exchange rates and stock prices on the Bank's trading portfolio, monitoring of the risk limits stipulated by risk management policies and reporting of the findings to the senior management. With regard to market risk policies, which are revised every year in light of the budget, expectations and risk to which the Bank is exposed, is defined in detail and the processes regarding the management of this risk as well as the job descriptions of the related units are stipulated. It includes measurement methods to be employed on the basis of related risk as well as the risk limits as revised in light of the budget. In addition, functions and authorities of units involved in the risk control process and of the committees were stipulated in the policies. The Executive Committee has an active role in the risk management process.

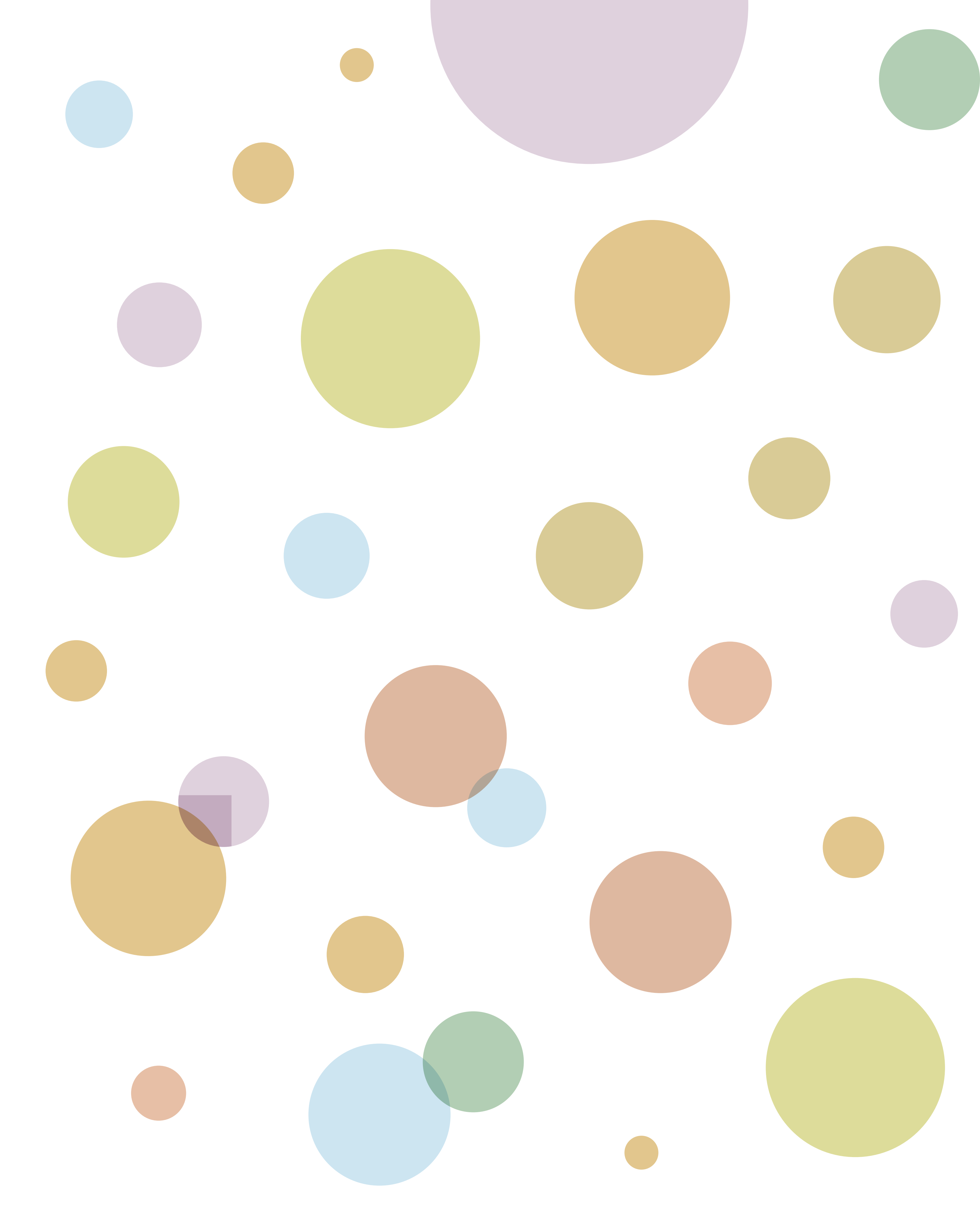
With regard to operational risk management, a risk framework has been in effect since 2006 which is a combined set of policies and procedures for controlling, measuring and mitigating the operational risk exposure of the Bank and its subsidiaries. Every year, the policies are reviewed and updated in line with the changes in the operational risk profile.

Operational risk policies cover the group-wide principles and standard regarding the responsibilities of the operational risk management function and the management bodies; strategy, policy and investments for the implementation of operational risk control and measurement system; the frequency, content and the addressee of the operational risk reporting.

Business Continuity Management (BCM) policy aims at minimising risks that might endanger continuity of Bank's functions and ensuring recovery of critical services and products at desired levels and time spans in case of disruptions. The BCM policy which was approved by the Board of Directors is regularly updated.



PART IV
CONSOLIDATED FINANCIAL INFORMATION



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

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

We have audited the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as at December 31, 2010 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended and summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Other matter:

The consolidated financial statements of the Bank as at and for the year ended December 31, 2009 prepared in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411 were audited by another independent audit firm, who expressed an unqualified opinion in their report dated March 2, 2010.

Additional paragraph for convenience translation to English:

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

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

Selim Elhadef
Partner, SMMM

Istanbul, February 28, 2011

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

Yapı ve Kredi Bankası A.Ș.

The Consolidated Financial Report of Yapı ve Kredi Bankası A.Ș. as of December 31, 2010

Yapı ve Kredi Bankası A.Ş. Genel Müdürlük
Yapı Kredi Plaza D Blok Levent 34330 İstanbul
Tel: (0212) 339 70 00 Faks: (0212) 339 60 00
www.yapikredi.com.tr
E-Posta: financialreports@yapikredi.com.tr

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

- **Section one** - General Information About The Group.
- **Section two** - Consolidated Financial Statements.
- **Section three** - Explanations on Accounting Policies.
- **Section four** - Information Related to Financial Position of The Group.
- **Section five** - Explanations and Notes related to Consolidated Financial Statements
- **Section six** - Other Explanations.
- **Section seven** - Independent Auditor's Report.

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

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

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

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

Tayfun BAYAZIT
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

M. Gökmen UÇAR
Head of Financial Board of Directors
Reporting and Accounting

Federico GHIZZONI
President of Audit Committee

Vittorio G. M. OGLIENGO
Member of Audit Committee

Füsun Akkal BOZOK
Member of Audit Committee

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

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

Section one
General information about the Group

Section two
Consolidated financial statements

Section three
Explanations on accounting policies

Section four
Information related to financial position of the Group

Section five
Explanations and notes related to consolidated financial statements

Section six
Other explanations and notes

Section seven
Explanations on independent auditor's report

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

Section one

General information about the group

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

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

II. Explanation about the parent bank's capital structure, shareholders of the parent bank who are in charge of the management and/or auditing of the parent bank directly or indirectly, changes in these matters (if any) and the group the parent bank belongs to:

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

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

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

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

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

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

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

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

As of December 31, 2010, the Parent Bank's Board of Directors, Members of the Audit Committee and Executive President and Vice Presidents are as follows.

Board of Directors Members:

Name	Responsibility
Tayfun BAYAZIT	Chairman
Federico GHIZZONI	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Alessandro M. DECIO(1)	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Füsun Akkal BOZOK	Member
Carlo VIVALDI(1) (2)	Member
Vittorio G. M. OGLIENGO	Member
O. Turgay DURAK	Member
Massimiliano FOSSATI	Member

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

General Manager and Assistant General Managers:

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

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

Audit Committee Members:

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

Statutory auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

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

V. Summary information on the parent bank’s activities and services:

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

The Parent Bank’s purpose and subject matter in accordance with the Banking Act, regulations and existing laws; includes:

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

In case of necessity to perform activities which are useful and required but that are not specified in the articles of association, a Board of Directors’ proposal is to be presented to the General Assembly.

With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

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

As of December 31, 2010, the Bank has 14.411 employees (December 31, 2009 - 14.333 employees).

The parent Bank together with its consolidated subsidiaries is referred to as the “Group” in these consolidated financial statements. As of December 31, 2010, the Group has 16.780 employees (December 31, 2009 - 16.713 employees).

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Financial Statements at December 31, 2010 and 2009

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

Section two
Consolidated financial statements

I. Consolidated balance sheet

			(31/12/2010)			(31/12/2009)		
	Assets	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	Cash and balances with central bank	I-a	2.558.311	3.476.115	6.034.426	1.784.273	2.445.062	4.229.335
II.	Financial assets at fair value through profit or (loss) (net)	I-b	938.171	131.944	1.070.115	802.452	181.175	983.627
2.1	Trading financial assets		938.171	131.944	1.070.115	802.452	181.175	983.627
2.1.1	Government debt securities		239.553	60.999	300.552	164.476	109.402	273.878
2.1.2	Share certificates		6.448	-	6.448	38.963	-	38.963
2.1.3	Trading derivative financial assets		622.779	70.745	693.524	546.121	71.583	617.704
2.1.4	Other marketable securities		69.391	200	69.591	52.892	190	53.082
2.2	Financial assets designated at fair value through profit /(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	Banks	I-c	708.938	1.854.792	2.563.730	545.079	1.849.569	2.394.648
IV.	Money markets		970.970	-	970.970	1.581.459	-	1.581.459
4.1	Interbank money market placements		-	-	-	1.500.271	-	1.500.271
4.2	Receivables from istanbul stock exchange money market		-	-	-	30.015	-	30.015
4.3	Receivables from reverse repurchase agreements		970.970	-	970.970	51.173	-	51.173
V.	Available-for-sale financial assets (net)	I-d	4.422.875	1.453.105	5.875.980	934.109	1.089.706	2.023.815
5.1	Share certificates		16.331	269	16.600	18.978	2.193	21.171
5.2	Government debt securities		3.339.007	1.077.982	4.416.989	867.008	1.018.499	1.885.507
5.3	Other marketable securities		1.067.537	374.854	1.442.391	48.123	69.014	117.137
VI.	Loans and receivables	I-e	34.957.515	19.718.347	54.675.862	24.960.975	14.309.544	39.270.519
6.1	Loans		34.562.909	19.680.071	54.242.980	24.564.156	14.298.626	38.862.782
6.1.1	Bank's risk group		733.913	494.603	1.228.516	414.041	181.577	595.618
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		33.828.996	19.185.468	53.014.464	24.150.115	14.117.049	38.267.164
6.2	Loans under follow-up		1.766.342	141.624	1.907.966	2.569.983	52.675	2.622.658
6.3	Specific provisions (-)		(1.371.736)	(103.348)	(1.475.084)	(2.173.164)	(41.757)	(2.214.921)
VII.	Factoring receivables		1.082.586	742.306	1.824.892	1.027.290	404.041	1.431.331
VIII.	Held-to-maturity securities (net)	I-f	5.319.830	7.655.114	12.974.944	6.056.097	7.262.622	13.318.719
8.1	Government debt securities		5.319.830	7.655.114	12.974.944	6.056.097	7.262.622	13.318.719
8.2	Other marketable securities		-	-	-	-	-	-
IX.	Investments in associates (net)	I-g	3.940	71.906	75.846	3.940	58.939	62.879
9.1	Consolidated based on equity method		-	71.906	71.906	-	58.939	58.939
9.2	Unconsolidated		3.940	-	3.940	3.940	-	3.940
9.2.1	Financial investments in associates		3.940	-	3.940	3.940	-	3.940
9.2.2	Non-financial investments in associates		-	-	-	-	-	-
X.	Subsidiaries (net)	I-h	2.300	-	2.300	2.300	-	2.300
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	Joint ventures (net)	I-i	22.265	-	22.265	24.590	-	24.590
11.1	Accounted based on equity method		22.265	-	22.265	24.590	-	24.590
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial joint ventures		-	-	-	-	-	-
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	Lease receivables	I-j	384.445	1.605.169	1.989.614	398.762	1.786.448	2.185.210
12.1	Financial lease receivables		461.940	1.869.514	2.331.454	493.872	2.104.050	2.597.922
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(77.495)	(264.345)	(341.840)	(95.110)	(317.602)	(412.712)
XIII.	Hedging derivative financial assets	I-k	34.463	3.738	38.201	127.678	953	128.631
13.1	Fair value hedge		34.463	-	34.463	127.678	953	128.631
13.2	Cash flow hedge		-	3.738	3.738	-	-	-
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	Property and equipment (net)	I-l	1.139.529	16.986	1.156.515	1.130.617	16.930	1.147.547
XV.	Intangible assets (net)	I-m	1.241.866	1.214	1.243.080	1.194.538	111	1.194.649
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		262.373	1.214	263.587	215.045	111	215.156
XVI.	Investment property (net)	I-n	-	-	-	-	-	-
XVII.	Tax asset		317.180	2.248	319.428	307.991	3.366	311.357
17.1	Current tax asset		-	1.223	1.223	-	236	236
17.2	Deferred tax asset	I-o	317.180	1.025	318.205	307.991	3.130	311.121
XVIII.	Assets held for resale and related to discontinued operations (net)	I-p	82.416	-	82.416	88.680	-	88.680
18.1	Held for sale purposes		82.416	-	82.416	88.680	-	88.680
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	Other assets	I-r	957.024	936.450	1.893.474	836.513	518.675	1.355.188
	Total assets		55.144.624	37.669.434	92.814.058	41.807.343	29.927.141	71.734.484

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Financial Statements at December 31, 2010 and 2009

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

I. Consolidated balance sheet

			(31/12/2010)			(31/12/2009)		
	Liabilities	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	Depoits	II-a	32.261.175	22.945.827	55.207.002	23.232.276	20.142.609	43.374.885
1.1	Deposits of the Bank's risk group		3.707.671	3.157.886	6.865.557	1.617.242	2.648.296	4.265.538
1.2	Other		28.553.504	19.787.941	48.341.445	21.615.034	17.494.313	39.109.347
II.	Derivative financial liabilities held for trading	II-b	294.227	64.941	359.168	212.626	55.889	268.515
III.	Borrowings	II-c	2.026.611	8.046.459	10.073.070	1.417.155	4.943.071	6.360.226
IV.	Money markets		469.580	3.181.436	3.651.016	130.100	1.155.467	1.285.567
4.1	Funds from interbank money market		-	29.843	29.843	-	46.886	46.886
4.2	Funds from istanbul stock exchange money market		401.755	-	401.755	-	-	-
4.3	Funds provided under repurchase agreements		67.825	3.151.593	3.219.418	130.100	1.108.581	1.238.681
V.	Marketable securities issued (net)	II-d	-	1.394.904	1.394.904	-	1.744.478	1.744.478
5.1	Bills		-	19.485	19.485	-	718	718
5.2	Asset backed securities		-	1.375.419	1.375.419	-	1.743.760	1.743.760
5.3	Bonds		-	-	-	-	-	-
VI.	Funds		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	Miscellaneous payables		3.421.542	784.429	4.205.971	2.828.474	417.351	3.245.825
VIII.	Other liabilities	II-e	703.682	340.801	1.044.483	509.530	397.055	906.585
IX.	Factoring payables		-	-	-	-	-	-
X.	Lease payables (net)		-	-	-	1	112	113
10.1	Financial lease payables	II-f	-	-	-	1	113	114
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		-	-	-	-	(1)	(1)
XI.	Hedging derivative financial liabilities	II-g	352.025	101.638	453.663	357.513	100	357.613
11.1	Fair value hedge		313.917	-	313.917	357.513	100	357.613
11.2	Cash flow hedge		38.108	101.638	139.746	-	-	-
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	Provisions	II-h	2.576.902	702.836	3.279.738	2.541.836	731.445	3.273.281
12.1	General loan loss provision		520.460	306.393	826.853	557.129	352.501	909.630
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		178.753	3.214	181.967	164.049	2.150	166.199
12.4	Insurance technical provisions (net)		614.469	316.238	930.707	546.356	320.448	866.804
12.5	Other provisions		1.263.220	76.991	1.340.211	1.274.302	56.346	1.330.648
XIII.	Tax liability	II-i	286.688	2.312	289.000	204.945	2.288	207.233
13.1	Current tax liability		286.688	180	286.868	204.444	653	205.097
13.2	Deferred tax liability		-	2.132	2.132	501	1.635	2.136
XIV.	Liabilities for assets held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1	Held for sale purpose		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	Subordinated loans	II-j	-	2.110.274	2.110.274	-	2.224.023	2.224.023
XVI.	Shareholders' equity	II-k	10.824.482	(78.713)	10.745.769	8.499.057	(12.917)	8.486.140
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		812.686	(78.713)	733.973	722.973	(12.917)	710.056
16.2.1	Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	II-k	187.262	65.535	252.797	102.824	58.577	161.401
16.2.4	Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		812	(144.248)	(143.436)	14.299	(71.494)	(57.195)
16.2.9	Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		80.731	-	80.731	61.969	-	61.969
16.3	Profit reserves		3.202.502	-	3.202.502	1.865.878	-	1.865.878
16.3.1	Legal reserves		163.959	-	163.959	96.220	-	96.220
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		3.038.543	-	3.038.543	1.769.658	-	1.769.658
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Income or (loss)		2.399.148	-	2.399.148	1.505.894	-	1.505.894
16.4.1	Prior years' income or (loss)		151.117	-	151.117	(37.054)	-	(37.054)
16.4.2	Current year income or (loss)		2.248.031	-	2.248.031	1.542.948	-	1.542.948
16.5	Minority interest	II-l	63.095	-	63.095	57.261	-	57.261
	Total liabilities and shareholders' equity		53.216.914	39.597.144	92.814.058	39.933.513	31.800.971	71.734.484

