

ANNUAL REPORT 2008



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Part I

Introduction





**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
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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 31 December 2008 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 Law 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 31 December 2008 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law 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.

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

Zeynep Uras, SMMM
İstanbul, 17 March 2009

2008 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 Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) related to the activities of the year 2008, rejection or approval with amendments of the proposal of the Board of Directors regarding the Balance Sheet and Income Statement for the year 2008,
- 3.** Confirmation of the Board member elected by the Board of Directors according to Article 315 of the Turkish Commercial Code to fill in the vacancy throughout the year,
- 4.** Clearing of members of the Board of Directors and the Statutory Auditors of liability related to activities of the Company during the year 2008,
- 5.** Electing Members of the Board of Directors and determining the term of office of Board members,
- 6.** Electing Statutory Auditors and determining the term of office of the Statutory Auditors,
- 7.** Determining the monthly gross fees for Members of the Board of Directors and the Statutory Auditors,
- 8.** Rejection or approval with amendments of the proposal of the Board of Directors regarding the Profit Distribution for the year 2008,
- 9.** Submitting the Profit Distribution Policy of the Bank for 2009 and forthcoming years to the shareholders' knowledge according to the Corporate Governance Principles,
- 10.** Submitting the Disclosure Policy of the Bank to the shareholders' knowledge according to the Corporate Governance Principles,
- 11.** Submitting the donations made by the Bank in 2008 to the foundations and associations, which are subject to tax exemption, with the aim of social relief to the shareholders' knowledge,
- 12.** Approval of the Independent Audit Institution selected for auditing the 2009 financial statements in line with the requirement of the Regulation issued by the Capital Markets Board on Capital Market Independent External Audit,
- 13.** Consideration and approval of the amendment to the articles 4, 5, 6, 7, 8, 9, 12, 13, 15, 17, 18, 21, 25, 26, 30, 31, 36, 39, 41, 42, 48, 50, 51, 56, 57, 58, 61, 64, 66, 68, 78, 79, 82 and 88 as well as Provisional Article-1, and removal of the articles 10, 11 and 65 from the Articles of Association of our Bank within the context that the registered capital system has been adopted by our bank, the principles of the Central Registry Agency in relation to dematerialization, and the transition from YTL to TL (with the condition of receiving the related approvals from the Banking Regulation and Supervision Authority, the Capital Markets Board and the Ministry of Industry and Trade),
- 14.** Granting permission to the Members of the Board of Directors for the transactions specified in Articles 334 and 335 of the Turkish Commercial Code and Article 32 Paragraph 2 of the Articles of Association of the Bank,
- 15.** Authorizing Council for the Meeting to sign the minutes,
- 16.** Wishes.

Amendments to the Articles of Association

Dividend Distribution Policy for 2009 and the Following Years

Amendments to the Articles of Association

Pursuant to the Bank's adoption of the registered capital system at the Ordinary Annual Shareholders' Meeting dated April 7, 2008, Article 8 ("Capital"), Article 19 ("Increase in Capital") and Article 20 ("Preemptive Rights of Shareholders") of the Bank's Articles of Association were amended. These changes were registered on April 22, 2008. Pursuant to the amendment to the Articles of Association, the Bank's registered capital is set at YTL 5.000.000.000.

Dividend Distribution Policy for 2009 and the Following Years

Principles with regard to the dividend distribution of the Bank are set out in detail in Article 78 of the Articles of Association of the Bank. In this respect, the General Assembly is, 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.

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 may be taken at the Annual Shareholders' Meeting.

It is envisaged that the dividend policy of the Bank will be set out in a way to ensure the realisation of the 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 2008 Net Profit

It is resolved that YTL 52.130.004,05 should be reserved as the primary reserve from YTL 1.042.600.081 (the unconsolidated net profit for the 2008 accounting period) and that YTL 947.014.126,90, which remains after the reservation of YTL 43.455.950,05 (75% of the profit from the sales of Real Properties and share stocks on the basis of Clause 5.e of the Corporate Tax Law 5520) should be reserved as extraordinary reserves with a view to assure the accomplishment of the Bank's long-term growth plans, giving due consideration to the domestic and international economic conditions, and the proposal on dividend distribution together with the 2008 dividend distribution table on page 165 which was submitted at the Annual Shareholders' Meeting as explained above for approval.

Despite the adverse developments in the global economic environment which progressively worsened starting from the second half of the year, Yapı Kredi, a leading actor in the Turkish banking sector, continued to implement its growth strategy successfully, carried out its operations in accordance with its strategic priorities and reinforced its position in the sector, putting more emphasis on efficiency and risk management through an accommodating approach to the economic conditions.

Yapı Kredi in Brief

Turkey's first private bank with a nationwide presence

Through a customer-focused strategy and segment-based service model that was restructured in the first half of 2007, Yapı Kredi serves more than 6 million active customers in a wide range of areas from credit cards, retail and SME banking to corporate, commercial and private banking as well as asset management, leasing, factoring, private pension funds, insurance, equity brokerage and investment banking services.

Turkey's first private bank with a nationwide presence, Yapı Kredi is the fourth largest private bank in Turkey with total assets of YTL 70,9 billion as of year-end 2008. Yapı Kredi has a 10,6% market share in total cash loans and a 9,8% market share in total deposits as of year-end 2008.

Through a customer-focused strategy and segment-based service model that was restructured in the first half of 2007, Yapı Kredi serves more than 6 million active customers in a wide range of areas from credit cards, retail and SME banking to corporate, commercial and private banking as well as asset management, leasing, factoring, private pension funds, insurance, equity brokerage and investment banking services. Yapı Kredi has subsidiaries in Turkey that complement the Bank's strong segment-based structure, as well as international banking operations in the Netherlands, Russia and Azerbaijan.

The Bank completed 2008 as the market leader in credit cards outstanding volume and factoring with market shares of 21,8% and 20,3%, respectively; it ranked second in mutual funds and leasing with 19% and 14,9% market shares respectively and third in private pension funds with a 15,0% market share. The Bank has a significant presence in the life and non-life insurance businesses with a leadership position in health insurance with 21,7% market share.

Yapı Kredi has one of the most extensive branch and alternative delivery channel networks in the Turkish banking sector. The Bank has the fourth largest physical network in the sector in terms of number of branches (861) and the third largest network in the sector in terms of number of ATMs (2.381). The Bank also offers its customers rich content internet and telephone banking services.

Operating under the umbrella of Koç Financial Services (KFS), a joint venture between Koç Group and UniCredit Group, Yapı Kredi has adopted the vision of continuously creating value for its customers, employees and shareholders and becoming the undisputed leader of the finance sector through its healthy and sustainable growth and profitability-oriented strategy.

Yapı Kredi's History

Founded in 1944 as Turkey's first private bank with a nationwide presence, Yapı Kredi has always played an important role in the development of the domestic economy and in the growth of individuals' financial strength; it has set standards in the Turkish banking sector with innovative products and services.

Founded in 1944 as Turkey's first private bank with a nationwide presence, Yapı Kredi has always played an important role in the development of the domestic economy and in the growth of individuals' financial strength; it has set standards in the Turkish banking sector with innovative products and services.

Yapı Kredi's firsts:

- 1967: Yapı Kredi introduced computerization to the Turkish banking sector.

- 1980s: Yapı Kredi introduced individual loans, credit cards, debit cards, automatic teller machines and a variety of investment products to the public.

- 1984: Yapı Kredi introduced the first inter-branch online banking programme.

- 1985: Yapı Kredi laid the foundations of today's corporate banking products and services under the "wholesale commercial banking" name.

- 1986: Yapı Kredi was the first Turkish bank to issue bonds and certificates in international capital markets.

- 1988: Yapı Kredi introduced Turkey's first revolving credit card and offered the first consumer loans in Turkey.

- 1989: Yapı Kredi provided the first auto loans in Turkey.

- 1991: Yapı Kredi launched the first telephone banking service and introduced the credit card loyalty point system in Turkey.

- 1995: Yapı Kredi was the first bank in Turkey to receive the ISO 9001 Quality Certification.

- 2002: Yapı Kredi launched the first GSM POS application in Turkey.

- 2004: Yapı Kredi became the first bank in Turkey to reward customer value in a systematic fashion through "Benim Param" (My Money), a loyalty program able to meet all banking needs of retail customers with a single application.

- 2006: Yapı Kredi successfully completed its merger with Koçbank, the biggest merger in the Turkish banking sector.

- 2007: Yapı Kredi set new standards in Turkey's credit card market by restructuring its credit card platform, World, Turkey's leading credit card platform. The new system is structured under a single brand and card under the umbrella of World and allows customers to incorporate the services of their choice into their chosen credit card.

- 2008:

- Yapı Kredi launched the World Share Program, Turkey's first donation platform that accepts credit card points and emphasises the contribution of credit cards to social responsibility projects.

- Yapı Kredi launched capital guaranteed funds, a first in Turkey.

- The Bank also introduced Turkey's first barcode-based bill payment system through ATMs, enabling customers and non-customers to pay bills in cash quickly and easily at Tele24 Plus stations and Yapı Kredi ATMs that have the capability to scan barcodes on the statements.

Yapı Kredi's Shareholder Structure

Koç Financial Services (KFS) owns 81,8% of Yapı Kredi's outstanding shares. Koç Financial Services is an equal-share (50%-50%) joint venture between Koç Group and UniCredit Group. The remaining 18,2% of the Bank's outstanding shares are publicly traded and are held by minority shareholders. The Bank's shares are listed on the Istanbul Stock Exchange, whereas the Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange.

Pursuant to a resolution of the Ordinary Annual Shareholders' Meeting on April 7, 2008, Yapı Kredi adopted the registered capital system. On May 15, 2008, the Board of Directors resolved to increase the Bank's issued capital of YTL 3.427.051.284,00 within the Bank's registered capital of YTL 5.000.000.000 to YTL 4.347.051.284,00; an increase of YTL 920.000.000 in cash. The pre-emptive rights of shareholders to shares worth YTL 918.594.825,22 of the increased total nominal amount of YTL 920.000.000

were exercised between July 18, 2008 and August 1, 2008 under the framework of conditions specified in the public offering prospectus. The capital increase was registered on December 15, 2008, following the completion of the legal process stipulated by legislation and the receipt of the document dated December 2, 2008 from the Capital Markets Board regarding the completion of the capital increase.

The pre-emptive rights, regarding Yapı Kredi's capital increase from YTL 3.427.051.284,00 to YTL 4.347.051.284,00 in cash, that were not exercised by Yapı Kredi shareholders within the given time-limit, were offered to the public on the Istanbul Stock Exchange's Primary Market between August 7-11, 2008. Of these, shares with a nominal value of YTL 325.000 were bought by Koç Financial Services (KFS) on August 11, 2008 for YTL 2,60 per share. As a result of this transaction, the share of Koç Financial Services in Yapı Kredi's share capital rose from 81,79% to 81,80%.

| Shareholder | Share Amount (YTL) | Share (%) |
|------------------------|-------------------------|---------------|
| Koç Financial Services | 3.555.712.396,07 | 81,80 |
| Other Shareholders | 791.338.887,93 | 18,20 |
| Total | 4.347.051.284,00 | 100,00 |

Yapı Kredi's Vision and Values

Yapı Kredi's Vision

Yapı Kredi's vision is to become the undisputed leader of the finance sector through sustainable growth and value creation and to be the first choice of customers and employees.

Yapı Kredi's Values

Yapı Kredi's vision has been built on five core values: Freedom, fairness, transparency, trust and respect.

Freedom

Yapı Kredi employees can always express their opinions openly and easily under any circumstance. To this end, they use the appropriate means in a constructive way. They act freely within the framework of the Bank's values and participate in activities contributing to the future of the corporation.

Fairness

Yapı Kredi employees treat their colleagues, customers and the Bank's stakeholders in a consistent manner on the basis of equal opportunity without considering any personal interest. Yapı Kredi employees make decisions after evaluating every situation objectively and act in accordance with their values and commitments while fulfilling their corporate and social responsibilities.

Transparency

Yapı Kredi employees share the corporate information relevant to their fields with their colleagues, customers and the Bank's stakeholders in a transparent, clear and timely manner within the framework of confidentiality principles and ensure that this information is accessible by all relevant parties. Yapı Kredi employees express their real opinions with the same degree of transparency.

Trust

Yapı Kredi employees create trust among their colleagues, customers and the Bank's stakeholders through their banking knowledge and skills and their commitment to corporate values. Yapı Kredi employees trust the people to whom they give responsibility and authority. Yapı Kredi employees keep their promises promptly, completely and in a manner most consistent with corporate values; they do not make promises they cannot keep. They demonstrate ownership for the problems and mistakes, find solutions and monitor the results.

Respect

Yapı Kredi employees listen to their colleagues and customers, irrespective of their identities, in order to understand them and take what has been said seriously. They respect the opinion of others and know that their opinions and ideas will be taken seriously as well.



Yapı Kredi's Strategy

With an objective to achieve sustainable value generation, Yapı Kredi's strategy is focused on:

- Healthy and steady growth based on outstanding performance of core commercial banking activities
- Sustainable profitability driven by:
 - Clear focus on customer satisfaction
 - Sound banking approach with strong emphasis on liquidity and return on capital, and
 - Strong focus on employee satisfaction
- Continuous search for efficiency enhancements and strong focus on asset quality and risk management

Financial Indicators

Yapı Kredi is the fourth largest private bank by total assets

Summary Balance Sheet

(Consolidated BRSA financials)

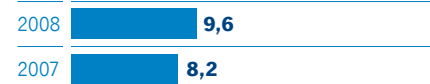
| million YTL | 2007 | 2008 | 07-08 (%) |
|--|---------------|---------------|-----------|
| Cash and Banks | 5.124 | 8.119 | 58 |
| Loans | 29.088 | 39.555 | 36 |
| Securities and Derivatives | 14.518 | 15.385 | 6 |
| Associates and Subsidiaries | 71 | 90 | 26 |
| Property and Equipment and Intangible Assets | 2.329 | 2.363 | 1 |
| Other Assets | 5.000 | 5.360 | 7 |
| Total Assets | 56.130 | 70.872 | 26 |
| Deposits | 33.706 | 44.023 | 31 |
| Borrowings | 5.186 | 7.231 | 39 |
| Money Markets | 2.479 | 1.053 | (58) |
| Subordinated Debt | 1.773 | 2.221 | 25 |
| Shareholders' Equity | 5.004 | 6.864 | 37 |
| Other Liabilities | 7.982 | 9.480 | 19 |
| Total Liabilities | 56.130 | 70.872 | 26 |

| Selected Balance Sheet Ratios (%) | 2007 | 2008 |
|-------------------------------------|------|------|
| Loans/Assets | 51,8 | 55,8 |
| Securities/Assets | 25,8 | 21,1 |
| Loans/Deposits | 86,3 | 89,8 |
| Borrowings and Payables/Liabilities | 16,8 | 14,8 |
| Capital Adequacy Ratio (Group) | 12,8 | 14,2 |
| Capital Adequacy Ratio (Bank) | 13,7 | 15,7 |

TL Loans (million YTL)



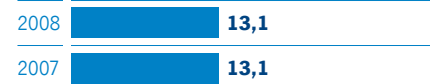
FC Loans (million US\$)



TL Deposits (million YTL)



FC Deposits (million US\$)



In 2008, Yapı Kredi recorded YTL 1.261 million of consolidated net income with a 45% increase and 24,6% return on average equity. The Bank improved its profitability through a positive commercial performance and rigid cost management.