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Financial Statements at December 31, 2010 and 2009

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

II. Consolidated off-balance sheet commitments

		Note	(31/12/2010)			(31/12/2009)		
		(Section five)	TL	FC	Total	TL	FC	Total
A.	Off-balance sheet commitments (I+II+III)		46.872.065	56.333.943	103.206.008	33.280.612	40.993.912	74.274.524
I.	Guarantees and warranties	III-a-2, 3	7.798.109	11.894.444	19.692.553	6.256.478	10.329.577	16.586.055
1.1	Letters of guarantee		7.780.097	7.167.366	14.947.463	6.251.627	7.045.114	13.296.741
1.1.1	Guarantees subject to state tender law		510.007	596.097	1.106.104	476.948	441.239	918.187
1.1.2	Guarantees given for foreign trade operations		840.037	6.434.849	7.274.886	683.494	6.342.845	7.026.339
1.1.3	Other letters of guarantee		6.430.053	136.420	6.566.473	5.091.185	261.030	5.352.215
1.2	Bank acceptances		-	165.797	165.797	-	151.669	151.669
1.2.1	Import letter of acceptance		-	165.797	165.797	-	151.669	151.669
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		12.337	3.987.536	3.999.873	1.410	2.736.825	2.738.235
1.3.1	Documentary letters of credit		12.337	3.974.126	3.986.463	1.410	2.709.285	2.710.695
1.3.2	Other letters of credit		-	13.410	13.410	-	27.540	27.540
1.4	Prefinancing given as guarantee		143	2.062	2.205	143	2.008	2.151
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the central bank of the republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		5.532	269.072	274.604	2.398	197.374	199.772
1.9	Other collaterals		-	302.611	302.611	900	196.587	197.487
II.	Commitments	III -a-1	19.805.392	2.819.338	22.624.730	16.411.945	3.043.563	19.455.508
2.1	Irrevocable commitments		19.370.406	2.819.338	22.189.744	16.411.945	3.043.563	19.455.508
2.1.1	Asset purchase and sale commitments		-	2.544.040	2.544.040	-	517.280	517.280
2.1.2	Deposit purchase and sales commitments		44	9.797	9.841	5.419	-	5.419
2.1.3	Share capital commitments to associates and subsidiaries		2.000	-	2.000	2.000	-	2.000
2.1.4	Loan granting commitments		3.070.259	233.241	3.303.500	2.693.259	422.894	3.116.153
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	1.209.483	2.088.453	3.297.936
2.1.7	Commitments for cheques		3.653.626	-	3.653.626	1.468.823	-	1.468.823
2.1.8	Tax and fund liabilities from export commitments		39.486	-	39.486	38.261	-	38.261
2.1.9	Commitments for credit card limits		11.706.172	21.507	11.727.679	10.952.962	1.306	10.954.268
2.1.10	Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		898.819	10.753	909.572	41.738	13.630	55.368
2.2	Revocable commitments		434.986	-	434.986	-	-	-
2.2.1	Revocable loan granting commitments		434.986	-	434.986	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	Derivative financial instruments	III -b,c	19.268.564	41.620.161	60.888.725	10.612.189	27.620.772	38.232.961
3.1	Hedging derivative financial instruments		3.446.632	9.397.626	12.844.258	1.957.152	2.011.741	3.968.893
3.1.1	Transactions for fair value hedge		2.106.632	2.210.606	4.317.238	1.957.152	2.011.741	3.968.893
3.1.2	Transactions for cash flow hedge		1.340.000	7.187.020	8.527.020	-	-	-
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		15.821.932	32.222.535	48.044.467	8.655.037	25.609.031	34.264.068
3.2.1	Forward foreign currency buy/sell transactions		2.081.770	3.206.163	5.287.933	1.763.364	2.312.832	4.076.196
3.2.1.1	Forward foreign currency transactions-buy		637.179	2.004.987	2.642.166	854.121	1.182.108	2.036.229
3.2.1.2	Forward foreign currency transactions-sell		1.444.591	1.201.176	2.645.767	909.243	1.130.724	2.039.967
3.2.2	Swap transactions related to foreign currency and interest rates		8.030.332	21.979.345	30.009.677	5.428.414	18.078.075	23.506.489
3.2.2.1	Foreign currency swap-buy		5.869.467	7.636.788	13.506.255	3.839.391	4.658.545	8.497.936
3.2.2.2	Foreign currency swap-sell		1.960.865	11.000.959	12.961.824	1.589.023	6.428.426	8.017.449
3.2.2.3	Interest rate swap-buy		100.000	1.670.799	1.770.799	-	3.495.552	3.495.552
3.2.2.4	Interest rate swap-sell		100.000	1.670.799	1.770.799	-	3.495.552	3.495.552
3.2.3	Foreign currency, interest rate and securities options		5.159.829	6.683.197	11.843.026	1.463.259	4.693.069	6.156.328
3.2.3.1	Foreign currency options-buy		2.330.226	3.125.062	5.455.288	530.200	1.432.885	1.963.085
3.2.3.2	Foreign currency options-sell		2.524.459	2.944.966	5.469.425	653.793	1.321.654	1.975.447
3.2.3.3	Interest rate options-buy		-	-	-	16.194	880.800	896.994
3.2.3.4	Interest rate options-sell		-	-	-	16.194	880.800	896.994
3.2.3.5	Securities options-buy		152.572	340.122	492.694	129.092	88.465	217.557
3.2.3.6	Securities options-sell		152.572	273.047	425.619	117.786	88.465	206.251
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		1	-	1	-	-	-
3.2.5.1	Interest rate futures-buy		1	-	1	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		550.000	353.830	903.830	-	525.055	525.055
B.	Custody and pledges received (IV+V+VI)		105.034.734	20.439.132	125.473.866	75.768.203	17.689.193	93.457.396
IV.	Items held in custody		63.860.271	3.846.300	67.706.571	48.319.294	3.636.594	51.955.888
4.1	Customer fund and portfolio balances		5.569	102	5.671	5.337	107	5.444
4.2	Investment securities held in custody		55.522.712	3.387.712	58.910.424	41.864.639	3.337.576	45.202.215
4.3	Checks received for collection		6.615.323	62.224	6.677.547	4.993.095	39.960	5.033.055
4.4	Commercial notes received for collection		1.713.892	375.385	2.089.277	1.456.124	237.166	1.693.290
4.5	Other assets received for collection		-	20.877	20.877	-	21.785	21.785
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		2.775	-	2.775	99	-	99
4.8	Custodians		-	-	-	-	-	-
V.	Pledges received		40.304.331	15.999.918	56.304.249	26.604.251	13.446.313	40.050.564
5.1	Marketable securities		281.601	167	281.768	199.083	163	199.246
5.2	Guarantee notes		433.773	380.268	814.041	303.643	355.528	659.171
5.3	Commodity		58.680	-	58.680	11.329	-	11.329
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		27.491.727	11.473.952	38.965.679	17.764.131	9.292.461	27.056.592
5.6	Other pledged items		12.038.550	4.142.785	16.181.335	8.326.065	3.795.462	12.121.527
5.7	Pledged items-depository		-	2.746	2.746	-	2.699	2.699
VI.	Accepted independent guarantees and warranties		870.132	592.914	1.463.046	844.658	606.286	1.450.944
	Total off-balance sheet commitments (a+b)		151.906.799	76.773.075	228.679.874	109.048.815	58.683.105	167.731.920

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Financial Statements at December 31, 2010 and 2009

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

III. Consolidated income statement

	Income and expense items	Note (Section five)	01/01-31/12/2010	01/01-31/12/2009
I.	Interest income	IV-a	6.389.724	7.378.943
1.1	Interest on loans	IV-a-1	4.649.422	5.271.062
1.2	Interest received from reserve requirements		58.431	114.668
1.3	Interest received from banks	IV -a-2	75.741	66.803
1.4	Interest received from money market transactions		46.856	89.198
1.5	Interest received from marketable securities portfolio	IV -a-3	1.251.191	1.453.143
1.5.1	Trading financial assets		18.105	29.676
1.5.2	Financial assets classified as at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		250.982	148.989
1.5.4	Held to maturity investments		982.104	1.274.478
1.6	Financial lease income		199.400	254.671
1.7	Other interest income		108.683	129.398
II.	Interest expense	IV-b	(2.807.571)	(3.482.088)
2.1	Interest on deposits	IV -b-3	(2.330.761)	(2.894.618)
2.2	Interest on funds borrowed	IV -b-1	(377.625)	(477.259)
2.3	Interest expense on money market transactions		(66.447)	(64.152)
2.4	Interest on securities issued		(24.674)	(44.863)
2.5	Other interest expenses		(8.064)	(1.196)
III.	Net interest income (I+II)		3.582.153	3.896.855
IV.	Net fees and commissions income		1.738.087	1.569.115
4.1	Fees and commissions received		2.071.264	1.912.286
4.1.1	Non-cash loans		219.730	200.305
4.1.2	Other		1.851.534	1.711.981
4.2	Fees and commissions paid		(333.177)	(343.171)
4.2.1	Non-cash loans		(3.836)	(3.028)
4.2.2	Other		(329.341)	(340.143)
V.	Dividend income	IV -c	1.082	3.402
VI.	Trading gain/(loss) (net)	IV -d	(32.138)	371.002
6.1	Trading gains/(losses) on securities		115.205	161.618
6.2	Derivative financial transactions gains/(losses)	IV -e	(470.513)	326.390
6.3	Foreign exchange gains/(losses)		323.170	(117.006)
VII.	Other operating income	IV -f	1.353.599	225.170
VIII.	Total operating income (III+IV+V+VI+VII)		6.642.783	6.065.544
IX.	Provision for loan losses and other receivables (-)	IV -g	(1.162.305)	(1.648.729)
X.	Other operating expenses (-)	IV -h	(2.693.198)	(2.510.242)
XI.	Net operating income/(loss) (VIII-IX-X)		2.787.280	1.906.573
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments consolidated based on equity method		6.419	1.865
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/loss before taxes from continuing operations (XI+...+XIV)	IV -i	2.793.699	1.908.438
XVI.	Provision for taxes on income from continuing operations (±)	IV -j	(538.996)	(355.260)
16.1	Current tax provision		(550.611)	(480.911)
16.2	Deferred tax provision		11.615	125.651
XVII.	Net profit/losses from continuing operations (XV±XVI)		2.254.703	1.553.178
XVIII.	Income from discontinued operations		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures (business partnerships)		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures (business partnerships)		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	Profit /losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI.	Provision for income taxes from discontinued operations (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/losses from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/losses (XVII+XXII)	IV -k	2.254.703	1.553.178
23.1	Group's profit/loss		2.248.031	1.542.948
23.2	Minority interest profit/losses (-)	IV -m	6.672	10.230
	Earnings/(loss) per share (in TL full)		0,0052	0,0035

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Financial Statements at December 31, 2010 and 2009

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

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

	Income and expense items accounted under equity	(31/12/2010)	(31/12/2009)
I.	Transfers to the marketable securities valuation differences from the available for sale financial assets	122.640	72.121
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	(5.301)	(141)
V.	Profit or loss on cash flow hedges (effective part of the fair value differences)	(127.285)	-
VI.	Profit/loss from foreign investment hedges (effective part of fair value changes)	19.484	(2.943)
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	609	-
IX.	Deferred tax related to valuation differences	(4.528)	1.682
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	5.619	70.719
XI.	Current year profit/loss	2.254.703	1.553.178
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	4.710	14.678
11.2	Reclassification of cash flow hedge transactions and presentation of the related part under income statement	(65.061)	-
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4	Other	2.315.054	1.538.500
XII.	Total profit/loss related to the current period (x-xi)	2.260.322	1.623.897

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity at December 31, 2010

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

V. Consolidated statement of changes in shareholders' equity

	December 31, 2009	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extra-ordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities value increase fund	Property and Equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ dis-continued operations revaluation fund.	Total equity except minority interest	Minority interest	Total share-holders' equity
I.	Period opening balance		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.261.395	(255.848)	88.817	-	-	(54.841)	-	6.815.701	47.980	6.863.681
II.	Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.261.395	(255.848)	88.817	-	-	(54.841)	-	6.815.701	47.980	6.863.681
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	72.725	-	-	-	-	72.725	489	73.214
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.354)	-	(2.354)	-	(2.354)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.354)	-	(2.354)	-	(2.354)
VII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(141)	-	-	-	-	(141)	-	(141)
XI.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	1.542.948	-	-	-	-	-	-	1.542.948	10.230	1.553.178
XX.	Profit distribution		-	-	-	-	52.131	-	947.014	43.456	(1.261.395)	218.794	-	-	-	-	-	-	(1.438)	(1.438)
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.438)	(1.438)
20.2	Transfers to reserves		-	-	-	-	52.131	-	947.014	43.456	(1.261.395)	218.794	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+ ......+XVIII+XIX+XX)		4.347.051		543.881	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.140

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

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity at December 31, 2010

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

V. Consolidated statement of changes in shareholders' equity

	December 31, 2010	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extra-ordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities value increase fund	Property and Equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ dis-continued operations revaluation fund.	Total equity except minority interest	Minority interest	Total share-holders' equity
I.	Prior period-end balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.140
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	96.697	-	-	-	-	96.697	(145)	96.552
IV.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(86.241)		(86.241)	-	(86.241)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)	-	(101.828)
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	15.587	-	15.587	-	15.587
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(5.301)	-	-	-	-	(5.301)	-	(5.301)
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	609	-	-	-	-	-	-	-	609	-	609
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	2.248.031	-	-	-	-	-	-	2.248.031	6.672	2.254.703
XVIII.	Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	(693)	(693)
18.1	Dividend paid		-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	(693)	(693)
18.2	Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+......+XVII+XVIII)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.248.031	151.117	252.797	-	-	(143.436)	-	10.682.674	63.095	10.745.769

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

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

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

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Consolidated Financial Statements at December 31, 2010 and 2009

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

VI. Consolidated statement of cash flows

A.	Cash flows from banking operations	Notes (Section five)	(31/12/2010)	(31/12/2009)
1.1	Operating profit before changes in operating assets and liabilities		1.702.094	3.754.173
1.1.1	Interest received		6.124.353	8.076.524
1.1.2	Interest paid		(2.759.804)	(3.717.239)
1.1.3	Dividend received		1.082	3.402
1.1.4	Fees and commissions received		2.071.527	1.910.870
1.1.5	Other income		(513.433)	618.075
1.1.6	Collections from previously written-off loans and other receivables		1.594.440	1.708.090
1.1.7	Payments to personnel and service suppliers		(2.418.476)	(2.324.990)
1.1.8	Taxes paid		(592.927)	(531.252)
1.1.9	Other	VI-c	(1.804.668)	(1.989.307)
1.2	Changes in operating assets and liabilities		1.899.184	(3.818.462)
1.2.1	Net (increase)/decrease in trading securities		(3.405)	7.900
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		(288.670)	993.231
1.2.4	Net (increase)/decrease in loans		(14.933.529)	(1.555.263)
1.2.5	Net decrease/(increase) in other assets		(475.172)	(381.112)
1.2.6	Net (decrease)/increase in bank deposits		444.084	1.092.544
1.2.7	Net (increase)/decrease in other deposits		11.363.637	(1.348.668)
1.2.8	Net (increase)/decrease in funds borrowed		4.658.570	(2.867.262)
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	VI-c	1.133.669	240.168
I.	Net cash provided from banking operations		3.601.278	(64.289)
B.	Cash flows from investing activities			
II.	Net cash provided from investing activities		(3.425.860)	(1.177.078)
2.1	Cash paid for acquisition of investments, associates and subsidiaries (business partnerships)		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries (business partnerships)		-	-
2.3	Purchases of property and equipment		(234.847)	(203.691)
2.4	Disposals of property and equipment		45.330	43.942
2.5	Cash paid for purchase of investments available-for-sale		(9.624.918)	(1.479.806)
2.6	Cash obtained from sale of investments available-for -sale		6.025.287	1.331.397
2.7	Cash paid for purchase of investment securities		(3.020.222)	(2.008.035)
2.8	Cash obtained from sale of investment securities		3.383.510	1.139.115
2.9	Other		-	-
C.	Cash flows from financing activities			
III.	Net cash provided from financing activities		935.956	2.067.819
3.1	Cash obtained from funds borrowed and securities issued		3.222.407	2.069.424
3.2	Cash used for repayment of funds borrowed and securities issued		(2.285.645)	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(693)	(1.438)
3.5	Payments for finance leases		(113)	(167)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	VI-c	(54.185)	32.709
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		1.057.189	859.161
VI.	Cash and cash equivalents at beginning of the period	VI-a	5.047.843	4.188.682
VII.	Cash and cash equivalents at end of the period	VI-a	6.105.032	5.047.843

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

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

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

VII. Profit appropriation statement [1] [2]

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

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

[2] Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank

Section three

Explanations on accounting policies

I. Basis of presentation:

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

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

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

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

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

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

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

Additional paragraph for convenience translation:

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

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

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

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

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

III. Information on consolidation principles:

a. Consolidation principles applied:

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

1. Consolidation principles of subsidiaries:

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

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

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders’ equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to Consolidated Financial Statements at December 31, 2010

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

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

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

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

2. Consolidation principles of associates:

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

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

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

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

Title	(City/ Country)	Main activities	Effective rates (%) December 31, 2010	Direct and indirect rates (%) December 31, 2010
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

3. Consolidation principles of joint ventures:

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

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

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

Title	(City/ Country)	Main activities	Effective rates (%) December 31, 2010	Direct and indirect rates (%) December 31, 2010
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş..	İstanbul/Türkiye	GYO	30,45	30,45

4. Principles applied during share transfer, merger and acquisition:

It is explained in more detail in Note VII. of Section Five.

5. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

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

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

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

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

IV. Explanations on forward transactions, options and derivative instruments:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expense:

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

VII. Explanations on financial assets:

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

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

d. Available-for-sale financial assets:

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

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

VIII. Explanations on impairment of financial assets:

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

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

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

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

IX. Explanations on offsetting financial assets:

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

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

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

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

The Group has no securities lending transactions.

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

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

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

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

The Group has no discontinued operations.

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from the financial leasing transactions are included in "financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding financial lease transactions are charged to the income statement. Lease payments are deducted from financial leasing payables. The Parent Bank does not perform financial leasing operations as "Lessor".

Operational lease

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

b. Accounting of leasing operations according to lessor:

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

XV. Explanations on provisions and contingent asset and liabilities:

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

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

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

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefit

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

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

b. Pension rights

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

Temporary article 23 paragraph one of the Banking Act published in the Official Gazette dated November 1, 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, numbered 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette dated May 8, 2008, numbered 26870 and came into force. With the new law, the Banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extented for a maximum two years with the decision of the Council of Ministers.

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

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

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

c. Defined contribution plans:

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

d. Short term benefits of employee:

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

XVII. Explanations on taxation:

a. Current tax:

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

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

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

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

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

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

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

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

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

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of December 31, 2010 are as follows:

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

b. Deferred tax:

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

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

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

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

c. Transfer pricing:

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

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

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

XVIII. Explanations on borrowings:

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

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

XIX. Explanations on issuance of share certificates:

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

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

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

XX. Explanations on avalized drafts and acceptances:

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

XXI. Explanations on government grants:

As of December 31, 2010 and December 31, 2009, the Group has no government grants.

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	December 31, 2010	December 31, 2009
Group's Profit	2.248.031	1.542.948
Weighted Average Number of Issued Ordinary Shares (Thousand)	434.705.128	434.705.128
Earnings per share (Disclosed in full TL)	0,0052	0,0035

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

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

XXIV. Related parties:

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

XXV. Cash and cash equivalents:

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

XXVI. Operating segments:

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

XXVII. Reclassifications:

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

XXVIII. Legal mergers under common control:

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

XXIX. Other accounting policies:

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

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

Explanations related to insurance technical reserves

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

Non-life

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

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

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

Life, pension and non-life

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

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

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

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

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

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

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

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

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

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

Section four

Information related to financial position of the group

I. Explanations on consolidated capital adequacy ratio:

a. The capital adequacy ratio of the Group is 15,43% (December 31, 2009 - 16,52%).

b. The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders’ Equity” published as of 1 November 2006 and (together referred as “Regulation Regarding Capital Adequacy”). The following tables show the details of “risk weighted assets” and the calculation of “shareholders’ equity” for the capital adequacy ratio calculation.

c. Information related to capital adequacy ratio:

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

(1) There are no assets weighted with 10% risk.
(2) Not weighted

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	Risk Weights[1]					
	Consolidated					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (Net)	22.383.313	4.464.784	8.635.427	48.247.094	379.048	148.916
Cash	915.620	358	-	25.962	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.906.833	-	-	-	-	-
Domestic, foreign banks, foreign head offices and branches	756	2.373.910	-	163.094	-	-
Interbank Money Market Placements	-	-	-	-	-	-
Receivables from reverse repurchase transactions	21.423	949.120	-	-	-	-
Reserve Requirements with the Central Bank of the Republic of Turkey	2.307.047	-	-	-	-	-
Loans	2.614.108	1.099.070	8.357.144	42.633.887	379.048	148.916
Non-Performing receivables (Net)	-	-	-	432.882	-	-
Lease receivables	16.022	1.587	145.108	1.797.136	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-Maturity investments	12.739.572	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	43.380	-	-
Miscellaneous receivables	246.889	132		956.772	-	-
Interest and income accruals	278.666	40.359	133.175	692.641	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	24.565	-	-
Fixed assets	-	-	-	1.125.327	-	-
Other assets	336.377	248	-	351.448	-	-
Off-balance sheet items	222.172	2.994.949	431.262	13.161.545	-	-
Non-cash loans and commitments	222.172	1.907.040	431.262	12.985.348	-	-
Derivative financial instruments	-	1.087.909		176.197	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets[2]	22.605.485	7.459.733	9.066.689	61.408.639	379.048	148.916

[1] There are no assets weighted with 10% risk.
[2] Not weighted

d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Amount subject to credit risk (ASCR)	64.043.140	47.294.053	68.300.334	50.885.068
Amount subject to market risk (ASMR)	1.410.150	1.029.475	1.949.350	1.865.338
Amount subject to operational risk (ASOR)	7.806.018	6.209.003	8.999.966	7.695.259
Shareholder's equity	11.820.819	9.697.491	12.227.770	9.983.350
Shareholder's equity/ (ASCR+ASMR+ASOR)*100	16,14	17,78	15,43	16,52

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

e. Information about shareholders' equity items:

	December 31, 2010	December 31, 2009
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	163.959	96.220
First legal reserve (Turkish Commercial Code 466/1)	163.959	96.220
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	3.038.543	1.769.658
Reserves allocated by the General Assembly	3.038.543	1.769.658
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves, extraordinary reserves	-	-
Profit	2.399.148	1.542.948
Current period profit (net)	2.248.031	1.542.948
Prior period profit	151.117	-
Provisions for possible risks up to 25% of core capital	124.712	96.616
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	80.731	61.969
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	63.095	57.261
Uncovered portion of loss with reserves (-)	-	(37.054)
Current period loss (net)	-	-
Prior period loss	-	(37.054)
Special costs (-)(1)	102.899	97.938
Prepaid expenses (-)	138.650	109.837
Intangible assets (-)	1.243.080	1.194.649
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
Total core capital	9.276.491	7.076.126

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	December 31, 2010	December 31, 2009
Supplementary capital		
General provisions	826.853	755.571
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary Subordinated Loans that are not considered in the calculation of core capital	-	-
Secondary Subordinated Loans [1]	2.097.218	2.208.374
45% of Marketable Securities valuation differences	113.759	46.893
Investments in associates and subsidiaries	(5.269)	-
Available-for-Sale financial assets	119.028	46.893
Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
Total supplementary capital	3.037.830	3.010.838
Tier III capital		
Capital	12.314.321	10.086.964
Deductions from the capital	86.551	103.614
Investments in Unconsolidated Financial Institutions and Banks	3.940	28.530
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	-	-
Investments in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	71.906	58.939
Loans extended as contradictory to the articles 50 and 51of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date.	10.705	16.145
Other	-	-
Total shareholders' equity	12.227.770	9.983.350

[1] In accordance with the Regulation, the balance is disclosed net of the related bank receivables.

II. Explanations on consolidated credit risk:

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

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

In case of SME, risk scores generated by the credit rating system are used in the SME loans rating approval authorization system. By this system, high graded clients are approved by the branches while low graded clients are directed to the higher authorization levels for approval.

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

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

b. The Group has control limits over the positions of forwards, options and similar agreements.

c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

d. In line with the Communiqué related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provisions for these loans and other receivables, if the cash risk of a customer is classified as non performing, the non-cash is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

e. The Group’s banking activities in foreign countries and crediting transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.

f. 1. The proportion of the Group’s top 100 cash loan balances in total cash loans is 21% (December 31, 2009 - 22%).

2. The proportion of the Group’s top 100 non-cash loan balances in total non-cash loans is 40% (December 31, 2009 - 45%).

3. The proportion of the Group’s cash and non-cash loan balances with the first 100 customers comprises of 20% of total cash loans and non-cash loans (December 31,2009 - 22%).

g. The Group provided a general loan loss provision amounting to TL 826.853 (December 31, 2009 – TL 909.630).

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h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to banks and other financial Institutions		Marketable Securities [1]		Other Loans [2]		Off Balance Sheet Liabilities [2]	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Loans concentration according to the type of borrowers										
Private Sector	37.593.280	25.614.522	951.217	1.029.335	354.437	99.257	902.643	739.025	28.844.057	17.065.974
Public Sector	1.292.231	1.234.148	-	-	17.647.959	14.979.268	-	51.053	28.807	3.075.773
Banks	-	-	625.234	446.493	1.202.071	569.798	4.862.930	6.549.138	1.653.115	4.898.938
Individual Customers	18.028.406	14.562.562	-	-	-	-	97.823	251.620	11.791.304	11.000.878
Share certificates	-	-	-	-	23.048	60.134	100.411	89.769	-	-
Total	**56.913.917**	**41.411.232**	**1.576.451**	**1.475.828**	**19.227.515**	**15.708.457**	**5.963.807**	**7.680.605**	**42.317.283**	**36.041.563**
Information according to geographical concentration										
Domestic	55.166.929	40.346.948	1.533.148	1.464.697	17.706.179	15.392.795	4.327.715	5.057.449	38.672.180	34.317.385
European Union Countries	329.931	327.703	2.745	3.665	1.138.604	164.095	655.966	1.420.408	2.052.987	793.459
OECD Countries [3]	43.080	45.141	-	-	12.262	12.884	786.198	787.537	729.517	294.193
Off-shore banking regions	73	3.067	-	-	14.574	27.916	73	143	930	10.636
USA, Canada	77.180	23.742	-	-	299.464	16.890	191.868	193.388	254.347	124.319
Other Countries	1.296.724	664.631	40.558	7.466	56.432	93.877	1.987	221.680	607.322	501.571
Total	**56.913.917**	**41.411.232**	**1.576.451**	**1.475.828**	**19.227.515**	**15.708.457**	**5.963.807**	**7.680.605**	**42.317.283**	**36.041.563**

(1) Contains trading financial assets (excluding derivative assets), available-for-sale financial assets and held-to-maturity investments.
(2) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts ("UCA").
(3) OECD countries other than EU countries, USA and Canada.

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

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

	December 31, 2010	December 31, 2009
Balance sheet items that are exposed to credit risk:		
Bank placements	2.563.730	2.394.648
Money markets	970.970	1.581.459
Loans and advances to customers	58.490.368	42.887.060
-Credit Cards	8.618.396	7.522.124
-Consumer loans	9.767.283	7.040.438
-Corporate, commercial and other loans	36.290.183	24.707.957
-Financial Leasing	1.989.614	2.185.210
-Factoring	1.824.892	1.431.331
Trading financial assets	1.070.115	983.627
-Government securities	300.552	273.878
-Share certificates	6.448	38.963
-Other marketable securities	69.591	53.082
-Derivative financial instruments	693.524	617.704
Investment securities	18.850.924	15.342.534
-Government debt securities	17.391.933	15.204.226
-Share certificates	16.600	21.171
-Other marketable securities	1.442.391	117.137
Held for hedging derivative financial assets	38.201	128.631
Other assets	1.754.824	1.245.351
Credit risk exposures relating to off-balance sheet items		
Financial guarantees	**18.947.336**	16.034.976
Loan commitments and other credit related liabilities	15.776.396	14.621.500
Other commitments	7.593.551	5.385.087

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

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

December 31, 2010

Moody's credit rating	Financial assets at fair value through profit or loss (Net)	Available-for-sale financial assets (Net)	Held to maturity investments (Net)	Total
Aaa	-	-	70.309	70.309
Aa2	200	10.812	16.454	27.466
Aa3	-	457.300	-	457.300
A2	-	304.986	-	304.986
A3	-	163.210	-	163.210
Baa1	-	25.293	-	25.293
Baa2	-	189.873	-	189.873
Baa3	-	33.730	-	33.730
Ba1	-	32.092	-	32.092
Ba2(1)	270.826	3.773.825	12.822.164	16.866.815
Ba3	41.165	632.187	66.017	739.369
Unrated	57.952	236.072	-	294.024
Total	370.143	5.859.380	12.974.944	19.204.467

December 31, 2009

Moody's credit rating	Financial assets at fair value through profit or loss (Net)	Available-for-sale financial assets (Net)	Held to maturity investments (Net)	Total
Aaa	-	14.974	75.549	90.523
Aa	190	11.282	17.336	28.808
A	-	-	-	-
Baa	-	28.357	72.544	100.901
Ba2(1)	227.149	1.157.582	12.014.792	13.399.523
Ba3	46.729	735.853	1.138.498	1.921.080
Unrated(2)	52.892	54.596	-	107.488
Total	326.960	2.002.644	13.318.719	15.648.323

(1) Securities consist of Republic of Turkey government bonds and treasury bills.
(2) Also included investment funds amounting TL 114.934 (December 31, 2009 – TL 101.622).

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k. Information according to geographical concentration:

	Assets	Liabilities[2]	Non-cash loans	Capital expenditures	Net profit[3]
December 31, 2010					
Domestic	87.274.582	64.876.912	17.338.659	231.504	2.254.703
European Union countries	2.390.822	13.733.224	1.304.997	254	-
OECD countries [1]	793.042	1.046.489	250.891	-	-
Off-shore banking regions	14.720	15.075	930	-	-
USA, Canada	595.380	1.305.300	238.404	-	-
Other Countries	1.645.101	1.091.289	558.672	3.089	-
Investments in associates, subsidiaries and joint ventures	100.411	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	92.814.058	82.068.289	19.692.553	234.847	2.254.703
December 31, 2009					
Domestic	67.905.094	49.124.229	14.861.877	200.249	1.553.178
European Union countries	2.446.335	11.586.983	793.459	51	-
OECD countries [1]	50.753	744.962	294.193	-	-
Off-shore banking regions	31.126	25.538	10.636	-	-
USA, Canada	261.576	840.292	124.319	-	-
Other Countries	949.831	926.340	501.571	3.391	-
Investments in associates, subsidiaries and joint ventures	89.769	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	71.734.484	63.248.344	16.586.055	203.691	1.553.178

[1] OECD Countries other than EU countries, USA and Canada.
[2] Shareholders’ equity is not included.
[3] The net profit can not be distributed according to geographical concentration.