Summary Income Statement

(Consolidated BRSA financials)

| million YTL | 2007 | 2008 | 07-08 (%) |
|--|-------|-------|-----------|
| Total Revenues | 3.963 | 4.784 | 21 |
| Net Interest Income | 2.473 | 2.824 | 14 |
| Net Non-Interest Income | 1.490 | 1.960 | 32 |
| Net Fees and Commissions | 1.065 | 1.388 | 30 |
| Other Operating Expenses | 2.338 | 2.560 | 9 |
| Provisions for Loan Losses and Other Receivables | 415 | 610 | 47 |
| Profit Before Tax | 1.209 | 1.614 | 33 |
| Tax | 190 | 349 | 84 |
| Net Profit | 1.019 | 1.265 | 24 |
| Consolidated Net Profit | 870 | 1.261 | 45 |

| Selected Indicators | 2007 | 2008 |
|--|--------|--------|
| Number of Branches (Bank) | 676 | 861 |
| Number of Personnel (Bank) | 14.249 | 14.795 |
| Number of Personnel (Group) | 16.779 | 17.359 |
| Deposits per Bank Personnel* (million YTL) | 2,3 | 2,8 |
| Loans per Bank Personnel* (million YTL) | 2,0 | 2,6 |

(*) Based on unconsolidated BRSA deposit and loan figures of the Bank

Consolidated Net Profit (million YTL)

| | |
|------|-------|
| 2008 | 1.261 |
| 2007 | 870 |

Return on Average Equity (%)

| | |
|------|------|
| 2008 | 24,6 |
| 2007 | 23,5 |

Cost/Income (%)

| | |
|------|------|
| 2008 | 53,5 |
| 2007 | 59,0 |

Fees and Commissions/Costs (%)

| | |
|------|------|
| 2008 | 54,2 |
| 2007 | 45,6 |

Chairman's Message

2008 was a volatile year for the Turkish banking sector due to various internal and external factors, the result of developments in the global macro environment and also the Turkish economy. The fact that the banking system was equipped with reforms and precautionary actions after 2002 was a crucial factor for Turkey in resisting the ill effects of the global crisis.

Dear Shareholders,

2008 was a year of challenges, with economic and social concerns in both the global economy and in Turkey. The problems which emerged in developed economies within the second half of 2007 reached a vast scale starting in the second half of September 2008, evolving into a crisis that threatened the global financial system. Radical actions were taken by several governments leading the global financial system in an effort to prevent almost certain collapse, nevertheless, severe damage still occurred starting in the banking sector and then in the real sector.

Turkey was relatively less affected by the crisis until April 2008. During this time, Turkey continued to focus on maintaining a strong financial structure while the fluctuations in developed countries gradually increased. The fact that the banking system was equipped with reforms and precautionary actions after the crisis in 2002 was a crucial factor for Turkey in resisting the effects of the global crisis.

However, developments in the local political scene during early second quarter of 2008 increased the vulnerability of the Turkish economy against the crisis that had already damaged many developed economies. The political problems in Turkey and a lower risk appetite of foreign investors led not only to a lack of interest in Turkish lira-denominated instruments but also to increasing worries within the local market. Nevertheless, the emergence of a global recession started to affect the Turkish economy due to its worldwide trade relations; a downward trend was observed particularly with regard to foreign trade activities. As the global crisis deepened by September, Turkey witnessed a major foreign capital outflow and further

deterioration in the expectations of local players regarding the future macroeconomic outlook. The slowdown in domestic consumption and investment demand as well as the decline in exports caused severe damage to production and employment in the real sector, especially in the last quarter of 2008.

Year 2008 has been volatile for the Turkish banking sector due to various internal and external factors resulting from the above mentioned developments within the global macro environment, ultimately affecting the Turkish economy. The Turkish banking sector witnessed a generally positive operating environment in the first quarter of 2008 as interest rates continued to fall despite the tension emerging in international financial markets coupled with the heightened global liquidity crisis. Throughout the first quarter, the strong loan growth achieved in recent years in the banking sector continued without any deterioration in asset quality.

As interest rates once again faced an upward trend, from the second quarter of the year, both retail and corporate loan rates increased. The second quarter featured a less favourable environment compared to the first quarter, particularly due to political uncertainties in Turkey while unfavourable global liquidity conditions were ongoing. The slowdown in the economy, the rise of inflation and signals of decline in consumer confidence as well as the increase of the policy rates by the Central Bank led to a deceleration in the growth of consumer loans in the banking sector and slight deterioration in asset quality mainly driven by SME lending. Even though banks increased loan rates in view of rising interest rates, the sharp climb of funding costs prior to the repricing of loans, negatively affected margins in the banking sector.

Our Bank's total assets reached YTL 70,9 billion and the number of total active customers was more than six million at the end of 2008; leading positions in various product and service segments were further reinforced.

Fluctuations in international markets reached serious levels after September 2008 and financial markets together with the banking sectors of numerous developed and developing countries were confronted with deeply impacting problems, requiring large-scale state interventions. These developments introduced several direct and indirect results in the Turkish banking sector, which have so far been successfully managed.

Foreign borrowings, which matured in the last quarter of the year, were successfully rolled over albeit in relatively smaller amounts and with increased costs. While loan growth almost stopped, there were signs of deterioration in asset quality. On the other hand, the first positive signals of the aggressive rate cuts by the Central Bank were observed in the banking sector.

The banking sector was able to maintain growth throughout the year despite the impact of negative developments mentioned above. Within the framework of the sector's growth potential, investments continued during the first half of the year. Due to increasing uncertainties, however, this was followed by a period where investments were postponed and Gross Domestic Product (GDP) growth targets were revised downward. The rising concerns with regard to asset quality and profitability were responsible for the revision of GDP growth targets. The total asset size of the banking sector reached YTL 707 billion in 2008, indicating an increase of 26%. Even though sector volume growth slowed considerably toward the end of 2008, an annual increase of 30% was achieved in the total loan volume.

The clear trend in the banking sector in terms of rapid branch network expansion and increasing employment observed in

recent years including the first half of 2008, has been replaced by a temporary stand-by process until the uncertainties in the operating environment and the international markets diminish.

Yapı Kredi, a leading player and one of the largest financial services groups in the Turkish banking sector, continued to operate via its customer-focused strategy and prudent banking approach, keeping close track of both domestic and international developments.

Our Bank's total assets reached YTL 70,9 billion and the number of total active customers was more than six million by the end of 2008. As part of the branch expansion plan launched in July 2007, Yapı Kredi became the bank with the highest number of branch openings in 2008 with a total of 185 openings. As of year-end 2008, it had the fourth largest branch network in the sector with 861 branches.

As a result of its focus on core commercial banking activities, loans at Yapı Kredi increased 36% and deposits increased 31% in 2008; leading positions in various product and service segments were further reinforced. A cash capital increase of YTL 920 million was completed during the year with the full support of shareholders paving the way to a stronger capital base.

In conclusion, despite the unfavourable economic environment, 2008 was a successful year for Yapı Kredi, thanks to healthy growth, sustainable profitability and a prudent banking approach. The trust of our major shareholders, Koç Group and UniCredit Group, for the long-term growth potential of the Turkish economy and the banking sector, along with their support and commitment, has set the necessary stage for Yapı Kredi's further success in the forthcoming period.



On behalf of the Board of Directors, I hereby take this opportunity to thank our customers, who have permanently maintained their confidence and support for our Bank; our colleagues and associates for their contribution and devoted efforts; our correspondent banks for their strong and enduring relationships and our shareholders, for their generous support.

Yours faithfully,

Dr. Bülent Bulgurlu
Chairman of the Board of Directors

CEO's Message

Focusing on sustainable profitability and healthy growth in 2008, our Bank enhanced its risk approach in view of the new economic environment and without altering its long-term growth plans, placed more emphasis on efficiency in order to balance the macroeconomic slowdown during the year.

Dear Shareholders,

Despite the adverse developments in the global economic environment especially starting in the second half of the year, Yapı Kredi, a leading player in the Turkish banking sector, continued to pursue its growth strategy and carried out operations in accordance with its strategic priorities. It has reinforced its position in the sector by putting more emphasis on efficiency and risk management through an accommodating approach to the new economic conditions.

Our Bank, which maintained its position as the fourth largest private bank with total assets of YTL 70,9 billion as of the end of 2008, increased its consolidated net profit by 45% to YTL 1.261 million thanks to its core commercial business performance throughout the year and the ongoing importance it attaches to effective resource and cost management. Yapı Kredi, which maintains its presence not only in the banking field but also in numerous other fields of financial services, operates in collaboration with its subsidiaries and has, once again, proved its service-oriented approach despite challenging economic conditions, through its profitable performance.

Yapı Kredi maintained its leading position in the sector with market shares of 10,6% in cash loans, 9,8% in deposits and 19% in mutual funds, while also maintaining its lead in the credit card segment with a market share of 21,8% in outstanding volume and a 17,9% market share in the number of credit cards.