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I. Sectoral concentrations for cash loans:

	December 31, 2010				December 31, 2009			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	442.899	1,28	458.744	2,33	649.935	2,65	171.991	1,20
Farming and Raising Livestock	369.600	1,07	429.742	2,18	579.470	2,36	142.843	1,00
Forestry	63.893	0,18	6.210	0,03	53.172	0,22	4.366	0,03
Fishing	9.406	0,03	22.792	0,12	17.293	0,07	24.782	0,17
Manufacturing	6.703.756	19,40	10.253.185	52,10	4.713.903	19,18	7.154.713	50,04
Mining	168.107	0,49	1.344.520	6,83	81.687	0,33	702.445	4,91
Production	6.355.704	18,39	7.045.224	35,80	4.506.059	18,34	5.042.183	35,27
Electric, Gas and Water	179.945	0,52	1.863.441	9,47	126.157	0,51	1.410.085	9,86
Construction	1.466.977	4,24	2.792.075	14,19	1.020.844	4,16	1.163.126	8,13
Services	4.967.579	14,37	4.417.885	22,45	3.787.458	15,42	3.795.757	26,55
Wholesale and Retail Trade	1.884.014	5,45	684.193	3,48	1.430.268	5,82	468.455	3,28
Hotel Food and Beverage services	486.210	1,41	1.100.963	5,59	205.506	0,84	695.412	4,86
Transportation and Telecommunication	538.570	1,56	2.214.708	11,25	551.146	2,24	2.047.654	14,33
Financial Institutions	1.462.171	4,23	114.280	0,58	1.081.663	4,40	394.165	2,76
Real Estate and Leasing services	235.352	0,68	117.700	0,60	228.202	0,93	137.596	0,96
Self Employment services	-	-	-	-	-	-	-	-
Education services	27.431	0,08	8.550	0,04	35.831	0,15	3.369	0,02
Health and Social services	333.831	0,96	177.491	0,91	254.842	1,04	49.106	0,34
Other	20.981.698	60,71	1.758.182	8,93	14.392.016	58,59	2.013.039	14,08
Total	34.562.909	100,00	19.680.071	100,00	24.564.156	100,00	14.298.626	100,00

III. Explanations on consolidated market risk:

The Parent Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. Notwithstanding, the Parent Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on- and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Asset and Liability Committee. The below table represents the details of market risk calculation as of December 31, 2010 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333, dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

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

a. Information on market risk:

		December 31, 2010	December 31, 2009
(I)	Capital to be Employed for General Market Risk - Standard Method	78.386	107.626
(II)	Capital to be Employed for Specific Risk –Standard Method	62.568	14.694
(III)	Capital to be Employed for Currency Risk - Standard Method	13.723	26.772
(IV)	Capital to be Employed for Commodity Risk – Standard method	390	-
(V)	Capital to be employed for settlement risk – Standard method	-	-
(VI)	Capital to be employed for market risk due to options-Standard method	881	135
(VII)	Capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII)	Total Capital to be employed for market risk (I+II+III+IV+V+VI+VII)	155.948	149.227
(IX)	Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	1.949.350	1.865.338

b. Average market risk table of calculated market risk at the period ends:

	December 31, 2010			December 31, 2009		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	98.187	123.579	78.386	77.405	100.096	54.634
Share price risk	47.072	62.568	38.490	17.756	22.224	14.120
Currency risk	49.063	95.928	13.723	21.547	26.907	17.705
Commodity risk	180	390	51	-	-	-
Settlement risk	-	-	-	-	-	-
Option risk	5.519	20.724	131	-	-	-
Total amount subject to risk	2.500.254	3.789.863	1.634.763	1.458.850	1.865.338	1.080.738

IV. Explanations on consolidated operational risk:

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

V. Explanations on consolidated currency risk:

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

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

(Exchange rates presented as full TL)

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

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

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

As of December 31, 2009;

	USD	EUR	Yen
Balance sheet evaluation rate:	1,46800TL	2,10620TL	0,01589TL

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Information on currency risk of the Group:

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

	EURO	USD	Yen	Other FC	Total
December 31, 2010					
Assets					
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and Balances with The Central Bank of the Republic of Turkey	2.799.528	580.667	574	95.346	3.476.115
Banks	531.381	1.250.342	2.611	70.458	1.854.792
Financial assets at fair value through profit or loss	65.840	59.854	6.171	79	131.944
Money market placements	-	-	-	-	-
Available-for-sale financial assets	76.317	1.323.109	-	53.679	1.453.105
Loans [(1)]	7.092.159	14.083.288	79.493	587.040	21.841.980
Investments in associates, subsidiaries and joint ventures	-	-	-	71.906	71.906
Held-to-maturity investments	774.441	6.880.673	-	-	7.655.114
Hedging derivative financial assets	-	3.738	-	-	3.738
Tangible assets	607	-	-	16.379	16.986
Intangible assets	-	-	-	1.214	1.214
Other assets	1.675.742	1.313.144	1.480	272.912	3.263.278
Total assets	13.016.015	25.494.815	90.329	1.169.013	39.770.172
Liabilities					
Bank deposits	526.876	467.470	48	251.265	1.245.659
Foreign currency deposits	7.076.309	13.874.813	7.942	741.104	21.700.168
Funds from money market	884.162	2.297.274	-	-	3.181.436
Funds borrowed from other financial institutions	4.437.791	3.550.709	40.960	16.999	8.046.459
Marketable securities issued	759.958	634.946	-	-	1.394.904
Miscellaneous payables	462.214	311.416	39	10.760	784.429
Hedging derivative financial liabilities	-	101.638	-	-	101.638
Other liabilities	2.313.121	512.004	6.514	2.927	2.834.566
Total liabilities	16.460.431	21.750.270	55.503	1.023.055	39.289.259
Net on balance sheet position	(3.444.416)	3.744.545	34.826	145.958	480.913
Net off balance sheet position	4.390.714	(4.821.403)	(49.169)	27.141	(452.717)
Financial derivative assets	7.702.003	12.339.276	140.930	401.513	20.583.722
Financial derivative liabilities	3.311.289	17.160.679	190.099	374.372	21.036.439
Non-cash loans	3.989.735	7.344.613	324.972	235.124	11.894.444
December 31, 2009					
Total assets	11.267.136	19.084.376	73.225	992.024	31.416.761
Total liabilities	14.482.739	15.869.576	28.320	972.535	31.353.170
Net on-balance sheet position	(3.215.603)	3.214.800	44.905	19.489	63.591
Net off-balance sheet position	3.385.106	(3.092.881)	(38.762)	151.025	404.488
Financial derivative assets	4.141.508	9.526.441	14.865	329.816	14.012.630
Financial derivative liabilities	756.402	12.619.322	53.627	178.791	13.608.142
Non-cash loans	3.420.279	6.429.582	315.569	164.147	10.329.577

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

Currency Risk Sensitivity:

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

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

[1] Excluding tax effect.

VI. Explanations on consolidated interest rate risk:

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

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

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

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

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

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December 31, 2009	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic Turkey	1.302.954	-	-	-	-	2.926.381	4.229.335
Banks	1.199.380	451.583	95.689	146.168	2.940	498.888	2.394.648
Financial assets at fair value through profit/loss	136.585	485.022	83.315	168.436	18.414	91.855	983.627
Money market placements	1.581.459	-	-	-	-	-	1.581.459
Available-for-sale financial assets	360.382	296.694	267.807	187.114	886.971	24.847	2.023.815
Loans	9.297.026	4.615.773	9.321.360	10.153.910	5.474.713	407.737	39.270.519
Held-to-maturity investments	1.254.947	3.435.487	1.449.880	2.733.148	4.445.257	-	13.318.719
Other assets	650.232	339.437	1.818.865	957.051	30.166	4.136.611	7.932.362
Total assets	15.782.965	9.623.996	13.036.916	14.345.827	10.858.461	8.086.319	71.734.484
Liabilities							
Bank deposits	530.897	257.905	257.906	-	-	276.889	1.323.597
Other deposits	27.001.728	4.987.866	1.619.626	556.231	134.036	7.751.801	42.051.288
Funds from money market	573.300	471.698	240.569	-	-	-	1.285.567
Miscellaneous payables	2.208.170	1.158	-	-	-	1.036.497	3.245.825
Marketable securities issued	-	1.743.760	-	-	-	718	1.744.478
Funds borrowed from other financial institutions	1.972.630	2.175.394	2.084.204	127.998	-	-	6.360.226
Other liabilities and shareholders' equity	139.510	1.147.307	1.212.606	334.389	48.626	12.841.065	15.723.503
Total liabilities	32.426.235	10.785.088	5.414.911	1.018.618	182.662	21.906.970	71.734.484
Balance sheet long position	-	-	7.622.005	13.327.209	10.675.799	-	31.625.013
Balance sheet short position	(16.643.270)	(1.161.092)	-	-	-	(13.820.651)	(31.625.013)
Off-balance sheet long position	919.125	2.076.651	2.624.496	-	-	-	5.620.272
Off-balance sheet short position	-	-	-	(4.678.080)	(417.983)	-	(5.096.063)
Total position	(15.724.145)	915.559	10.246.501	8.649.129	10.257.816	(13.820.651)	524.209

Interest rate sensitivity analysis [1]:

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

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

[1] The interest rate sensitivity analysis disclosed above is that of the Parent Bank.

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

b. Average interest rates for monetary financial instruments:

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

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

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

(1) The average interest rates disclosed above are those of the Parent Bank.
(2) Does not include credit card receivables.
(3) Does not include demand/non-interest transactions

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VII. Explanations on consolidated liquidity risk:

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

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

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

	First-term period (Weekly)		Second-term period (Monthly)	
December 31, 2010[1]	FC	Total	FC	Total
Average %	154,33	167,16	100,52	112,11
Highest %	195,67	197,43	128,36	131,23
Lowest %	119,30	149,81	78,15	102,00

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

[1] The liquidity risk disclosed above is that of the Parent Bank.

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified [1],[2]	Total
December 31, 2010								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	3.724.323	2.310.103	-	-	-	-	-	6.034.426
Banks	480.384	436.002	580.415	640.900	426.029	-	-	2.563.730
Financial assets at fair value through profit or loss	57.951	267.355	352.220	79.956	161.902	144.283	6.448	1.070.115
Money market placements	-	970.970	-	-	-	-	-	970.970
Available-for-sale financial assets	56.983	59.122	18.386	105.361	2.390.248	3.229.280	16.600	5.875.980
Loans	-	10.205.709	5.229.662	11.969.759	16.938.841	9.899.009	432.882	54.675.862
Held-to-maturity Investments	-	1.595.485	31.967	555.664	4.188.211	6.603.617	-	12.974.944
Other assets [1]	587.300	1.170.512	1.612.164	900.904	1.135.981	67.366	3.173.804	8.648.031
Total assets	4.906.941	17.015.258	7.824.814	14.252.544	25.241.212	19.943.555	3.629.734	92.814.058

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	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
December 31, 2010								
Liabilities								
Bank deposits	193.023	571.638	367.371	219.328	328.878	103.660	-	1.783.898
Other deposits	9.325.811	36.476.310	6.290.441	933.054	366.958	30.530	-	53.423.104
Funds borrowed from other financial institutions	-	2.128.247	404.215	4.479.234	2.309.593	751.781	-	10.073.070
Funds from money market	-	1.102.748	1.415.720	531.051	474.116	127.381	-	3.651.016
Marketable securities issued	-	113	86.839	273.634	1.015.285	19.033	-	1.394.904
Miscellaneous payables	484.177	3.568.545	24.470	46.796	2.650	109	79.224	4.205.971
Other liabilities(2)	145.817	1.477.529	341.817	636.037	1.996.128	2.579.216	11.105.551	18.282.095
Total liabilities	10.148.828	45.325.130	8.930.873	7.119.134	6.493.608	3.611.710	11.184.775	92.814.058
Net liquidity gap	(5.241.887)	(28.309.872)	(1.106.059)	7.133.410	18.747.604	16.331.845	(7.555.041)	-
December 31, 2009								
Total assets	4.094.899	13.281.799	5.876.070	13.337.240	19.075.261	12.378.159	3.691.056	71.734.484
Total liabilities	8.600.894	33.293.562	6.486.384	6.583.587	4.712.782	3.282.198	8.775.077	71.734.484
Net liquidity gap	(4.505.995)	(20.011.763)	(610.314)	6.753.653	14.362.479	9.095.961	(5.084.021)	-

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

Breakdown of financial liabilities according to their remaining contractual maturities:

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

December 31, 2010	Demand and Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Liabilities					
Deposits	46.670.003	6.772.971	1.183.011	800.752	171.391
Funds borrowed from other financial institutions	2.128.796	519.849	4.663.791	2.539.474	914.532
Funds from money market	1.105.553	1.423.875	554.459	475.175	138.837
Total	49.904.352	8.716.695	6.401.261	3.815.401	1.224.760

December 31, 2009	Demand and Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
Liabilities					
Deposits	35.625.160	5.279.222	1.929.833	614.776	164.736
Funds borrowed from other financial institutions	1.123.977	354.502	3.786.333	1.408.221	294.855
Funds from money market	574.103	472.805	243.738	-	-
Total	37.323.240	6.106.529	5.959.904	2.022.997	459.591

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

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

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

	Carrying Value		Fair Value	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Financial assets	77.061.486	58.589.160	79.196.443	60.522.264
Due from money market	970.970	1.581.459	970.970	1.582.249
Banks	2.563.730	2.394.648	2.583.555	2.396.328
Available-for-sale financial assets	5.875.980	2.023.815	5.875.980	2.023.815
Held-to-maturity investments	12.974.944	13.318.719	13.741.481	13.982.200
Loans	54.675.862	39.270.519	56.024.457	40.537.672
Financial liabilities	70.880.947	54.725.414	70.919.389	54.776.756
Bank deposits	1.783.898	1.323.597	1.800.003	1.323.748
Other deposits	53.423.104	42.051.288	53.423.104	42.051.288
Funds borrowed from other financial institutions	10.073.070	6.360.226	10.095.407	6.411.417
Marketable securities issued	1.394.904	1.744.478	1.394.904	1.744.478
Miscellaneous payables	4.205.971	3.245.825	4.205.971	3.245.825

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

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

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

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

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

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

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

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

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

December 31, 2010	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss) (Net)	376.391	731.925	-	1.108.316
Government debt securities	300.552	-	-	300.552
Share certificates	6.448	-	-	6.448
Trading derivative financial assets	-	693.524	-	693.524
Hedging derivative financial assets	-	38.201	-	38.201
Other marketable securities[1]	69.391	200	-	69.591
Available-for-sale financial assets (Net)	4.552.088	1.308.165	15.727	5.875.980
Government debt securities	4.416.989	-	-	4.416.989
Other marketable securities[1]	135.099	1.308.165	15.727	1.458.991
Total assets	4.928.479	2.040.090	15.727	6.984.296
Trading derivative financial liabilities	-	359.168	-	359.168
Hedging derivative financial liabilities	-	453.663	-	453.663
Total liabilities	-	812.831	-	812.831

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

December 31, 2009	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss) (Net)	365.733	746.525	-	1.112.258
Government debt securities	273.878	-	-	273.878
Share certificates	38.963	-		38.963
Trading derivative financial assets	-	617.704	-	617.704
Hedging derivative financial assets	-	128.631	-	128.631
Other marketable securities	52.892	190	-	53.082
Available-for-sale financial assets (Net)	1.963.150	39.199	21.466	2.023.815
Government debt securities	1.885.507	-	-	1.885.507
Other marketable securities[1]	77.643	39.199	21.466	138.308
Total assets	2.328.883	785.724	21.466	3.136.073
Trading derivative financial liabilities	-	268.515	-	268.515
Hedging derivative financial liabilities	-	357.613	-	357.613
Total liabilities	-	626.128	-	626.128

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

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

Decrease in Level 3 amounting to TL 5.739, is due to sales of non-listed shares

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

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

X. Explanations on operating segments:

The Group carries out its banking operations through three main business units: (1) retail banking (including credit cards and SME banking), (2) corporate and commercial banking (3) private banking and wealth management.

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

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

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

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

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

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

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

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other[1]	Consolidation adjustments[2]	Total operations of the Group
Operating revenue	2.791.902	1.326.630	338.760	167.124	2.082.432	(65.147)	6.641.701
Operating costs	(1.347.294)	(631.115)	(104.023)	(55.293)	(1.770.637)	52.859	(3.855.503)
Net operating profit	**1.444.608**	**695.515**	**234.737**	**111.831**	**311.795**	**(12.288)**	**2.786.198**
Dividend income[3]	-	-	-	-	1.082	-	1.082
Income/Loss from investments accounted based on equity method	-	-	-	-	6.419	-	6.419
Income before tax	**1.444.608**	**695.515**	**234.737**	**111.831**	**319.296**	**(12.288)**	**2.793.699**
Tax provision[3]					(538.996)		(538.996)
Net income	**1.444.608**	**695.515**	**234.737**	**111.831**	**(219.700)**	**(12.288)**	**2.254.703**
Minority interest					(6.672)		(6.672)
Group income/loss	**1.444.608**	**695.515**	**234.737**	**111.831**	**(226.372)**	**(12.288)**	**2.248.031**
Segment assets	26.522.965	33.129.240	1.275.280	4.193.536	28.578.708	(986.082)	92.713.647
Investments in associates, subsidiaries and joint ventures	-	-	-	-	100.411	-	100.411
Total assets	**26.522.965**	**33.129.240**	**1.275.280**	**4.193.536**	**28.679.119**	**(986.082)**	**92.814.058**
Segment liabilities	23.676.641	21.843.565	11.257.345	3.551.013	22.718.162	(978.437)	82.068.289
Shareholders’ equity	-	-	-	-	10.745.769	-	10.745.769
Total liabilities	**23.676.641**	**21.843.565**	**11.257.345**	**3.551.013**	**33.463.931**	**(978.437)**	**92.814.058**

(1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.
(2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(3) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under “Other” column.

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December 31, 2009	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other[1]	Consolidation adjustments[2]	Total operations of the Group
Operating revenue	2.775.312	1.331.024	324.297	116.413	1.570.991	(55.895)	6.062.142
Operating costs	(2.356.880)	(460.533)	(107.788)	(52.973)	(1.239.380)	58.583	(4.158.971)
Net operating profit	418.432	870.491	216.509	63.440	331.611	2.688	1.903.171
Dividend income[3]					3.402		3.402
Income/Loss from investments accounted based on equity method					1.865		1.865
Income before tax	418.432	870.491	216.509	63.440	336.878	2.688	1.908.438
Tax provision[3]					(355.260)		(355.260)
Net income	418.432	870.491	216.509	63.440	(18.382)	2.688	1.553.178
Minority interest					(10.230)		(10.230)
Group income/loss	418.432	870.491	216.509	63.440	(28.612)	2.688	1.542.948
Segment assets	19.207.596	22.950.318	774.042	3.912.923	25.534.213	(734.377)	71.644.715
Investments in associates, subsidiaries and joint ventures					89.769		89.769
Total assets	19.207.596	22.950.318	774.042	3.912.923	25.623.982	(734.377)	71.734.484
Segment liabilities	20.518.455	15.888.170	9.989.535	3.353.304	14.218.677	(719.797)	63.248.344
Shareholders' equity					8.486.140		8.486.140
Total liabilities	20.518.455	15.888.170	9.989.535	3.353.304	22.704.817	(719.797)	71.734.484

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

[2] Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

Section five

Explanations and notes related to consolidated financial statements

I. Explanations and notes related to consolidated assets:

a. Information related to cash and the account with the Central Bank of the Republic of Turkey (“the CBRT”):

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

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Cash	513.679	188.190	481.585	173.797
The CBRT	2.044.632	3.172.303	1.302.688	2.034.806
Other	-	115.622	-	236.459
Total	2.558.311	3.476.115	1.784.273	2.445.062

2. Information on the account of the CBRT:

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

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

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements” numbered 2005/1, the banks operating in Turkey are supposed to place reserves in the CBRT for their TL liabilities by 6% and for their foreign currency liabilities by 11% as USD and/or EUR. As of December 31, 2010, no interest is earned on TL and foreign currency reserve requirements. As explained in detail in Section 5 Note IX, reserve requirement ratio for TL liabilities have been changed according to “Change in Communiqué Regarding the Reserve Requirements” published in Official Gazette numbered 27788 dated December 17, 2010 and numbered 27825 dated January 24, 2011.

As of December 31, 2010, the Group’s reserve deposits, including those at foreign banks, amount to TL 5.255.231(December 31, 2009 – TL 3.536.809).

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

1. As of December 31, 2010, financial assets at fair value through profit and loss subject to repo transactions amount to TL 43.734 (December 31, 2009 – TL 66.654) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 72.723 (December 31, 2009 – TL 72.280).

2. Positive differences related to trading derivative financial assets:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Forward Transactions	27.563	1.723	37.705	1.579
Swap Transactions	541.681	37.956	503.759	43.210
Futures Transactions	-	-	-	-
Options	53.535	31.066	4.657	26.794
Other	-	-	-	-
Total	622.779	70.745	546.121	71.583

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

c. Information on banks:

1. Information on banks:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Banks	708.938	1.854.792	545.079	1.849.569
Domestic	682.482	658.248	485.086	503.149
Foreign	26.456	1.196.544	59.993	1.346.420
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	708.938	1.854.792	545.079	1.849.569

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	December 31, 2010	December 31, 2009	December 31, 2009	December 31, 2009
EU Countries	886.752	1.101.530	87.186	-
USA, Canada	128.030	202.111	-	-
OECD countries (1)	19.858	9.470	-	-
Off-shore banking regions	73	143	-	-
Other	101.101	93.159	-	-
Total	1.135.814	1.406.413	87.186	-

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

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

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

As of December 31, 2010, available-for-sale financial assets given as collateral/blocked amount to TL 512.549 (December 31, 2009 – TL 555.493) and available for sale financial assets subject to repo transactions are TL 196.783 (December 31, 2009 – TL 17.585).

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

	December 31, 2010	December 31, 2009
Debt securities	5.804.928	1.955.646
Quoted on stock exchange (1)	4.494.573	1.916.447
Not quoted(2)	1.310.355	39.199
Share certificates	58.401	62.970
Quoted on stock exchange	354	253
Not quoted	58.047	62.717
Impairment provision (-)	(44.332)	(43.530)
Other (3)	56.983	48.729
Total	5.875.980	2.023.815

(1) As of December 31, 2010, Eurobonds amounting to TL 809.457 (December 31,2009 – TL 936.588) have been classified under debt securities quoted on Stock Exchange, even though they are not quoted on a stock exchange since these are traded in the secondary market.
(2) As of December 31, 2010, not quoted debt securities mainly includes credit linked notes.
(3) As of December 31, 2010, other available-for-sale financial assets include mutual funds amounting to TL 56.984 (December 31, 2009 – TL 48.729).

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e. Explanations on loans:

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

	December 31, 2010		December 31, 2009	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	7.962	81.282	58.004	54.926
Loans granted to employees	85.204	83	76.758	-
Total	93.166	81.365	134.762	54.926

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

	Standard loans and other receivables		Loans and other receivables under close monitoring	
Cash loans	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Non-specialised loans	52.565.533	-	1.567.626	109.821
Discount and purchase notes	671.040	-	1.989	-
Export loans	7.855.353	-	196.338	-
Import loans	-	-	-	-
Loans granted to financial sector	1.544.024	-	-	-
Foreign loans	1.508.632	-	46.374	10.506
Consumer loans	9.166.002	-	437.697	6.962
Credit cards	8.244.470	-	233.765	71.252
Precious metal loans	335.490	-	7.236	-
Other [(1)]	23.240.522	-	644.227	21.101
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Total	52.565.533	-	1.567.626	109.821

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

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Short-term loans and other receivables	25.847.614	-	627.115	38.100
Non-specialised loans	25.847.614	-	627.115	38.100
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	26.717.919	-	940.511	71.721
Non-specialised loans	26.717.919	-	940.511	71.721
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

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

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	35.155.061	9.166.002	8.244.470	1.674.712	1.823.566	56.063.811
Watch list	927.771	444.659	305.017	193.801	-	1.871.248
Loans under legal follow-up	1.057.915	378.569	471.482	313.781	18.707	2.240.454
Specific provisions (-)	(850.564)	(221.947)	(402.573)	(192.680)	(17.381)	(1.685.145)
Total	36.290.183	9.767.283	8.618.396	1.989.614	1.824.892	58.490.368

December 31, 2009	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	22.976.198	6.547.402	7.083.105	1.717.571	1.429.416	39.753.692
Watch list	1.482.618	361.959	411.500	328.665	-	2.584.742
Loans under legal follow-up	1.326.451	492.319	803.888	284.233	8.173	2.915.064
Specific provisions (-)	(1.077.310)	(361.242)	(776.369)	(145.259)	(6.258)	(2.366.438)
Total	24.707.957	7.040.438	7.522.124	2.185.210	1.431.331	42.887.060

(ii) Fair value of collaterals:

December 31, 2010	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch list	372.980	174.571	-	107.818	-	655.369
Loans under legal follow-up	190.853	80.735	-	101.858	-	373.446
Total	563.833	255.306	-	209.676	-	1.028.815

December 31, 2009	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	410.783	180.037	-	183.043	-	773.863
Loans under legal follow-up	408.112	173.030	-	117.649	-	698.791
Total	818.895	353.067	-	300.692	-	1.472.654

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	195.950	9.013.331	9.209.281
Real estate loans	6.518	5.023.465	5.029.983
Automotive loans	18.616	932.497	951.113
Consumer loans	882	45.719	46.601
Other	169.934	3.011.650	3.181.584
Consumer Loans-FC Indexed	-	208.007	208.007
Real estate loans	-	199.852	199.852
Automotive loans	-	3.114	3.114
Consumer loans	-	1.478	1.478
Other	-	3.563	3.563
Consumer Loans-FC	3.777	19.913	23.690
Real estate loans	-	-	-
Automotive loans	280	1.439	1.719
Consumer loans	1.458	11.926	13.384
Other	2.039	6.548	8.587
Individual Credit Cards-TL	8.069.489	146.582	8.216.071
With installments	4.034.476	111.173	4.145.649
Without installments	4.035.013	35.409	4.070.422
Individual Credit Cards- FC	421	12	433
With installments	421	12	433
Without installments	-	-	-
Personnel Loans-TL	7.239	32.625	39.864
Real estate loans	33	1.317	1.350
Automotive loans	40	1.037	1.077
Consumer loans	-	36	36
Other	7.166	30.235	37.401
Personnel Loans-FC Indexed	-	13	13
Real estate loans	-	13	13
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	104	184	288
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	39	-	39
Other	65	184	249
Personnel Credit Cards-TL	43.736	415	44.151
With installments	23.629	415	24.044
Without installments	20.107	-	20.107
Personnel Credit Cards-FC	36	-	36
With installments	36	-	36
Without installments	-	-	-
Credit Deposit Account-TL (Real Person) (1)	129.500	-	129.500
Credit Deposit Account-FC (Real Person)	18	-	18
Total	8.450.270	9.421.082	17.871.352

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

6. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	342.186	3.811.371	4.153.557
Business Loans	1.616	320.899	322.515
Automotive Loans	68.302	1.169.722	1.238.024
Consumer Loans	-	402	402
Other	272.268	2.320.348	2.592.616
Commercial Installments Loans-FC Indexed	32.889	411.104	443.993
Business Loans	-	29.794	29.794
Automotive Loans	1.778	79.522	81.300
Consumer Loans	-	-	-
Other	31.111	301.788	332.899
Commercial Installments Loans-FC	151.731	95.603	247.334
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	111.730	23.313	135.043
Other	40.001	72.290	112.291
Corporate Credit Cards-TL	285.014	3.782	288.796
With installment	90.962	3.782	94.744
Without installment	194.052	-	194.052
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	284.503	-	284.503
Credit Deposit Account-FC (Legal Person)	19	-	19
Total	1.096.342	4.321.860	5.418.202

7. Loans according to types of borrowers:

	December 31,2010	December 31, 2009
Public	1.292.231	1.234.148
Private	52.950.749	37.628.634
Total	54.242.980	38.862.782

8. Distribution of domestic and foreign loans: Distribution has been disclosed based on the location where the customers operate.

	December 31, 2010	December 31, 2009
Domestic loans	52.677.468	38.167.578
Foreign loans	1.565.512	695.204
Total	54.242.980	38.862.782

9. Loans granted to investments in associates and subsidiaries:

	December 31, 2010	December 31, 2009
Direct loans granted to associates and subsidiaries	25.085	5.128
Indirect loans granted to associates and subsidiaries	-	-
Total	25.085	5.128

Convenience translation of publicly announced consolidated financial statements originally issued In Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to Consolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

10. Specific provisions provided against loans:

	December 31, 2010	December 31, 2009
Loans and other receivables with limited collectibility	54.980	265.495
Loans and other receivables with doubtful collectibility	340.240	610.618
Uncollectible loans and other receivables	1.079.864	1.338.808
Total	1.475.084	2.214.921

	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1, 2010	1.077.310	361.242	776.369	2.214.921
Allowance for impairment	685.934	322.777	93.526	1.102.237
Amount recovered during the period	(396.349)	(326.005)	(14.871)	(737.225)
Loans written off during the period as uncollectible	(516.836)	(136.003)	(452.455)	(1.105.294)
Exchange differences	505	(64)	4	445
December 31, 2010	850.564	221.947	402.573	1.475.084

	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1, 2009	696.886	98.168	306.392	1.101.446
Allowance for impairment	726.147	647.668	860.799	2.234.614
Amount recovered during the period	(311.816)	(360.390)	(302.991)	(975.197)
Loans written off during the period as uncollectible	(33.502)	(24.189)	(87.831)	(145.522)
Exchange differences	(405)	(15)	-	(420)
December 31, 2009	1.077.310	361.242	776.369	2.214.921

11. Information on non-performing loans (Net):

11 (i). Information on non-performing loans restructured or rescheduled, and other receivables:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010			
(Gross amounts before specific reserves)	28.592	34.388	62.729
Restructured loans and other receivables	28.592	34.388	62.729
Rescheduled loans and other receivables	-	-	-
December 31, 2009			
(Gross amounts before specific reserves)	5.348	47.329	50.390
Restructured loans and other receivables	5.348	47.329	50.390
Rescheduled loans and other receivables	-	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

11 (ii). Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2009	359.646	682.342	1.580.670
Additions (+)	1.599.597	125.584	322.504
Transfers from other categories of non-performing loans (+)	-	1.080.178	1.143.256
Transfer to other categories of non-performing loans (-)	(1.082.882)	(1.140.552)	-
Collections (-)	(628.586)	(373.350)	(592.504)
FX valuation differences	(309)	25	831
Write-offs(-)[1]	(14)	(147)	(1.168.323)
Corporate and Commercial Loans	(14)	(83)	(563.419)
Consumer Loans	-	(64)	(152.151)
Credit Cards	-	-	(452.455)
Other	-	-	(298)
December 31, 2010	247.452	374.080	1.286.434
Specific Provision (-)	(54.980)	(340.240)	(1.079.864)
Net Balance on Balance Sheet	192.472	33.840	206.570

[1] Also includes the effects of the sales of non-performing loan portfolios.

According to the resolution of the Board of Directors of the Parent Bank dated March 15, 2010, portfolios composed of SME loans, consumer loans and credit cards followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Consumer loan portfolio with principal amounting to TL 74.606 as of February 28, 2010 was sold to Standart Varlık Yönetim A.Ş. for a consideration of TL 6.450, credit card portfolio with principal amounting to TL 381.973 as of February 28, 2010 was sold to Girişim Varlık Yönetim A.Ş. for a consideration of TL 32.435 and SME loan portfolio with principal amounting to TL 224.390 as of February 28, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 31.232. Profit on these sales before taxes and legal expenses amounted to TL 11,817. TL 181,200 of the total principal amount sold was written off in prior periods.

According to the resolution of the Board of Directors of the Bank dated May 26, 2010, portfolios composed of corporate and commercial loans followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Corporate and commercial loan portfolio with principal amounting to TL 298.741 including TL 28.328 as legal and other expenses as of April 30, 2010 was sold to LBT Varlık Yönetim A.Ş. for a consideration of TL 7.518. Profit on this sale before taxes and legal expenses amounted to TL 5.020.

According to the resolution of the Board of Directors of the Bank dated November 25, 2010; portfolios composed of SME loans, consumer loans and credit cards followed under non-performing loan accounts are sold according to auction and confidentiality agreements. Consumer and SME loan portfolio amounting to TL 170.867 as of October 31, 2010 was sold to Girişim Varlık Yönetim A.Ş. and Credit cards portfolio amounting to TL 256.955 as of October 31, 2010 was sold to LBT Varlık Yönetim A.Ş. for a total consideration of TL 56.045. Profit on this sale before taxes and legal expenses amounted to TL 55.074.

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11 (iii). Information on Non-performing loans granted as foreign currency loans

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010			
Period end balance	13.651	662	127.311
Specific provision (-)	(7.433)	(219)	(95.696)
Net Balance on-balance sheet	6.218	443	31.615
December 31, 2009			
Period end balance	1.870	3.501	47.304
Specific provision (-)	(1.690)	(854)	(39.213)
Net Balance on-balance sheet	180	2.647	8.091

11 (iv).Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
December 31, 2010	192.472	33.840	206.570
Loans granted to real persons and corporate entities (Gross)	247.452	373.357	1.201.042
Specific provision amount (-)	(54.980)	(339.517)	(994.472)
Loans granted to real persons and corporate entities (Net)	192.472	33.840	206.570
Banks (Gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (Net)	-	-	-
December 31, 2009	94.151	71.724	241.862
Loans granted to real persons and corporate entities (Gross)	358.184	682.342	1.496.658
Specific provision amount (-)	(264.033)	(610.618)	(1.254.796)
Loans granted to real persons and corporate entities (Net)	94.151	71.724	241.862
Banks (Gross)	1.462	-	-
Specific provision amount (-)	(1.462)	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (Net)	-	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

f. Information on held-to-maturity investments:

1. Information on government debt securities held-to-maturity:

	December 31, 2010	December 31, 2009
Government Bond	12.974.944	13.110.619
Treasury Bill	-	208.100
Other debt securities	-	-
Total	12.974.944	13.318.719

2. Information on investment securities held-to-maturity:

	December 31, 2010	December 31, 2009
Debt Securities	13.053.379	13.386.216
Quoted on Stock Exchange [1]	13.053.379	13.386.216
Not Quoted	-	-
Impairment Provision (-)	(78.435)	(67.497)
Total	12.974.944	13.318.719

[1] As of December 31, 2010, Eurobonds amounting to TL 7.665.114 (December 31, 2009 – TL 6.519.991) have been classified under debt securities quoted on Stock Exchange, although they are not quoted on a stock exchange because they are traded in the secondary market.

3. Movement of held-to-maturity investments within the year:

	December 31, 2010	December 31, 2009
Beginning balance	13.318.719	12.705.781
FC differences on monetary assets [1]	33.702	(232.776)
Purchases during year	3.020.222	2.008.035
Disposals through sales and redemptions	(3.383.510)	(1.139.115)
Impairment provision (-)	(14.189)	(23.206)
Period end balance	12.974.944	13.318.719

[1] Includes the changes in interest income accruals.

4. Characteristics and carrying values of held-to-maturity investments given as collateral:

As of December 31, 2010, held-to-maturity investments given as collateral/blocked amount to TL 1.463.634 (December 31, 2009 – TL 922.708). Held-to-maturity investments subject to repo transactions amount to TL 3.464.024 (December 31, 2009 – TL 1.375.465).

g. Information on investments in associates (Net):

1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's share holding percentage if different voting percentage (%)	The Parent Bank's risk group share holding percentage(%)
1	Kredi Kayıt Bürosu	İstanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. (1)	İstanbul/Türkiye	9,98	9,98

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No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	44.767	36.805	2.005	2.322	-	14.132	9.013	-
2	21.011	15.865	6.792	912	-	1.465	1.607	-

Financial statement information disclosed above shows December 31, 2010 results.

2. Consolidated investments in associates:

2 (i). Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's share holding percentage if different voting percentage (%)	The Parent Bank's risk group share holding percentage(%)
1	Banque de Commerce et de Placements S.A.	Geneva/Switzerland	30,67	69,33

2 (ii). Main financial figures of the consolidated investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	2.550.303	146.300	4.610	43.949	10.132	16.784	13.505	-

Financial statement information disclosed above shows December 31, 2010 results.