The results accomplished by our Bank driven by a growth oriented strategy and superior service quality have earned many awards.

Yapı Kredi has been recognised for the following achievements: (Award details on page 28)

- The highest number of branch openings in 2008,
- Europe's eighth largest credit card program,
- The best trade finance bank,
- The best new corporate university,
- The best internet branch,
- The best call-centre,
- The best call-centre performance development,
- The best call-centre employee experience,
- Special award for online chat services for the hearing-impaired.

In an effort to be closer to the customers, Yapı Kredi continued to successfully implement its accelerated branch network expansion plan during 2008. Having opened the highest number of branches (185) in the sector during the year, Yapı Kredi had the fourth largest branch network in Turkey with 861 branches and 9,9% market share by the end of 2008. Branches opened within the framework of the network expansion plan managed to exceed their income and volume targets and remained below in their cost targets despite of the challenges of the changing macroeconomic environment. In addition to the accelerated expansion, the Bank also implemented the relocation, renovation and enlargement of 26 branches in 2008. As a consequence of the rise of global fluctuations in the third quarter of 2008, the branch network expansion plan for 2009 has been reviewed and new branch openings have been postponed until macroeconomic conditions normalise.

The Bank continued to generate solutions to enhance efficiency and customer satisfaction in alternative delivery channels. Throughout the year, Yapı Kredi renovated

Yapı Kredi, by opening 185 new branches, recorded the highest number of branch openings in the sector. Our focus on customer and employee satisfaction has continued full speed during 2008.

its ATM network with new model machines, offering a wider range of modernised services and increased the number of ATMs 23% to 2.381.

Maintaining its lead in credit cards, Yapı Kredi further reinforced its presence in the credit card segment by sharing its exclusive World brand with other strong players in the sector. The total number of World branded credit cards in the market in 2008 reached nearly 11 million as a result of a credit card co-branding partnership with Vakıfbank, Anadolubank and Fortis. World, Yapı Kredi's credit card platform, therefore has become the largest credit card brand network in Turkey.

Additionally, the Bank began implementation of the cooperation agreement with Ford Otosan providing auto loan exclusivity for Ford cars till 2011. During the year, Yapı Kredi launched innovative products and services, including capital guaranteed funds, a first in Turkey, as well as a system that enables Yapı Kredi customers and non-customers to pay their credit card and other bills through ATMs for the first time in Turkey.

Yapı Kredi's focus on customer and employee satisfaction continued in 2008. Criteria related to customer satisfaction was integrated into the performance-based bonus system applied to the employees in parallel with focus on customer satisfaction supporting growth. The positive results of this implementation were demonstrated by the results of independent surveys. The Bank, which attaches importance not only to its customers but also to the continuous development of its employees, established the Yapı Kredi Banking Academy in 2008. It initiated actions to improve training and development activities through the use of innovative instruments. This new structure proved successful as Yapı Kredi was

declared the Best New Corporate University in 2008 as part of the Best Industry-Specific Corporate University awards, granted by International Quality and Productivity Centre (IQPC).

In addition to launching numerous projects to increase the level of productivity, Yapı Kredi also paid detailed attention to cost control resulting in significant improvement of the Cost/Income ratio. Despite accelerated branch openings throughout 2008, as a result of rigid cost control and efficiency efforts, Cost/Income fell to 54% from 59% in 2007.

Benefiting from portfolio disposal write-offs and collections, Yapı Kredi firmly positioned itself against the upcoming challenge in the economic environment in terms of fund raising and liquidity. The Bank strengthened its liquidity by successfully securing a syndicated loan of US\$ 1 billion in September 2008. The two-year syndicated loan for US\$ 700 million due in December 2008 was repaid.

Yapı Kredi successfully completed a YTL 920 million cash capital increase process with the full participation of its shareholders. The capital increase, which revealed the confidence that shareholders have in Yapı Kredi, was aimed at supporting the long-term growth plans and leadership aspirations of the Bank while strengthening the capital base in view of a rapidly changing regulatory environment and financial volatility.

Yapı Kredi is ready for the challenges ahead in year 2009, relying on solid profitability and productivity as well as a strong capital structure and sound liquidity to help sail through current market environments. I believe that the Bank will continue to reinforce its position and accomplish its goals in the years ahead.



At this juncture, I would like to take this opportunity to thank our customers and shareholders for the trust and support they have given us and to extend our gratitude to our employees for the effort and enthusiasm they have demonstrated while helping us reach our goals.

Kind Regards,

Tayfun Bayazit
Chief Executive Officer

Developments in the World Economy

In 2008, the global economy faced its biggest crisis since World War II.

The global crisis that began in developed countries and spread to developing nations dominated the news in 2008.

The increasing risk appetite in global markets between 2002 and 2006 resulted in a substantial surge in prices in many markets. The US housing market bubble was the first to burst. When the long running increase in the cost of homes came to a halt and prices started to decline, financial institutions were faced multiple problems including a rise in non-performing mortgage loans, decreases in the value of asset based securities and the collapse in the price of risky derivatives based on these assets. With globalisation in full force, the crisis that began in just a few developed markets quickly spread to the rest of the world and damaged many financial systems.

The collapse of Lehman Brothers on September 15, 2008 coupled with the US Treasury's rescue of the insurance giant A.I.G. from near bankruptcy triggered the near-collapse of the already struggling global financial system. Thus, financial markets faced a rare and rapid worsening crisis in October. As the severity of the crisis became recognised globally, many countries around the world led by the US,

the UK and Eurozone members took radical measures aimed at saving the collapsing financial system and then rescuing the real economy. However, toward the end of 2008, the turmoil in the financial markets started to take a heavier toll on households and non-financial companies. Therefore, even with the financial system saved from a complete meltdown, the impact of the crisis will continue to be felt in the real sector in a worsening fashion.

While developed countries entered into a recession, developing countries continued to record positive growth rates.

The main concern globally in 2008 was to avoid the expected slowdown in economic activity. For the first time in many years, for a significant portion of countries around the world, inflation seems to be the largest threat to their economies. According to the IMF's forecasts revised in January 2009, the global economy, after recording a growth of 5,2% in 2007 will only grow by 3,4% in 2008 and 0,5% in 2009. In fact, this growth is expected to be achieved through the growth performance of developing countries. The growth rate in the GDP of developed countries is expected to come down to 1,0% in 2008, while in 2009 a contraction of 2% is expected. The IMF expects a 2,0% contraction in the Eurozone and a 1,6% contraction of the US economy in 2009.

Meanwhile, GDP growth in developing countries which was 8,3% in 2007 is expected to slow to 6,3% in 2008. The IMF expects the growth rate in developing countries to further decline to 3,3% in 2009, with eastern Asian countries impacted less negatively and Central and Eastern Europe and Latin America suffering to a greater degree.

The increasing trend in commodity prices and global inflation in the first half of 2008 was reversed toward the end of the year.

A surge in commodities' prices in the first half of 2008 brought inflation under the spotlight in several countries around the world. However, due to the rapid slowdown in economic activity and the fall in commodity prices, inflation left centre stage in the second half of the year. According to the IMF, inflation in developed countries is expected to increase to 3,5% in 2008 from 2,1% in 2007, before falling to 0,3% in 2009. Inflation in developing countries is anticipated to come down to 5,8% in 2009 from its expected level of 9,2% in 2008.

Decreased inflation and a slowdown in growth have paved the way for interest rate cuts by many central banks during 2008. As of December 2008, while the FED in the United States cut rates to as low as 0%-0,25% for the first time in history, policy interest rates were at 0,30% in Japan and 2,5% in the Eurozone.

Developments in the Turkish Economy

The global recession and financial crisis both began to be felt in the second half of 2008. Turkey's economy grew by 4,4% in the first half, while exports did not slow down until the last quarter. The deceleration in Turkey's economy was marked from the third quarter onward, in line with aggravated global economic problems during 2008.

Under the shadow of the global crisis, from the second half of the year, a slowdown in production was witnessed.

The global recession and financial crisis both began to be felt in the second half of 2008. Turkey's economy grew by 4,4% in the first half, while exports did not slow down until the last quarter. The deceleration in Turkey's economy was marked from the third quarter onward, in line with aggravated global economic problems in 2008.