Financial statement information in the table above has been disclosed in CHF. As of December 31, 2010 the evaluation rate for CHF is full TL 1,6027 (December 31, 2009 – full TL 1,4129).

2 (iii). Movement of consolidated investments in associates:

	December 31, 2010	December 31, 2009
Balance at the beginning of the period	58.939	55.593
Movements during the period	12.967	3.346
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	8.744	5.417
Sales	-	-
Revaluation (decrease)/increase[1]	4.223	(2.071)
Impairment provision	-	-
Balance at the end of the period	71.906	58.939
Capital Commitments	-	-
Share percentage at the end of the period (%)	30,67	30,67

[1] Includes TL 2.069 (December 31, 2009 – TL 1.840) of dividend received in the current period.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

2 (iv). Information on sectors and the carrying amounts of consolidated investments in associates:

	December 31, 2010	December 31, 2009
Banks	71.906	58.939
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	71.906	58.939

2 (v). Investments in associates quoted on stock exchange: None.

h. Information on subsidiaries (Net):

1. Unconsolidated subsidiaries:

1 (i). Information on unconsolidated subsidiaries:

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank’s share holding percentage if different voting percentage (%)	Bank’s risk group share holding percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş. (1)	Istanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş. (1)	Istanbul/Turkey	99,96	99,99

1 (ii). Main financial figures of the subsidiaries in the order of the above table:

	Total assets	Shareholder’s equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value(2)
1	11.350	9.568	189	70	-	1.135	806	-
2	37.023	22.697	19.781	1.517	-	1.018	8.804	-

Financial statement information disclosed above shows December 31, 2010 results.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

2. Information on consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Yapı Kredi Holding B.V. (1)	Amsterdam/Netherlands	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	99,99
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow (2)	Moscow/Russia	99,84	100,00
5	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
6	Yapı Kredi Leasing	Istanbul/Turkey	98,85	99,58
7	Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	11,09	56,07
8	Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
9	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
10	Yapı Kredi Bank NV (1), (4)	Amsterdam/Netherlands	67,24	100,00
11	Yapı Kredi Azerbaijan (3), (5)	Baku/Azerbaijan	99,80	100,00

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation as the Bank has a control of %100.

(1) Financial figures presented in note 2 (ii) are in thousands of EURO.
(2) Financial figures presented in note 2 (ii) are in thousands of USD.
(3) Financial figures presented in note 2 (ii) are in thousands of AZM. As of December 31, 2010 the evaluation rate for AZM is TL 1,8891 (December 31,2009 – TL 1,8279).
(4) Includes the balances for Stiching Custody Services YKB.
(5) Includes the balances for Yapı Kredi Invest LLC.

2 (ii). Main financial figures of the consolidated subsidiaries in the order of the below table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value (1)
1	45.470	45.439	-	15	-	1.065	(1.106)	-
2	797.605	270.170	5.659	40.374	13.477	76.454	71.216	-
3	1.954.760	103.309	659	106.767	2.906	26.178	27.365	-
4	191.959	56.480	5.951	14.683	1.680	576	7.332	-
5	902.063	198.495	19.473	61.725	14.679	42.549	(11.930)	1.128.000
6	2.201.330	735.206	2.084	200.611	-	91.765	150.133	1.934.000
7	79.844	78.582	30	5.346	2.904	5.589	19.115	44.900
8	744.205	132.829	19.008	16.372	12.339	23.377	20.218	-
9	98.774	89.681	784	6.550	106	52.419	52.530	-
10	1.739.474	212.079	304	79.117	27.886	36.298	15.361	-
11	206.823	50.496	4.565	11.401	1.012	7.467	4.656	-

(1) Calculated with the ISE market prices as of December 31, 2010 considering the total number of shares.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at December 31, 2010.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

2 (iii). Movement schedule of consolidated subsidiaries:

	December 31, 2010	December 31, 2009
Balance at the beginning of the period	1.779.651	1.781.083
Movements during the period	7.893	(1.432)
Purchases	-	-
Transfers[1]	-	(1.432)
Bonus shares obtained[2]	7.893	-
Share of current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision		-
Balance at the end of the period	1.787.544	1.779.651
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

[1] As a result of the Extraordinary General Assembly Meetings, dated December 31, 2009, of Yapı Kredi Menkul, the Parent Bank's subsidiary with a shareholding of 99,98%, and of Unicredit Menkul Değerler A.Ş. ("UCM"), the Parent Bank's main shareholder Koç Finansal Hizmetler A.Ş.'s subsidiary with a shareholding of 99,99%; it has been decided that Yapı Kredi Menkul's intermediary activities function, which serves corporate clients, was added to UCM's capital as capital in-kind through a partial spin-off over its book values at December 31, 2008. As a result of this operation, the share of the Bank in Yapı Kredi Menkul's capital did not change. According to the spin-off agreement, the Bank has acquired a share in UCM share capital (10,73%). The fair value of this business line was TL 1.432 and classified as share certificates under available for sale portfolio.
[2] As a result of the General Assembly Meeting of Yapı Kredi Azerbaycan registered on April 30, 2010; capital was increased by 4.392 AZN from the profit of 2009.

2 (iv). Sectoral information on financial subsidiaries and the related carrying amounts:

Subsidiaries	December 31, 2010	December 31, 2009
Banks	286.137	278.244
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	447.572	447.572
Total financial subsidiaries	1.787.544	1.779.651

2 (v). Subsidiaries quoted on Stock Exchange:

	December 31, 2010	December 31, 2009
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	876.095	876.095

i. Information on joint ventures (net):

1. Unconsolidated joint ventures : None.

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2. Consolidated joint ventures :

2 (i). Information on consolidated Joint Ventures:

	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non-current assets	Long term liabilities	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	84.330	20.022	467	16.533	(23.065)
Total			84.330	20.022	467	16.533	(23.065)

Financial statements in the table above has been obtained from the financial statements as at December 31, 2010

j. Information on lease receivables (net):

1) Breakdown according to maturities:

	December 30, 2010		December 31, 2009	
	Gross	Net	Gross	Net
Less than 1 year	881.135	714.985	1.018.467	821.027
Between 1- 4 years	1.151.085	991.929	1.240.170	1.042.160
More than 4 years	299.234	282.700	339.285	322.023
Total	2.331.454	1.989.614	2.597.922	2.185.210

2) Information for net investments in finance leases:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Gross lease receivables	461.940	1.869.514	493.872	2.104.050
Unearned financial income from leases (-)	(77.495)	(264.345)	(95.110)	(317.602)
Amount of cancelled leases (-)	-	-	-	-
Total	384.445	1.605.169	398.762	1.786.448

k. Information on hedging derivative financial assets:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Fair Value Hedge	34.463	-	127.678	953
Cash Flow Hedge	-	3.738	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	34.463	3.738	127.678	953

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funds using cross-currency interest rate swaps. The net carrying value of hedging instruments at December 31, 2010 is a liability amounting to TL 279.454 (December 31, 2009 – TL 228.982) At December 31, 2010, the marked to market difference of the hedging instruments since the inception date is TL 240.233 (December 31, 2009 – TL 147.649) and the fair value difference of the hedged item is TL 224.429 (December 31, 2009 – TL 140.137)

In order to hedge its cash flow risk from liabilities, the Bank started to apply cash flow hedge accounting from January 1, 2010 onwards. The hedging instruments are USD and TL interest rate swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD and TL deposits and repos.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

l. Information on property and equipment:

	Immovables	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
December 31, 2009	2.140.272	339.849	5.417	795.521	3.281.059
Cost	(1.326.742)	(234.598)	(4.546)	(567.626)	(2.133.51)
Accumulated depreciation (-)	813.530	105.251	871	227.895	1.147.547
Net book value					
December 31, 2010					
Net book value at beginning of the period	813.530	105.251	871	227.895	1.147.547
Additions	24.824	50.606	201	68.541	144.172
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(43.014)	(295)	(64)	(1.798)	(45.171)
Reversal of impairment, net	53.950	-	27	-	53.977
Impairment (-)	(1.324)	-	-	-	(1.324)
Depreciation (-)	(42.174)	(41.684)	(278)	(58.789)	(142.925)
Net book value at end of the period	113	56	11	59	239
Cost at the end of the period	2.101.826	385.309	5.191	837.995	3.330.321
Accumulated depreciation at the period end (-)	(1.295.921)	(271.375)	(4.423)	(602.087)	(2.173.806)
December 31, 2010	805.905	113.934	768	235.908	1.156.515

As of December 31, 2010, the Parent Bank booked total provision for impairment amounting to TL 545.324 (2009 - TL 597.904) for the property and equipment.

m. Information on intangible assets:

	December 31, 2010	December 31, 2009
Net book value at the beginning of the period	1.194.649	1.157.825
Additions during the period	90.675	81.416
Unused and disposed items (-)	(159)	(6.083)
Transfers	-	(281)
Impairment reversal	4.015	-
Amortisation expenses (-)	(46.100)	(38.218)
Foreign exchange valuation differences	-	(10)
Net book value at the closing of the period	1.243.080	1.194.649

n. Information on investment property:

None (December 31, 2009 - None).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

o. Information on deferred tax asset:

	December 31, 2010		December 31, 2009	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	181.967	36.461	166.199	33.300
Provision for the actuarial deficit of the pension fund	838.036	167.607	864.059	172.812
Derivative financial liabilities	812.831	150.173	622.832	122.430
Securities portfolio valuation differences	306.985	61.396	212.691	42.538
Subsidiaries, investment in associates and share certificates	123.117	24.623	123.117	24.624
Other	662.443	131.935	668.722	133.346
Total deferred tax asset	**2.925.379**	**572.195**	**2.657.620**	**529.050**
Derivative financial assets	(956.156)	(178.328)	(884.086)	(174.320)
Valuation difference of securities portfolio	(129.603)	(25.658)	(37.266)	(7.192)
Property, equipment and intangibles, net	(334.790)	(41.928)	(283.363)	(31.625)
Other	(47.948)	(10.208)	(34.575)	(6.928)
Total deferred tax liability	**(1.468.497)**	**(256.122)**	**(1.239.290)**	**(220.065)**
Deferred tax asset, net	**1.456.882**	**316.073**	**1.418.330**	**308.985**

According to TAS 12, deferred tax assets and deferred tax liabilities have been netted off in the financial statements of each subsidiary subject to consolidation and disclosed separately in assets and liabilities.

p. Movement schedule of assets held for resale:

	December 31, 2010	December 31, 2009
Net book value at the beginning of the period	**88.680**	**90.046**
Additions	58.076	16.656
Disposals (-), net	(64.936)	(21.381)
Impairment reversal	2.752	6.986
Impairment provision (-)	(219)	(1.012)
Depreciation (-)	(1.937)	(2.615)
Net book value at the end of the period	**82.416**	**88.680**
Cost at the end of the period	88.875	97.819
Accumulated depreciation at the end of the period (-)	(6.459)	(9.139)
Net book value at the end of the period	**82.416**	**88.680**

As of December 31, 2010, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 10.933 (December 31, 2009 – TL 13.466).

r. Information on other assets:

As of December 31, 2010, other assets do not exceed 10% of the total assets

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

1. Information on maturity structure of deposits/collected funds:

1(i) December 31, 2010:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Total
Saving deposits	1.812.754	22.181	4.586.189	10.872.860	210.498	37.412	114.112	17.656.006
Foreign currency deposits	4.514.769	30.503	4.023.430	11.273.139	528.832	262.680	722.673	21.356.026
Residents in Turkey	3.838.021	16.092	3.864.195	9.765.581	250.273	149.836	341.088	18.225.086
Residents abroad	676.748	14.411	159.235	1.507.558	278.559	112.844	381.585	3.130.940
Public sector deposits	320.906	-	14.937	60.880	543	-	-	397.266
Commercial deposits	2.404.752	-	3.069.321	6.377.905	143.864	3.206	70.318	12.069.366
Other institutions deposits	34.853	-	85.306	1.478.796	288	65	990	1.600.298
Precious metals	237.777	-	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	193.023	149.383	419.083	163.480	196.727	229.668	432.534	1.783.898
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	68.087	-	357.762	4.022	-	-	246.138	676.009
Foreign banks	110.663	149.383	61.321	159.458	196.727	229.668	186.396	1.093.616
Participation banks	14.273	-	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-	-
Total	**9.518.834**	**202.067**	**12.198.266**	**30.272.482**	**1.097.526**	**550.948**	**1.366.879**	**55.207.002**

1 (ii). December 31, 2009:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Total
Saving deposits	1.440.267	68.306	3.959.921	9.385.626	167.796	193.994	171.060	15.386.970
Foreign currency deposits	4.071.274	124.462	4.808.321	6.266.905	1.713.034	325.210	1.643.440	18.952.646
Residents in Turkey	3.464.253	44.725	4.566.618	5.174.454	1.614.912	222.817	951.073	16.038.852
Residents abroad	607.021	79.737	241.703	1.092.451	98.122	102.393	692.367	2.913.794
Public sector deposits	278.166	-	8.313	43.792	391	112	2.810	333.584
Commercial deposits	1.722.280	-	2.410.829	2.629.021	85.027	32.449	24.470	6.904.076
Other institutions deposits	25.543	-	24.902	135.425	373	72	1.599	187.914
Precious metals	214.271	-	-	37.018	17.041	9.089	8.679	286.098
Bank deposits	276.889	-	523.591	77.262	99.741	346.114	-	1.323.597
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	63.052	-	90.059	-	2.029	7.282	-	162.422
Foreign banks	85.058	-	433.532	77.262	97.712	338.832	-	1.032.396
Participation banks	128.766	-	-	-	-	-	-	128.766
Other	13	-	-	-	-	-	-	13
Total	**8.028.690**	**192.768**	**11.735.877**	**18.575.049**	**2.083.403**	**907.040**	**1.852.058**	**43.374.885**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

2. Information on saving deposits insurance:

2 (i). Information on saving deposits under the guarantee of saving deposits insurance fund and exceeding the limit of deposit insurance fund (Represents information regarding the Parent Bank):

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Saving deposits	8.779.823	7.738.057	8.651.347	7.431.249
Foreign currency savings deposit	2.448.173	2.596.806	5.572.934	5.973.850
Other deposits in the form of savings deposits	117.017	71.411	196.827	194.074
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

2 (ii). Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons (Represents information regarding the Parent Bank):

	December 31, 2010	December 31, 2009
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	21.080	23.864
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law No:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which established in Turkey in order to engage in off-shore banking activities solely	116.231	88.283

b. Information on trading derivative financial liabilities:

	December 31, 2010		December 31, 2009	
Trading derivative financial liabilities	TL	FC	TL	FC
Forward transactions	38.372	321	42.016	154
Swap transactions	203.768	31.881	166.244	28.289
Futures transactions	-	-	-	-
Options	52.087	32.739	4.366	27.446
Other	-	-	-	-
Total	294.227	64.941	212.626	55.889

c. Information on borrowings:

1. Information on borrowings:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	1.078.428	360.655	703.447	374.477
From foreign banks, institutions and funds	948.183	7.685.804	713.708	4.568.594
Total	2.026.611	8.046.459	1.417.155	4.943.071

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

2. Information on maturity structure of borrowings:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Short-term	1.510.635	4.099.579	900.249	4.119.320
Medium and long-term	515.976	3.946.880	516.906	823.751
Total	**2.026.611**	**8.046.459**	**1.417.155**	**4.943.071**

d. Information on asset backed securities:

The Parent Bank has a securitisation borrowing deal from Standart Chartered Bank and Unicredit Markets and Investment Banking amounting USD 547 million and EUR 275 million, the equivalent of TL 1.375.419 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015 and the repayments commenced in 2010, with a total of TL 345.191

e. Information on other liabilities:

As of December 31, 2010, other liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

1. Information on financial leasing agreements:

	December 31, 2010		December 31, 2009	
	Gross	Net	Gross	Net
Less than 1 year	-	-	114	113
Between 1-4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	**-**	**-**	**114**	**113**

2. Information on operational leasing agreements:

The Parent Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets". The Parent Bank has no liability that stems from operational leasing agreements.

g. Information on hedging derivative financial liabilities:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Fair Value Hedge	313.917	-	357.513	100
Cash Flow Hedge [(1)]	38.108	101.638	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	**352.025**	**101.638**	**357.513**	**100**

[(1)] Represented as explained in Note I.k of Section Five

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

h. Information on provisions:

1. Information on general provisions:

	December 31, 2010	December 31, 2009
Provisions for Group I loans and receivables	596.325	573.866
Provisions for Group II loans and receivables	108.673	207.516
Provisions for non cash loans	61.702	103.703
Other	60.153	24.545
Total	**826.853**	**909.630**

2. Information on reserve for employment termination benefits:

In accordance with Turkish Labour Law, reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions are used in the calculation of total liabilities

	December 31, 2010	December 31, 2009
Discount rate (%)	4,66	5,92
The rate used related to retirement expectation (%)	94,71	94,78

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 2.623,23 (full TL) effective from January 1, 2011 (January 1, 2010 - TL 2.427,04 (full TL) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

	December 31, 2010	December 31, 2009
Prior period ending balance	**100.482**	**94.889**
Changes during the period	19.705	20.610
Paid during the period	(18.385)	(15.031)
Foreign currency differences	(102)	14
Balance at the end of the period	**101.700**	**100.482**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 80.267 as of December 31, 2010 (December 31, 2009 – TL 65.717).

3. Other provisions:

	December 31, 2010	December 31, 2009
Pension fund provision	838.036	864.059
Provision for possible risks[1]	88.826	69.948
Non-cash loan provision	127.958	78.250
Provisions on credit cards and promotion campaigns related to banking services	39.697	48.469
Provision on export commitment estimated tax and funds liability	39.486	38.261
Legal risk provision[1]	35.886	26.668
Other	170.322	204.993
Total	**1.340.211**	**1.330.648**

[1] Considered as provisions for possible risks and charges.

Convenience translation of publicly announced consolidated financial statements originally issued In Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to Consolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

4. Pension fund provision:

The Bank provided provision amounting to TL 838.036 (December 31, 2009 – TL 864.059) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	December 31, 2010	December 31, 2009
Income statement (charge)/benefit	26.023	(89.693)

The amount of TL 26.023 is recorded as other operating income in the income statement.

The amounts recognised in the balance sheet are determined as follows:

	December 31, 2010	December 31, 2009
Present value of funded obligations	1.279.566	1.239.133
- Pension benefits transferable to SSI	1.183.533	1.077.965
- Post employment medical benefits transferable to SSI	96.033	161.168
Fair value of plan assets	(441.530)	(375.074)
Provision for the actuarial deficit of the pension fund	838.036	864.059

The principal actuarial assumptions used were as follows:

	December 31, 2010	December 31, 2009
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 15 years for men and 19 years for women who retire at the age of 64 and 63, respectively.

Plan assets are comprised as follows:

	December 31, 2010		December 31, 2009	
	Amount	%	Amount	%
Government bonds and treasury bills	154.902	35	180.519	48
Premises and equipment	116.393	26	113.826	30
Bank placements	133.432	30	29.328	8
Short term receivables	19.493	5	26.907	7
Other	17.310	4	24.494	7
Total	441.530	100	375.074	100

5. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans:

As of December 31, 2010, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 21.327 (December 31, 2009 – TL 36.290). Provision related to the foreign currency difference of foreign currency indexed loans is netted from the loan amount in the financial statements.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

i. Information on taxes payable:

(i) Information on taxes payable:

	December 31, 2010	December 31, 2009
Corporate Tax Payable	122.306	76.160
Taxation of Marketable Securities	81.688	52.241
Property Tax	1.359	1.190
Banking Insurance Transaction Tax (“BITT”)	35.985	32.670
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.437	2.673
Other	23.497	23.043
Total	268.272	187.977

(ii) Information on premium payables:

	December 31, 2010	December 31, 2009
Social security premiums – employee	962	533
Social security premiums – employer	995	1.252
Bank pension fund premiums – employee	7.291	6.356
Bank pension fund premiums – employer	7.604	6.635
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	581	483
Unemployment insurance – employer	1.163	1.041
Other	-	820
Total	18.596	17.120

(iii) Information on deferred tax liability:

There is a net deferred tax liability of TL 2.132 (December 31, 2009 – TL 2.136) reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been net off in their standalone financial statements as per TAS 12.

j. Information on subordinated loans:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.110.274	-	2.224.023
From other foreign institutions	-	-	-	-
Total	-	2.110.274	-	2.224.023

At March 30, 2006, Yapı Kredi obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 28, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Parent Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

k. Information on shareholders' equity:

1. Presentation of Paid-in capital :

	December 31, 2010	December 31, 2009
Common Stock	4.347.051	4.347.051
Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling :

The Parent Bank's paid-in-capital is amounting of TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 5.000.000.

3. Information on the share capital increases during the period and the sources:

None (December 31, 2009 - None).

4. Information on transfers from capital reserves to capital during the current period: None.

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.

6. Information on prior periods indicators on the Group's income, profitability, liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on marketable securities valuation differences:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	108.075	63.235	16.036	58.577
Foreign currency difference [1]	79.187	2.300	86.788	-
Total	**187.262**	**65.535**	**102.824**	**58.577**

[1] Also includes current period foreign currency differences.

l. Information on minority interest:

	December 31, 2010	December 31, 2009
Period opening balance	**57.261**	**47.980**
Current period net income	6.672	10.230
Dividends paid	(693)	(1.438)
Foreign currency translation differences	(145)	489
Period ending balance	**63.095**	**57.261**

Convenience translation of publicly announced consolidated financial statements originally issued In Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to Consolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

III. Explanations and notes related to consolidated off-balance sheet accounts

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	December 31, 2010	December 31, 2009
Commitments on credit cards limits	11.727.679	10.954.268
Loan granting commitments	3.303.500	3.116.153
Commitments for cheques	3.653.626	1.468.823
Other irrevocable commitments	3.504.939	3.916.264
Total	22.189.744	19.455.508

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in “Off-balance sheet commitments”. The Group has recorded a general provision for its non-cash loans amounting to TL 61.702 (December 31, 2009 – TL 103.703) and a specific provision regarding non-cash loans amounting to TL 127.958 (December 31, 2009 – TL 78.250)

2 (i). Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letter of credits:

	December 31, 2010	December 31, 2009
Bank acceptance loans	165.797	151.669
Letter of credits	3.999.873	2.738.235
Other guarantees and collaterals	579.420	399.410
Total	4.745.090	3.289.314

2 (ii). Revocable, irrevocable guarantees, contingencies and other similar commitments:

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of December 31, 2010 is TL 14.947.463 (2009 – TL 13.296.741).

3(i). Total amount of non-cash loans:

	December 31, 2010	December 31, 2009
Non-cash loans given against cash loans	297.715	232.309
With original maturity of 1 year or less than 1 year	84.962	103.849
With original maturity of more than 1 year	212.753	128.460
Other non-cash loans	19.394.838	16.353.746
Total	19.692.553	16.586.055

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

3(ii). Information on sectoral concentration of non-cash loans:

	December 31, 2010				December 31, 2009			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**128.439**	**1,64**	**179.169**	**1,51**	**112.666**	**1,80**	**352.875**	**3,42**
Farming and raising livestock	96.758	1,24	175.426	1,47	78.469	1,25	348.639	3,37
Forestry	24.429	0,31	1.237	0,01	27.409	0,44	3.684	0,04
Fishing	7.252	0,09	2.506	0,03	6.788	0,11	552	0,01
Manufacturing	**3.193.878**	**40,96**	**5.618.099**	**47,23**	**2.680.163**	**42,84**	**4.554.979**	**44,09**
Mining	271.652	3,48	481.108	4,04	149.203	2,39	637.763	6,17
Production	2.462.232	31,58	4.319.847	36,32	2.151.782	34,39	3.239.512	31,36
Electric, gas and water	459.994	5,90	817.144	6,87	379.178	6,06	677.704	6,56
Construction	**2.194.349**	**28,14**	**3.022.661**	**25,41**	**1.633.745**	**26,11**	**2.747.640**	**26,60**
Services	**1.964.996**	**25,20**	**2.863.639**	**24,08**	**1.693.304**	**27,07**	**2.009.812**	**19,46**
Wholesale and retail trade	981.340	12,58	399.881	3,36	860.116	13,75	332.650	3,22
Hotel, food and beverage services	77.349	0,99	76.832	0,65	69.689	1,11	108.175	1,05
Transportation and telecommunication	260.105	3,34	308.714	2,60	218.483	3,49	245.793	2,38
Financial institutions	381.561	4,89	1.588.141	13,35	332.078	5,32	869.293	8,42
Real estate and leasing services	60.406	0,77	220.842	1,86	45.918	0,73	94.518	0,92
Self-employment services	-	0,00	-	0,00	-	-	-	-
Education services	15.835	0,20	2.931	0,02	14.001	0,22	14.497	0,14
Health and social services	188.400	2,43	266.298	2,24	153.019	2,45	344.886	3,33
Other	**316.447**	**4,06**	**210.876**	**1,77**	**136.600**	**2,18**	**664.271**	**6,43**
Total	**7.798.109**	**100,00**	**11.894.444**	**100,00**	**6.256.478**	**100,00**	**10.329.577**	**100,00**

3 (iii). Information on non-cash loans classified in Group I. and Group II.:

December 31, 2010	Group I		Group II(*)	
	TL	FC	TL	FC
Non-Cash Loans				
Letters of Guarantee	7.698.324	7.133.344	81.773	34.022
Bank Acceptances	-	165.797	-	-
Letters of Credit	12.337	3.987.368	-	168
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	5.675	571.843	-	1.902
Total	**7.716.336**	**11.858.352**	**81.773**	**36.092**

December 31, 2009	Group I		Group II(*)	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	6.101.988	6.991.089	149.639	54.025
Bank acceptances	-	151.616	-	53
Letters of credit	1.410	2.736.539	-	286
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	3.441	390.095	-	5.874
Total	**6.106.839**	**10.269.339**	**149.639**	**60.238**

(*) Also include balances of Group III, IV and V.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

3 (iv). Maturity distribution of non cash loans:

December 31, 2010 [1]	Indefinite	Up to 1 year	1-5 Years	Above	Total
Letter of credit	1.934.347	1.708.092	357.434	-	3.999.873
Letter of guarantee	7.816.864	2.711.202	3.620.745	798.652	14.947.463
Bank acceptances	165.797	-	-	-	165.797
Other	142.724	144.453	272.644	19.599	579.420
Total	10.059.732	4.563.747	4.250.823	818.251	19.692.553

December 31, 2009 [1]	Indefinite	Up to 1 year	1-5 Years	Above	Total
Letter of credit	1.395.290	944.002	398.943	-	2.738.235
Letter of guarantee	7.213.576	2.104.208	3.076.144	902.813	13.296.741
Bank acceptances	151.669	-	-	-	151.669
Other	100.362	77.980	200.309	20.759	399.410
total	8.860.897	3.126.190	3.675.396	923.572	16.586.055

[1] The distribution is based on the original maturities.

b. Information on derivative financial instruments:

	December 31, 2010	December 31, 2009
Types of trading transactions		
Foreign currency related derivative transactions (I)	42.680.725	24.530.113
FC trading forward transactions	5.287.933	4.076.196
Trading swap transactions	26.468.079	16.515.385
Futures transactions	-	-
Trading option transactions	10.924.713	3.938.532
Interest related derivative transactions (II)	3.541.599	8.785.092
Forward interest rate agreements	-	-
Interest rate swaps	3.541.598	6.991.104
Interest rate options	-	1.793.988
Interest rate futures	1	-
Other trading derivative transactions (III)	1.822.143	948.863
A. Total trading derivative transactions (I+II+III)	48.044.467	34.264.068
Types of hedging transactions		
Fair value hedges	4.317.238	3.968.893
Cash flow hedges	8.527.020	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	12.844.258	3.968.893
Total derivative transactions (A+B)	60.888.725	38.232.961

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

c. Breakdown of derivative instruments according to their remaining contractual maturities:

December 31, 2010 [1]	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives:	199.679	397.349	(43.927)	(533.470)	(222.020)	(202.389)
– Inflow	7.327.810	8.587.374	4.731.083	2.758.746	376.825	23.781.838
– Outflow	(7.128.131)	(8.190.025)	(4.775.010)	(3.292.216)	(598.845)	(23.984.227)
Interest rate derivatives:	460	(79.904)	(119.388)	(268.554)	(43.331)	(510.717)
– Inflow	65.372	8.536	613.117	3.246.597	353.200	4.286.822
– Outflow	(64.912)	(88.440)	(732.505)	(3.515.151)	(396.531)	(4.797.539)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives:	(20.546)	(25.509)	(224.288)	(623.637)	(2.933)	(896.913)
– Inflow	1.828	109.620	559.671	5.830.245	30.256	6.531.620
– Outflow	(22.374)	(135.129)	(783.959)	(6.453.882)	(33.189)	(7.428.533)
Total inflow	7.395.010	8.705.530	5.903.871	11.835.588	760.281	34.600.280
Total outflow	(7.215.417)	(8.413.594)	(6.291.474)	(13.261.249)	(1.028.565)	(36.210.299)

December 31, 2009 [1]	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	36.554	370.512	10.610	86.184	525.056	1.028.916
– Inflow	7.578.917	2.720.600	725.628	353.728	262.528	11.641.401
– Outflow	(7.542.363)	(2.350.088)	(715.018)	(267.544)	262.528	(10.612.485)
Interest rate derivatives:	(4.266)	(4.283)	(109.391)	(268.337)	(35.527)	(421.804)
– Inflow	94.622	893.260	358.828	3.558.805	987.070	5.892.585
– Outflow	(98.888)	(897.543)	(468.219)	(3.827.142)	(1.022.597)	(6.314.389)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives:	(9.395)	(12.904)	(131.221)	(259.909)	(22.295)	(435.724)
– Inflow	452	865	8.057	1.806.284	213.395	2.029.053
– Outflow	(9.847)	(13.769)	(139.278)	(2.066.193)	(235.690)	(2.464.777)
Total inflow	7.673.991	3.614.725	1.092.513	5.718.817	1.462.993	19.563.039
Total outflow	(7.651.098)	(3.261.400)	(1.322.515)	(6.160.879)	(995.759)	(19.391.651)

[1] In table above no amortisation of the notional amount has been taken into consideration.

d. Information on contingent liabilities:

The Group has recorded a provision of TL 35.886 (December 31, 2009 – TL 26.668) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account.

According to the decision of Turkish Competition Authority numbered 09-36/919-M dated August 19, 2009 and numbered 09-37/924-M dated August 24, 2009, an investigation has been initiated in accordance to the Law on Protection of Competition No. 4054 on the allegations that 8 banks, including the Parent Bank, concurred on a collusion of salary payment promotions offered to public institutions and private companies. The investigation is still ongoing and depending on the final decision of Turkish Competition Authority, a penalty may arise.

Convenience translation of publicly announced consolidated financial statements originally issued In Turkish, see in note I. of section three)

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Notes to Consolidated Financial Statements at December 31, 2010

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

e. Information on services in the name and accounts of others:

The Group's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
Short-term loans [1]	2.194.855	261.631	2.740.291	436.368
Medium/long-term loans[1]	1.542.430	564.816	1.566.893	464.741
Interest on loans under follow-up	85.459	231	62.295	474
Premiums received from resource utilisation support fund	-	-	-	-
Total [1]	3.822.744	826.678	4.369.479	901.583

[1] Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	33.477	14.546	12.220	19.565
From Foreign Banks	6.639	21.079	5.986	29.032
Headquarters and Branches Abroad	-	-	-	-
Total	40.116	35.625	18.206	48.597

[1] Does not include interest income from reserve deposits.

3. Information on interest income on marketable securities:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	FC
From trading financial assets	11.678	6.427	18.203	11.473
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	195.097	55.885	94.046	54.943
From held-to-maturity investments	514.304	467.800	788.018	486.460
Total	721.079	530.112	900.267	552.876

4. Information on interest income received from associates and subsidiaries:

	December 31, 2010	December 31, 2009
Interests received from associates and subsidiaries	816	1.363

Convenience translation of publicly announced consolidated financial statements originally issued In Turkish, see in note I. of section three)

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

b. Information on interest expense:

1. Information on interest expense on borrowings:

	December 31, 2010		December 31, 2009	
	TL	FC	TL	TL
Banks	156.016	221.364	185.112	291.904
The CBRT	-	-	-	-
Domestic banks	48.658	12.518	48.907	18.125
Foreign banks	107.358	208.846	136.205	273.779
Headquarters and branches abroad	-	-	-	-
Other institutions	-	245	-	243
Total [(1)]	156.016	221.609	185.112	292.147

[(1)] Includes fees and commissions received for borrowings.