The global financial crisis led to a hard landing of Turkey's economy in the second half of the year. Production, consumption, investment and foreign trade data recorded notable contractions starting from the third quarter while a surge in international commodity prices led to an increase in inflation. In April, a closure case against the governing Justice and Development Party (AKP) began in the Constitutional Court. This created political uncertainties until July when the case ended with a non-closure decision. Unfortunately during this year, EU reforms slowed and the IMF stand-by

agreement ended with no particular reference to future relationships being formed; both of these factors serve as important anchors for the Turkish economy.

In 2008, GDP growth slowed sharply in the second half of 2008.

The impact of the global crisis on the Turkish economy did not materialise in the first quarter. In fact, in the first quarter of 2008, the GDP grew by 6,7% before slowing to 2,3% and 0,5% in the second and third quarters. Consequently, the cumulative GDP growth in the first three quarters amounted to a mere 3%.

Marked deceleration in private consumption expenditures was recorded starting from the second quarter of the year, especially on the expenditure side. Public sector investment and consumption increased to help support economic growth in the third quarter during which private investments contracted sharply. Net exports' contribution, which was positive in the first quarter, became negative in the following quarters. As a result, in the first nine months, private consumption expenditures grew by a 3,3%, while private and public investment expenditures increased by 0,8% and 1,2%, respectively. On the production side, agricultural sector output grew by 0,9% in the first three quarters of 2008 while industrial sector and services sector output increased by 3,4% and 3,1%, respectively.

In 2008, consumer and real sector confidence declined and unemployment started to increase rapidly. The unemployment rate, which was 9,9% in 2007, rose to an average 10,3% in 2008. In the last quarter, the unemployment rate was up by 2,2 percentage points with respect to the same period in 2007 to 12,3%.

After maintaining robust growth in the first nine months of the year, exports contracted sharply after October.

Robust export performance since 2001 continued until September 2008, despite the global financial turmoil. However, by October, exports started to contract owing mainly to recession in many export markets. Despite the slowdown, export growth was registered at 23% in 2008. Similarly, imports posted a growth of 18,8% in 2008 despite a shrinking trend that began in October. Weak domestic demand and a sharp fall in international commodity prices in the second half of the year were major factors behind deceleration of imports toward the end of the year. Exports and imports increased to US\$ 132 billion and US\$ 202 billion in 2008 respectively, leading to a trade deficit of US\$ 70 billion.

Nevertheless, expansion in the current account deficit slowed.

In 2008, export growth outpaced import growth resulting in an improvement in the exports to imports ratio. Slowdown in imports decreased the pressure on the current account deficit and growth in the current account deficit slowed down after September on a month to month basis. Consequently, expansion in the current account decelerated and a US\$ 41,6 billion current account deficit was recorded at the end of 2008 compared to US\$ 38,2 billion in 2007.

Inflows in the financing account fell short of the current account deficit in 2008 driven by unsupportive international macroeconomic conditions. Total capital inflow (net) amounted to US\$ 34,3 billion. More specifically, foreign direct investment slowed to some extent compared to 2007, nevertheless it still reached a satisfactory US\$ 15,4 billion as of the end of the year.

Developments in the Turkish Economy

Similarly, borrowing in the corporate sector decelerated toward the end of the year, still 79% of all net capital inflow was obtained by this sector. Consequently, the global credit crunch paved the way for an outflow of the total portfolio investment as a result of foreign outflow in equity and bond markets.

Central administration budget loosened toward the end of the year

The economic slowdown that limited growth of revenues in 2008 coupled with more generous expenditures toward the end of the year led to deterioration in the central administration budget. As a result, the year-end primary surplus target was missed by a wide margin; the budget deficit remained below the target, due to lower than expected interest expenditures.

Central administration budget revenue declined by 0,2% to YTL 208,9 billion in 2008, while expenditures increased by 0,5% to YTL 226 billion, both in real terms. In this period, interest expenditure declined by 5,9% in real terms and primary expenditure increased by 2,6%. As a result, the budget deficit that had been YTL 13,9 billion in 2007 rose to YTL 17,1 billion in 2008. The primary surplus target contracted in real terms by 12,7% with respect to the previous year and amounted to YTL 33,6 billion, falling short of the year-end target by YTL 4,4 billion.

In 2008, volatility in financial markets raised interest rates and foreign exchange rates

In 2008, there was a volatile trend in interest rates and exchange rates in financial markets. Problems in the US subprime mortgage loan market followed by the global financial crisis and local political debacles due to AKP's closure case were factors behind the high volatility in the markets.

Bond rates, which were at 16,5% in the first month of 2008 began increasing in February with the intensification of global turmoil. Following the appeal of the closure case against AKP in the Constitutional Court at the end of March, bond rates surpassed the level of 22%. Financial markets were notably relieved after the Court's decision in favour of not closing the AKP at the end of July. This relief lasted only until mid-September when the investment bank Lehman Brothers fell, igniting another round of turmoil in financial markets. Bond rates rose to around 26% in the last quarter of the year and retreated to 16,5% in December. Calming international financial markets following global rescue efforts, especially in the developed countries, as well as rate cuts by the Central Bank led to a decline in interest rates in local markets.

As of November, in the midst of the worldwide financial turmoil, the US\$/YTL rate rose to its highest level of the year (1,70) in foreign exchange markets. In December, exchange rates declined somewhat but the US\$/YTL rate of 1,52 was 31% higher than its 2007 level. The basket rate (composed of US\$ 1 and Euro 0,77) depreciated by 28% in 2008 compared with levels of the previous year.

Inflation accelerated in the first half, before declining in the second half.

2008 has been a difficult year in terms of the struggle against inflation. Consumer prices (CPI) rose from 8,4% at the end of 2007 to 12,1% (y-o-y) in July 2008 due to hikes in energy and food prices. The Central Bank revised the medium-term CPI targets based on upward deviation from the inflation target of 4% and ongoing uncertainties in the global economy. New targets for 2009-2011 were announced in June as 7,5%, 6,5% and 5,5%, respectively.

Nevertheless, in the second half of 2008 weaker domestic demand and a rapid decline in international commodity prices restored the disinflationary process once again and CPI inflation was recorded as 10,1% as of year-end 2008.

Producer prices (PPI) inflation increased from 5,9% at the end of 2007 to 18,4% in July. Price hikes, the increase in international commodity prices and the rise in exchange rates were the factors behind increasing producer prices. Like CPI, PPI inflation also started to slow down towards the end of the year, falling to 8,1% as of year-end 2008.

The Central Bank implemented an active monetary policy during the year, frequently changing policy rates. In January and February, policy rates were cut to 15,25% and were kept intact until May. From then on, interest rates were raised to 16,75% as of July. Finally, The Central Bank started to reduce rates again in November with the beginning of the disinflation trend and slowdown in GDP growth. As of the end of December, The Central Bank's overnight borrowing rate fell to 15%.

Developments in the Turkish Banking Sector

The Turkish banking system has been relatively less affected by the global financial crisis compared to other countries, thanks to its robust foundations.

Turkish banking sector has high growth potential.

With high quality human capital, a dynamic structure and technological infrastructure comparable with that of developed countries' financial sectors, the Turkish banking sector carries a strong growth potential.

A measure of growth potential, the ratio of total loans and deposits to GDP stood at 248% for the Eurozone in 2007. The same ratio was 72% in Turkey in 2007 and is estimated to be 82% for 2008. This reveals that the Turkish banking sector is far from being saturated and carries a significant growth potential.

Although lending growth was negatively affected by the financial crisis in the last quarter of 2008, total loans grew by 30% in 2008.

Continued economic growth in the years following the 2001 crisis, the decline in the pressure of public sector borrowing requirement on financial markets thanks to fiscal discipline, decreasing interest rates and improving confidence in economic stability led to steady loan growth in the banking sector. Accordingly, the loans/GDP ratio grew from 18% in 2002 to 32% in 2007. In 2008, the sector loan volume grew strongly, especially in the first quarter of the year. Despite some

slowdown in the second and third quarters, loans registered a 28% growth with respect to 2007 by the end of the third quarter and consequently the loans/GDP ratio reached 36%. However, severe problems in international financial markets continuing since the middle of 2007 turned into a serious financial crisis in September 2008 and unavoidably affected the Turkish banking system in the last quarter of the year. In this period of increased exchange rates, expectations deteriorated and the economy slowed down significantly, seriously stalling loan growth as well. As a result of these developments, total loans grew by 30% in 2008. The loans/GDP ratio rose to an estimated 37% at year-end.

The Turkish banking sector is among the least affected banking systems in the world.

Turkish banks are not exposed to the derivative products based on mortgages that created the foundations of the global financial crisis. High liquidity, lower leverage, very limited currency risk, sound asset structure, solid capital adequacy and risk management as well as the importance given to internal control and corporate governance were the main factors increasing the resilience of the Turkish banking system to the global crisis. Although some concerns emerged regarding the rollover of syndication loans in the last two quarters of the year, Turkish banks managed to renew their debt albeit with some increase in borrowing costs as a result of the global financial crisis.

Branch network expanded significantly in 2008.

Positive expectations regarding the growth potential of the sector coupled with increasing competition caused branch network expansion efforts to continue in 2008, especially in the first three quarters of the year.

Compared to the previous year, the number of branches of deposit banks and investment and development banks rose by 15% from 7,618 to 8,791 in 2008, according to Banks' Association of Turkey.

Profit of the sector contracted due to rising operating expenses and provisions, yet return on average equity was realised at 16,6%.

According to the Banking Regulation and Supervision Agency (BRSA) data, profit before-tax of the sector (excluding participation banks) in 2008 was YTL 15,8 billion. This figure corresponds to a 10% contraction with respect to the same period of the previous year. Strong lending growth in 2008 brought a 18% increase in the net interest income. Net fees and commissions income increased 22% in the same period. On the other hand, due to net foreign currency losses and decreases in other income items from asset sales etc., growth of the total sector revenues remained at 11% with respect to the previous year.

In this period, personnel expenses and other expenses (excluding loan provisions) rose by 22% and 15%, respectively. This was largely due to branch network expansion and headcount increase. At the same time, the economic slowdown and prudent stance of the banks caused a 75% rise in loan provisions and caused a drop in the profit before-tax of the sector. Net profit displayed a decline compared to the previous year and amounted to YTL 12,6 billion. Despite this contraction in the net profit, the return on average equity of the sector for 2008 was 16,6%.

2008 was a very successful year for Yapı Kredi, despite a progressive worsening of the macroeconomic environment characterised by increasing uncertainty and global volatility. Despite challenging market conditions, the Bank enhanced its position in the sector with a continued focus on customer and employee satisfaction.

Yapı Kredi in 2008

A successful year focused on healthy and sustainable growth

Pursuing a healthy and sustainable growth strategy mainly driven by branch expansion in the first half of the year, Yapı Kredi focused on sustaining profitability by enhancing its risk approach and emphasising efficiency and cost management due to deterioration in the macroeconomic environment in the second half of the year.

2008 was a very successful year for Yapı Kredi, despite a progressive worsening of the macroeconomic environment characterised by increasing uncertainty and global volatility. In the first half of the year, Yapı Kredi pursued a healthy and sustainable growth strategy mainly driven by branch expansion. The Bank focused on retail, SME and commercial banking activities, maintaining a conservative risk approach in view of the expected slowdown in the economic environment and ensuring a continuous emphasis on efficiency. In the second half of the year, once the global macro environment further deteriorated, the Bank, despite confirming its long-term commitment to growth, progressively shifted its focus on sustaining profitability, through the initiation of additional cost containment and asset quality actions, and maintaining an adequate level of capitalisation and liquidity to cope with increased market volatility.

Growth driven by branch expansion...

Branch network expansion, one of the key pillars of Yapı Kredi's strategy, is an area in which Yapı Kredi recorded significant developments in 2008. In light of its branch expansion plan announced in July 2007, Yapı Kredi opened 185 branches in 2008, the highest number of openings in a year among the banks in the Turkish banking sector. Yapı Kredi also focused on rationalisation and quality improvements of its branch network via relocation, renovation and enlargement of an additional 26 branches during 2008.

As of year-end 2008, with a total of 861 branches and a market share of 9,9% in number of branches, Yapı Kredi had the fourth largest branch network. In terms of geographical distribution, the share of branches located in the top four big towns in Turkey declined from 63% in 2007 to 57% in 2008 while the share of branches located in mid/small sized cities increased from 37% in 2007 to 43% in 2008.

Despite challenging market conditions, the branches opened since the launch of the expansion plan have recorded successful performances in achieving revenue-cost balance as well as outperforming customer business volume targets.

The branch expansion plan was accompanied by a disciplined approach to ensure containment of cost growth and efficiency improvement, through an accelerated release of ~750 headcount from operational back office to be redeployed in new branches (front office). As a result of these initiatives, while the Bank recorded a 27% growth in its branch network in 2008, total headcount only increased 4% y/y.

Market share gains in both lending and deposit gathering due to an increased focus on key strategic segments and products...

As a result of focused commercial efforts, including the revision of the existing service model, and a number of innovative products and projects, Yapı Kredi has achieved significant market share gains in strategic segments and products both in lending and deposit gathering.

Yapı Kredi grew by 36% y/y in total cash loans in 2008, increasing its market share from 10,2% in 2007 to 10,6% in 2008. On the lending side, market share gains were concentrated on consumer, SME and commercial loans. In total consumer loans, Yapı Kredi grew by 53% y/y, increasing its market share from 6,2% to 7,7% driven by all three consumer loan product categories (general purpose loans, auto loans and mortgages). In general purpose loans, mainly due to the implementation of a project providing pre-approved consumer loan limits to existing customers with positive credit scores, the Bank's market share increased from 4,6% to 6,3%. Dedicated delivery channels and differentiated product offerings allowed Yapı Kredi to increase its mortgage loan market share from 7,3% to 8,5% while in auto loans, close cooperation with dealerships led Yapı Kredi's market share to increase from 8,9% to 11,8%.

Through its dedicated service model and unique product offerings for the SME segment, Yapı Kredi registered 39% y/y growth in SME lending in 2008. Due to deterioration in the macroeconomic environment in the second half of the year, Yapı Kredi also increased its focus on credit risk management in this segment. In the commercial segment, Yapı Kredi registered 42% y/y growth in lending through its increased focus on cash management, foreign trade finance and structured products.

Yapı Kredi in 2008

Growth on the lending side was accompanied by healthy deposit growth in 2008. Yapı Kredi achieved above sector growth in deposits by increasing its total deposit base 31% y/y and reaching a market share of 9,8% (vs 9,4% in 2007) mainly driven by growth in YTL deposits. Yapı Kredi recorded 35% growth in total time deposits and increased its market share to 9,7% (vs 9,3% in 2007). In addition, as a source of low cost funding, leveraging on a strong and loyal customer base, Yapı Kredi had a successful performance in demand deposits. Demand deposits grew by 11% at Yapı Kredi, compared to a 1% decline for the market in 2008 driven by an increased customer preference for time deposits in light of higher interest rates. As a result, Yapı Kredi increased its demand deposit market share to 9,9% from 9,8%.

Focus on innovative products and services as another key driver for sustainable growth...

Yapı Kredi attaches high importance to the adoption and application of the latest technologies and to the development of new products and services to increase service quality for customers. In accordance with its divisionalised customer focused approach, the Bank identifies the specific requirements of its different customer groups and provides tailor-made solutions.

In 2008, Yapı Kredi signed and implemented credit card co-branding partnership agreements, developed new products for its different customer segments and also introduced a number of firsts to the banking sector.

As a result of the implementation of the credit card co-branding partnerships with Vakıfbank, Anadolubank and Fortis, the total

number of World branded credit cards in the market reached almost 11 million, making Yapı Kredi's credit card platform World Turkey's largest credit card brand network.

In 2008, Yapı Kredi started the implementation of the cooperation agreement with Ford Otosan, providing the Bank exclusivity in offering auto loans for Ford cars until 2011. With this new system, customers are able to apply for an auto loan directly from the dealership through an online system.