2. Information on interest expense given to associates and subsidiaries:

	December 31, 2010	December 31, 2009
Interests paid to associates and subsidiaries	1.125	2.117

3. Maturity structure of the interest expense on deposits:

		Time deposit							
Account name	Demand deposit	Up to 1 months	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulating deposit	Total	December 31, 2009
TL									
Bank deposit	2.053	3.800	55	-	122	13.452	-	19.482	5.599
Saving deposit	871	319.239	917.145	19.305	6.255	10.906	-	1.273.721	1.620.288
Public sector deposit	-	1.104	4.849	15	11	100	-	6.079	6.353
Commercial deposit	12.101	162.568	328.469	10.640	1.305	2.508	-	517.591	626.453
Other deposit	-	5.680	53.658	1.557	26	84	-	61.005	42.118
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	15.025	492.391	1.304.176	31.517	7.719	27.050	-	1.877.878	2.300.811
FC									
Foreign currency deposit	5.556	114.748	228.147	33.358	9.632	26.267	591	418.299	552.507
Bank deposit	-	5.523	5.372	6.884	9.852	6.523	-	34.154	40.950
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	323	23	16	21	47	-	430	350
Total	5.556	120.594	233.542	40.258	19.505	32.837	591	452.883	593.807
Grand total	20.581	612.985	1.537.718	71.775	27.224	59.887	591	2.330.761	2.894.618

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

c. Information on dividend income:

	December 31, 2010	December 31, 2009
Trading financial assets	401	693
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	582	762
Other	99	1.947
Total	1.082	3.402

d. Information on trading loss / gain: (Net)

	December 31, 2010	December 31, 2009
Gain	17.960.280	13.913.173
Gain from capital market transactions	122.725	177.466
Derivative financial transaction gains	10.739.279	8.268.340
Foreign exchange gains	7.098.276	5.467.367
Loss (-)	(17.992.418)	(13.542.171)
Loss from capital market transactions	(7.520)	(15.848)
Derivative financial transaction losses	(11.209.792)	(7.941.950)
Foreign exchange loss	(6.775.106)	(5.584.373)
Net gain/loss	(32.138)	371.002

e. Information on loss / gain from derivative financial transactions

	December 31, 2010	December 31, 2009
Effect of changes in foreign exchange rates	(7.871)	650.501
Effect of changes in interest rates	(462.642)	(324.111)
Total	(470.513)	326.390

f. Information on other operating income:

Other operating income mainly results from collections from provisions recorded as expense, release of provisions, sale of loans under follow-up, sale of real estate and net insurance income.

g. Provision expenses related to loans and other receivables:

	December 31, 2010	December 31, 2009
Specific provisions for loans and other receivables	1.045.337	1.348.990
III. Group loans and receivables	8.268	158.689
IV. Group loans and receivables	133.683	457.344
V. Group loans and receivables	903.386	732.957
General provision expenses	74.315	243.775
Provision expense for possible risks	25.905	21.088
Marketable securities impairment expenses	1.014	660
Financial assets at fair value through profit or loss	1.014	-
Available-for-sale financial assets	-	660
Impairment of investments in associates, subsidiaries and held-to-maturity securities	14.189	23.206
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	14.189	23.206
Other	1.545	11.010
Total	1.162.305	1.648.729

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

h. Information related to other operating expenses:

	December 31, 2010	December 31, 2009
Personnel expenses	1.125.639	1.015.601
Reserve for employee termination benefits	2.259	5.828
Provision expense for pension fund	-	89.693
Impairment expenses of fixed assets	1.324	-
Depreciation expenses of fixed assets	142.925	144.157
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	46.100	38.218
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	219	1.012
Depreciation expenses of assets held for resale	1.937	2.615
Impairment expenses of fixed assets held for sale	-	-
Other operating expenses	855.796	801.350
Operational lease expenses	113.235	109.147
Maintenance expenses	29.073	28.645
Advertising expenses	82.411	63.402
Other expense	631.077	600.156
Loss on sales of assets	2.883	284
Other	514.116	411.484
Total	2.693.198	2.510.242

i. Explanations on income/loss from continuing operations before tax:

Income before tax includes net interest income amounting to TL 3.582.153 (December 31, 2009 – TL3.896.855), net fee and commission income amounting to TL 1.738.087 (December 31, 2009 – TL1.569.115) and total other operating expense amounting TL 2.693.198 (December 31, 2009 – TL2.510.242).

j. Provision for taxes on income from continuing operations:

As of December 31, 2010, the Group has current tax expense amounting to TL 550.611 (2009 – TL 480.911) and deferred tax credit amounting to TL 11.615 (2009 – TL 125.651)

Total provision for taxes on income for current period and the previous period:

	December 31, 2010	December 31, 2009
Income before tax provision	2.793.699	1.908.438
Tax calculated with tax rate of 20%	558.740	381.688
Disallowables, deductions and other, net	(25.052)	(28.754)
Tax rate difference	5.308	2.326
Total provision for taxes on income	538.996	355.260

k. Information on net income/loss for the period:

1. As a result of changes in the internal composition of the loan portfolio in the current year, the Parent Bank revised the general loan loss provisions by updating the related parameters used with calculation of such provision. As of December 31, 2010, as a result of the revision, TL 114 million is recorded as income. Apart from this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance. (December 31, 2009 - The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Parent Bank's current period performance.)

2. Information on any change in the accounting estimates concerning the current period or future periods: None.

l. Other items in income statement :

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions and services.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"].)

m. Income/loss of minority interest:

	December 31, 2010	December 31, 2009
Income / loss of minority interest	6.672	10.230

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

a. Information on dividends: None.

b. Information on available for sale financial assets:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities value increase fund" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

c. Information on increase/decrease amounts resulting from merger:

It is explained in details in Note VII. of Section Five.

d. Information on foreign currency valuation differences:

During the consolidation of the Group's subsidiaries abroad, balance sheet items are translated to Turkish Lira with the relevant period end exchange rates and income statement items are translated with the relevant period average exchange rates. Translation differences arising from these calculations are recorded in equity as "Marketable Securities Valuation Difference".

e. Information on share issue premium:

Explained in details in Note XIX of Section Three

VI. Explanations and notes related to consolidated statement of cash flows

a. Information on cash and cash equivalent assets:

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change on the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3 (i). Cash and cash equivalents at the beginning of period:

	December 31, 2010	December 31, 2009
Cash	2.032.372	2.768.546
Cash and effectives	655.382	607.721
Demand deposits in banks	1.376.990	2.160.825
Cash equivalents	3.015.471	1.420.136
Interbank money market	1.581.164	227.553
Deposits in bank	1.434.307	1.192.583
Total cash and cash equivalents	5.047.843	4.188.682

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

3 (ii). Cash and cash equivalents at the end of the period:

	December 31, 2010	December 31, 2009
Cash	4.127.914	2.032.372
Cash and effectives	702.227	655.382
Demand deposits in banks	3.425.687	1.376.990
Cash equivalents	1.977.118	3.015.471
Interbank money market	970.536	1.581.164
Deposits in bank	1.006.582	1.434.307
Total cash and cash equivalents	6.105.032	5.047.843

b. Information on cash and cash equivalents that are not in use due to legal limitations and other reasons:

As of December 31, 2010, the Group’s reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 5.255.231 (December 31, 2009 – TL 3.536.809). There is also TL 87.186 blocked amount in foreign banks account.

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in “Other account” amounting to TL 1.804.668 (December 31, 2009 - TL 1.989.307) which is classified under “Operating profit before changes in operating assets and liabilities” includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in “Net increase/decrease in other liabilities” amounting to TL 1.133.669 (December 31, 2009 – TL 240.168 increase) which is classified under “Changes in operating assets and liabilities” mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 54.185 as of December 31, 2010 (December 31, 2009-TL 32.709 increase).

VII. Explanations and notes related to group’s merger, transfers and companies acquired by banks

Mergers and transfers in the year 2010:

(i) None.

Mergers and transfers in the year 2009:

(i) As a result of the Extraordinary General Assembly Meetings, dated June 30, 2009, of Yapı Kredi Menkul, and of UCM it has been decided that Yapı Kredi Menkul’s intermediary activities function, which serves corporate clients, was added to Unicredit Menkul’s (“UCM”)’s capital as capital in-kind through a partial spin-off over its book values at December 31, 2008. As a result of this operation, the share of the Bank in Yapı Kredi Menkul’s capital did not change. According to the spin-off agreement, the Bank has acquired a share in UCM share capital (10,73%). The fair value of this business line was TL 1.432 and classified as share certificates under available for sale portfolio.

VIII. Explanations and notes related to group’s risk group

a. The volume of transactions relating to the Group’s risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Information on loans of the Group’s Risk Group:

December 31, 2010	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Groups’ risk group [(1) (2)]	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	5.128	1.281	68.674	54.926	545.598	550.074
Balance at the end of the period	25.085	3.271	258.251	81.282	951.016	671.337
Interest and commission income received	816	38	4.388	868	77.789	3.921

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes banks, marketable securities and loans.

Convenience translation of publicly announced consolidated financial statements originally issued In Turkish, see in note I. of section three)

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December 31, 2009	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Groups’ risk group [1] [2]	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	5	940	219.751	64.690	561.783	567.664
Balance at the end of the period	5.128	1.281	68.674	54.926	545.598	550.074
Interest and commission income received	1.363	18	13.384	1.187	56.412	2.984

[1] Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
[2] The information in table above includes banks, loans and marketable securities.

2. Information on deposits of the Bank’s risk group:

Group’s risk group[1] [2]	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Beginning of the period	41.731	25.966	3.060.980	3.999.194	2.330.627	1.693.037
End of the period	11.699	41.731	4.367.079	3.060.980	5.279.564	2.330.627
Interest expense on deposits	1.125	2.117	198.531	210.921	137.756	139.252

[1] Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
[2] The information in table above includes borrowings as well as deposits and repo transactions.

3. Information on forward and option agreements and other derivative instruments with the Bank’s risk group:

Group’s risk group[1]	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Transactions at fair value through profit or loss[3]						
Beginning of the period [3]	-	-	378.169	171.366	710.036	540.506
End of the period [3]	38.038	-	187.782	378.169	642.637	710.036
Total profit / loss	(486)	-	(17.801)	3.395	(26.061)	13.343
Transactions for hedging purposes[2]						
Beginning of the period[3]	-	-	-	-	-	-
End of the period[3]	-	-	-	-	-	-
Total profit / loss	-	-	-	-	-	-

[1] Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
[2] The Bank’s derivative instruments are classified as “at Fair Value Through Profit or Loss” or “for Hedging Purposes” according to TAS 39.
[3] The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments.

b. With respect to the Group’s risk group:

1. The relations with entities that are included in the Group’s risk group and controlled by the Bank irrespective of the relationship between the parties:

The Parent Bank performs various transactions with group companies during its banking activities. These are commercial transactions realised with market prices.

c. Information regarding benefits provided to the Group’s top management:

Salaries and benefits paid to the Group’s top management amount to TL 30.808 as of December 31, 2010 (December 31, 2009 – TL 35.238).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira [“TL”].)

IX. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the parent bank

	Number	Employee number	Country of incorporation	Total asset	Statutory share capital
Domestic Branch	867	14.407			
Foreign Rep. Office	-	-	-		
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	1	4	Bahrain	13.947.130	-

X. Explanations and notes related to subsequent events

1- According to the resolution of the Board of Directors of the Parent Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as Executive Director and Deputy Chief Executive Officer and will continue as member of Board of Directors

2- According to the resolution of the Board of Directors of the Parent Bank dated January 24, 2011, Carlo VIVALDI was appointed as Executive Director and Deputy Chief Executive Officer.

3- According to the resolution of the Board of Directors of the Parent Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as deputy chairman of Credit Committee and Executive Committee and was appointed as substitute member of Credit Committee; Carlo VIVALDI has resigned from his duty as substitute member of Credit Committee and was appointed as deputy chairman of Credit Committee and Executive Committee.

4- According to the resolution of the Board of Directors of the Parent Bank dated January 24, 2011, effective from January 31, 2011, Alessandro M. DECIO has resigned from his duty as Deputy General Manager and Carlo VIVALDI was appointed as Deputy General Manager, unless the response of the application to the BRSA is negative in 7 days.

5- Effective from January 31, 2011, Muzaffer OZTURK has resigned from his duty as vice president of Retail Sales Management due to retirement.

6- In accordance with the “Change in communiqué regarding the reserve requirements” published in the Official gazette numbered 27788 dated December 17, 2010; TL reserve requirement ratios are regulated as stated below. The new ratio is going to be valid starting from January 7, 2011.

- Demand, notice deposits and private current accounts 8%
- Up to 1 month time deposit accounts (1 month included) 8%
- Up to 3 months time deposit accounts (3 months included) 7%
- Up to 6 months time deposit accounts (6 months included) 7%
- Up to 1 year time deposit accounts 6%
- 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%
- Liabilities excluding deposit 8%

7- In accordance with the “Change in communiqué regarding the reserve requirements” published in the Official gazette numbered 27825 dated January 24, 2011; TL reserve requirement ratios are regulated as stated below. The new ratio is going to be valid starting from February 4, 2011.

- Demand, notice deposits and private current accounts 12%
- Up to 1 month time deposit accounts (1 month included) 10%
- Up to 3 months time deposit accounts (3 months included) 9%
- Up to 6 months time deposit accounts (6 months included) 7%
- Up to 1 year time deposit accounts 6%
- 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
- Liabilities excluding deposit 9%

Section six
Other explanations and notes

I. Other explanations on Group’s operations

According to the resolution of the Board of Directors of the Bank dated March 15, 2010, the Bank’s shares in UniCredit Menkul Değerler A.Ş. included in the available for sale securities portfolio (TL 3.148 nominal, 10,73% of the capital) have been sold to Koç Finansal Hizmetler A.Ş. as of July 9, 2010 for a consideration of TL 8.548.

Section seven
Explanations on independent auditor’s report

I. Explanations on independent auditor’s report

The consolidated financial statements for the period ended December 31, 2010 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited). The independent auditor’s report dated February 28, 2011 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

2010 Financial Review

Based on consolidated BRSA financial results dated December 31, 2010 Yapı Kredi reported TL 2,255 million net income with an annual increase of 45% and return on average equity of 26.9% (2009: 22.7%). Total asset size of the Bank increased by 29% and reached TL 92.8 billion. Throughout the year, the Bank maintained strong focus on growth, customer satisfaction, commercial effectiveness and profitability, thereby recording one of the strongest performances in the sector both in terms of growth and profitability.

Yapı Kredi posted TL 6,649 million revenues with 10% annual increase driven by above sector volume growth, 11% annual growth in net fees and commissions and asset quality improvement despite downward pressure on net interest margin. Meanwhile, the Bank continued its investments for growth with a limited 7% annual cost growth on the back of tight cost management and efficiency initiatives. Cost/Income ratio was recorded as 40.5%.

In 2010, Yapı Kredi's total loans reached TL 54.2 billion with a strong growth of 40% driven by macroeconomic recovery and increased commercial effectiveness. On the local currency side, Yapı Kredi further strengthened its position as a leading retail franchise recording above sector growth in consumer loans (39%) and SME lending through commercial installment loans (69%). On the foreign currency side, the Bank concentrated on energy sector, supporting the economy through providing US$ 3.6 billion of project finance loans. Yapı Kredi also maintained its leadership position in credit cards with outstanding market share of 19.3%, leasing and factoring with 19.2% and 23.1% market shares, respectively.

Yapı Kredi's total deposits reached TL 55.2 billion with 27% growth mainly driven by local currency deposits. Demand deposits of the Bank increased by 19% annually with weight of demand deposits in total at 17% on the back of focus on strong customer relationships in SME and commercial banking. Yapı Kredi recorded 17% increase in assets under management and reinforced its second position in the sector with a total asset under management volume of TL 9 billion.

Yapı Kredi maintained its comfortable capital position and further strengthened and diversified its funding base. The Bank successfully secured two syndicated loan facilities amounting to US$ 2.25 billion with more favourable conditions both in terms of amount and pricing compared to the previous year. The Bank also secured a long-term borrowing of US$ 750 million with 5 year maturity and fixed rate. Capital adequacy ratio stood at 15.4% at Group level and 16.1% at Bank level.

Yapı Kredi recorded significant improvement in asset quality with non-performing loan (NPL) ratio decreasing to 3.4% (6.3% in 2009), on the back of decreased NPL inflows, strong collections, NPL portfolio sales and credit infrastructure improvements. Specific coverage of NPLs was realised at 77% while general coverage of NPLs was at 40%.

Solid improvement was recorded in commercial effectiveness driven by process/system enhancements leading to reduced customer response times, introduction of innovative new products, focus on customer acquisition, as well as continuous focus on conversion of credit-card only customers into banking customers. Loans per employee increased by 39% and deposits per employee increased by 28% annually.

The Bank continued its branch expansion plan and number of branches reached 927 at Group level and 868 at Bank level with 39 new openings corresponding to 30 net increase in number of branches in 2010. As of the end of December 2010, Yapı Kredi has the fourth largest branch network in Turkey with 9.2% market share.

Summary Financial Highlights

	2006	2007	2008	2009	2010
Total Assets	55,293	56,130	70,872	71,734	92,814
Performing Loans	23,082	28,733	38,910	38,863	54,243
Deposits	32,576	33,706	44,023	43,375	55,207
Shareholders' Equity	4,107	5,004	6,864	8,486	10,746
Net Profit/(Loss)	697	1,019	1,265	1,553	2,255
Number of Employees (Group)	15,943	16,779	17,385	16,749	16,821
Number of Branches (Group)	653	738	930	901	927

(Based on consolidated BRSA financials. Million TL)

Yapı Kredi's Credit Ratings

MOODY'S	RATING	OUTLOOK
Financial Strength Rating	D+	Stable
Short Term Foreign Currency Deposit	NP	Stable
Long Term Foreign Currency Deposit	Ba3	Positive
Long Term Local Currency Deposit	Baa1	Stable
Short Term Local Currency Deposit	Prime-2	Stable
National Scale Rating	Aa2.tr	

STANDARD&POOR'S	RATING	OUTLOOK
Long Term FC Counterparty Rating	BB	Positive
Short Term Credit Rating on the International Scale	B	
Long Term Credit Rating on the Turkish Scale	trAA	
Short Term Credit Rating on the Turkish Scale	trA-1	

FITCH RATINGS	RATING	OUTLOOK
Foreign Currency Issuer Default Rating		
Long Term	BBB-	Positive
Short Term	F3	
Local Currency Issuer Default Rating		
Long Term	BBB	Positive
Short Term	F3	
Individual Rating	C/D	
Support Rating	2	
National Long Term	AAA (tur)	Stable

Note: Update ratings as of 10 March 2011

Yapı Kredi Abroad

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