Among the innovative products introduced in 2008 were:

- Fonport, an online investment portal providing investors with investment solutions based on risk preference in a fast, easy and efficient manner,
- Capital guaranteed funds, a first in Turkey, aimed at addressing the risk-averse nature of Turkish investors,
- Introduction of the first barcode-based ATM bill payment system in Turkey, enabling customers and non-customers to pay their credit card and other bills through ATMs as well as ATMs equipped with coin dispensers,
- Launch of the new corporate internet platform to provide corporate customers with cutting edge security standards, full range of functionalities and user-friendly navigation.

Ongoing efforts for excellence in alternative delivery channels coupled with continued investments in innovative products and services secured Yapı Kredi the 2008 "Best Call Center" award for the second consecutive year along with three other awards at the IMI Conferences Awards as well as the PC Magazine award for "Best Internet Bank". The Bank recorded significant progress in its project for the migration of transactions to alternative delivery channels so as to improve efficiency. In 2008, as a result of the

installation of 678 advanced ATMs (Tele24 Plus), alternative delivery channel utilisation in total banking transactions increased to 69% from 65% at year-end 2007.

Continued focus on customer and employee satisfaction...

Customer satisfaction, a vital prerequisite for sustainable long-term value generation, is one of the areas in which Yapı Kredi places the highest importance. In 2008, with the use of internationally recognised research methodologies, customer satisfaction continued to be monitored both at the Bank and branch level through more than 49 thousand interviews with customers throughout the year. On top of this, Yapı Kredi integrated customer satisfaction as a criterion into the performance based bonus scheme of its employees. As a direct result of these initiatives and the implementation of various efficiency projects within branches, significant improvement was achieved in customer satisfaction throughout the year and the customer retention capability of retail branches increased 20% in 2008.

In line with its vision of becoming the first choice of customers and employees, Yapı Kredi took significant steps to improve the satisfaction of its employees, namely its internal customers. In this respect, three new initiatives were launched in 2008:

- Yapı Kredi enhanced its commitment to being an investor in people's development by transforming its training and development center into the Yapı Kredi Banking Academy in 2008. In this way, Yapı Kredi was able to consolidate and revise its training and development activities to align them with the Bank's strategies as well as to develop innovative tools. The Yapı Kredi Banking Academy received the "2008 Best New Corporate University" award from the International Quality and Productivity Centre.

Yapı Kredi entered into this turbulent and challenging period with a strong capital position, high level of liquidity and funding capability.

- Yapı Kredi introduced an internal customer satisfaction survey with the aim of understanding, measuring and monitoring the satisfaction and expectations of internal customers and improving internal service quality while also acting as a tool to improve process efficiency.

-Within the framework of the “a day in a branch” initiative, 100 selected head office managers and top management spent a day in a branch interacting with branch employees with the objective of better understanding and addressing the problems of branches on the running of day-to-day business.

Sound positioning through prudent banking in an increasingly challenging environment...

Yapı Kredi entered into this turbulent and challenging period with a strong capital position, high level of liquidity and funding capability. The Bank strengthened its capital base in August through a YTL 920 million rights issue with 100% participation. The Bank also managed to ensure its strong liquidity position through successfully securing a ~US\$ 1 billion syndication in September at an all-in cost of LIBOR+0,75% per annum at the outset of the global financial turmoil. Finally, driven by balanced growth in both lending and deposit gathering, the Bank maintained a comfortable funding position with a loans/deposits ratio of 90% on a consolidated basis at year-end 2008. Yapı Kredi's capital adequacy ratio stood at 14,2% at the Group level and at 15,7% at the Bank level as of the end of 2008.

In addition to these achievements, in view of the deteriorating macroeconomic environment, Yapı Kredi took a number of additional actions and initiatives to further

accelerate cost containment, better manage asset quality and credit risk and improve efficiency, such as a suspension of the expansion of the credit cards direct sales force and a freeze on new hiring at the headquarter level as well as more selective credit granting accompanied by increased efforts on both monitoring and collection.

Rationalisation of core business after finalisation of Koç Financial Services restructuring in 2007...

Koç Financial Services, Yapı Kredi's main shareholder, underwent a restructuring process in 2007 to bring all of its subsidiaries under Yapı Kredi thereby achieving a more transparent and efficient Group structure. This process was finalised in February 2008 after which Yapı Kredi began concentrating on the rationalisation of its core businesses. In this regard, Yapı Kredi announced plans for the divestiture of some of its non-core assets.

In February 2008, Yapı Kredi announced the launch of the reorganisation process, including a possible divestiture and partnership, of its insurance businesses Yapı Kredi Sigorta (non-life) and Yapı Kredi Emeklilik (life insurance and private pension fund); however, as a result of adverse market conditions, a decision was taken to terminate the process in October 2008. The Bank quickly shifted its focus back to further strengthening its insurance businesses in a successful way, as already confirmed by the positive performance of both Yapı Kredi Sigorta and Yapı Kredi Emeklilik in 2008 and in particular, further reinforcing the bancassurance business so as to take advantage of the strong growth potential for insurance and Bancassurance in the Turkish market.

In May 2008, Yapı Kredi announced the launch of a process, jointly with Koray Group, for the reorganisation of its shareholding in Yapı Kredi Koray, including a possible divestiture. In much the same way as the insurance subsidiaries, as a result of adverse market conditions, the process was terminated in October 2008.

2009 Objectives and Priorities

2008 was a successful year in which Yapı Kredi recorded healthy growth, sustained its profitability and made significant steps in its path towards leadership, despite progressive market deterioration throughout the year and the sharp worsening in the last quarter of the year. As a result of initiatives taken in terms of strengthening its capital, liquidity and funding position, as well as further containing its cost base in view of the worsening macroeconomic environment, Yapı Kredi entered into the difficult 2009 environment in very good shape.

Yapı Kredi acknowledges that 2009 will be a challenging year, yet remains firmly committed to long-term growth. However, as the global turmoil gained pace starting from the third quarter of 2008, the Bank's 2009 branch expansion plan was revised and new branch openings have been put on temporary stand-by until macroeconomic conditions stabilise.

Yapı Kredi's aim is to emerge with a stronger position out of this period marked by significant macroeconomic slowdown and uncertainty, by adopting a flexible approach to proactively align its strategy and priorities to the rapidly changing environment with an objective to maintain its profitability. Yapı Kredi will take advantage of this period to further

Yapı Kredi in 2008

focus on efficiency and productivity so as to be best positioned for rapid growth when macroeconomic conditions stabilise.

In this respect, one of the steps already taken in 2009 is the launch of the new internal organisational structure in February with the aim of further supporting performances of both business segments and product factories as well as allowing for the realisation of cost synergies. Key objectives of the new organisation are:

- To fully exploit potential revenue synergies and increase efficiency through the unification of strategic business units (merger between credit cards and retail banking and merger between corporate banking and commercial banking)
- To ensure better functioning of the relationship between production and distribution, allocating managerial responsibility of product factories to strategic business units
- To enhance the contribution of information technologies and operations to the Bank's business operations in a more coordinated way by putting them under common managerial responsibility

Other initiatives planned for 2009 are as follows:

Increased commercial effectiveness as a result of:

- Further improvement of the divisionalised and customer-focused organisation through revised segmentation criteria and new and enhanced service model in the affluent banking segment and fine-tuning of the segmentation criteria of the commercial/corporate banking segments

- Strong collaboration among branch network and product factories to further increase cross-selling and ensure optimisation of revenues/RWAs through better pricing and capital allocation
- Continued monitoring of customer satisfaction

Stronger emphasis on cost management and efficiency through:

- Productivity enhancements on the existing network
- More disciplined approach towards cost containment, also leveraging on additional optimisation at the operational level
- Continuation of the transaction migration project to improve customer satisfaction, also supporting efficiency improvements
- Migration of credit card operations from the existing main frame environment to the open platform environment

Stronger focus on asset quality and credit risk through:

- Reinforcing credit monitoring and collection efforts with dedicated restructuring programs
- Continuous strengthening of underwriting infrastructure

Strong emphasis on liquidity, capital and funding position:

- Maintaining high deposit volumes to sustain funding and liquidity
- Ongoing search for RWA optimisation measures to reduce capital absorption, including non-core asset (real-estate) sales and more active strategic portfolio management (sale of non-performing loans) for better capital usage

Awards in 2008

August 2008

Best Internet Branch (PC Magazine Award)

September 2008

Best Call Center (IMI Conferences Istanbul Call Center Awards)

Best Call Center Performance Development (IMI Conferences Istanbul Call Center Awards)

Best Call Center Employee Experience (IMI Conferences Istanbul Call Center Awards)

Special Jury Award for Online Chat Service for the Hearing Impaired (IMI Conferences Istanbul Call Center Awards)

November 2008

Best Trade Finance Bank (World Finance)

Best New Corporate University (CUBIC Awards)

Outstanding Achievement Award in Website Design (Interactive Media Awards)

Yapı Kredi's divisionalised service model consists of five strategic business units: retail banking (including SME banking), credit cards, private, commercial and corporate banking.

| Strategic Business Unit | Annual Growth (%) | | Share in Bank Total (%) | |
|-------------------------|-------------------|----------|-------------------------|--------------------|
| | Loans | Deposits | Revenue | Customer Business* |
| Retail Banking | 49 | 23 | 33 | 35 |
| Credit Cards | 12 | - | 25 | 9 |
| Private Banking | 23 | 48 | 3 | 14 |
| Commercial Banking | 42 | 27 | 16 | 21 |
| Corporate Banking | 43 | 84 | 6 | 21 |

(*) Customer Business = Cash Loans+Deposits+Assets under Management

Note: Financial information on strategic business units -excluding revenues- is not included in unconsolidated BRSA financial reports and is based on Yapı Kredi's Management Information Systems (MIS) and other internal reporting systems for internal monitoring purposes. Volumes indicate last month averages. There may be reclassifications between strategic business units according to the Bank's service model and segmentation structure.

Retail Banking

Retail banking loans increased 49% y/y driven by individual and SME lending. 48% of total loans were generated by SMEs and 52% by individuals. Retail loan growth was driven by branch expansion and improved commercial focus accompanied by a dedicated service model and unique product offerings. Retail banking contributes 33% of the Bank's total revenues and 35% of total customer business.

Credit Cards

Credit cards, one of the key pillars of Yapı Kredi's retail strategy, achieved a strong performance in 2008 with 12% y/y growth driven by new products and services accompanied by a profitability focus. The number of World branded credit cards in the market reached almost 11 million as a result of credit card co-branding partnership agreements with Vakıfbank, Fortis and Anadolubank, making World Turkey's largest credit card network. Credit cards contribute 25% of the Bank's total revenues and 9% of total customer business.

Private Banking

Private banking deposits increased 48% y/y in 2008 driven by new tailor-made product offerings, leveraging on a dedicated service model developed with a customer-focused approach. Yapı Kredi increased its focus on

leveraging product factories in the distribution of asset management and brokerage products through its private banking segment in 2008. Private banking contributes 3% of the Bank's total revenues and 14% of total customer business.

Commercial Banking

Commercial banking loans increased 42% y/y in 2008 driven by concentration on expansion of the product specialist approach in commercial banking with a particular focus on cash management, e-banking solutions, trade finance and structured products. The Bank also increased its focus on strengthening its structured sales approach with client visits and product penetration targets. Commercial banking contributes 16% of the Bank's total revenues and 21% of total customer business.

Corporate Banking

Corporate banking loans increased 43% y/y through an increased focus on cash management, e-banking solutions, trade finance, project finance and structured products. Corporate banking contributes 6% of the Bank's total revenues and 21% of total customer business.

Yapı Kredi in 2008

Retail Banking

Yapı Kredi's retail banking loans increased 49% in 2008, driven by rapid branch network expansion and improved commercial focus accompanied by a dedicated service model and unique product offerings.

| Retail Banking (million YTL) | 2007 | 2008 | Y/Y (%) |
|------------------------------|--------|--------|---------|
| Loans | 6.854 | 10.209 | 49 |
| Deposits | 13.857 | 16.970 | 23 |

Note: Financial information on strategic business units is not included in unconsolidated BRSA financial reports and is based on Yapı Kredi's Management Information Systems (MIS) and other internal reporting systems for internal monitoring purposes. Volumes indicate last month averages. There may be reclassifications between strategic business units according to the Bank's service model and segmentation structure.

Retail banking is one of Yapı Kredi's main focus areas in line with the Bank's strategic objectives. Yapı Kredi carries out its retail banking activities under small and medium size enterprises (SME) banking and individual banking:

Small and Medium Size Enterprises (SME) Banking:

Yapı Kredi provides SME banking services to its 447 thousand active customers.

SMEs are one of Yapı Kredi's key focus segments in view of their long-term high growth potential. Growth in SME banking is one of the key pillars of the Bank's branch expansion plan. SME banking is also an area in which Yapı Kredi is fully committed to future growth. In 2008, this business segment was negatively impacted by the changes in the global and domestic macro environment leading to increased risk. In light of this, Yapı Kredi increased its focus on credit risk management in this segment

including more selective lending and improved monitoring and collections in SME loans. During 2008, in line with its strategic objectives, Yapı Kredi provided high-priority and privileged services to its SME customers ranging from teller transactions to financing products, with 1.300 SME portfolio management specialists through its extensive branch network in Turkey.

Yapı Kredi reaches and provides services to its SME customers through differentiated channels, one of which is Kobiline. Kobiline, a joint venture between Yapı Kredi and Koç.net, is widely regarded as the leading e-business platform for SMEs in Turkey.

During 2008, Kobiline continued its efforts to match SMEs with domestic and international loan grants. Throughout 2008, Yapı Kredi organised informational seminars about grants available to SMEs in Eskişehir, Samsun, Erzurum, Antakya, Edirne and Malatya, as well as meetings

During 2008, in line with its strategic objectives, Yapı Kredi provided high-priority and privileged services to its SME customers ranging from teller transactions to financing products, with 1.300 portfolio management specialists through its extensive branch network in Turkey.

undertaken jointly with Organised Industrial Zones, Industrial Zones and Chambers of Commerce and Industry. At these meetings aimed at making concrete contributions to SMEs, informing them of the efficiency synergies that could result from cooperation with Yapı Kredi, the Bank reached a total of 7.000 SMEs. Informational meetings will continue to be organised in 2009.

Also as part of these efforts, Yapı Kredi held one-on-one meetings with more than 2.500 firms that requested consultancy to take advantage of the grants provided by domestic and international agencies. Yapı Kredi assisted 584 projects in applying to grant programs, primarily within the "SME Research and Development (R&D) Initiation Support Program". In 2008, through the International R&D Support Program "EUREKA", Yapı Kredi helped firms find foreign partners and undertake R&D at the international level. As of the end of 2008, the platform had intermediated € 25 million in grants to SMEs. Taking its support for SMEs one step further, Yapı Kredi met their funding needs for R&D projects via R&D loans, as well as support for the sales efforts of R&D products by providing convenient financing terms.

As of 2008, KOSGEB (Small and Medium Sized Industry Development Organisation) interest subsidies for loans utilised by SMEs, craftsmen and artisans operating in the manufacturing sector are also provided via private banks. Yapı Kredi participated in all 0% interest loan support projects and provided YTL 200 million in loans to SMEs.

Giving priority to getting to know its customers, determining their general requirements and developing solutions accordingly, Yapı Kredi continued to expand its product portfolio according to the various needs and preferences of its SME clients:

- Taking into account sector-specific cash turnover rates, the Bank diversified its products with various repayment and maturity alternatives. In 2008, Yapı Kredi added SME R&D, manufacturing support and retail support packages to its existing agriculture support and tourism support packages, while developing special products such as cattle purchase loans.
- Taking advantage of the flexible structure of Yapı Kredi's TRIO card, which incorporates all services of cheque, bill, letter of guarantee and cash payment, the Bank offered solutions to meet the needs of various sectors such as agriculture, retail and manufacturing.

- Yapı Kredi developed a new insurance product called "SME My Business Package Policy". This product offers individual/group pensions, health and elementary insurance services for the owners and employees of SMEs; it also insures against potential harm and loss in the workplace.

Yapı Kredi's objective is to be the initiator of many "firsts" in SME Banking. In line with this objective, the Bank will continue to offer new products and provide funding for SMEs. Although the global recession is expected to keep impacting SMEs in 2009, Yapı Kredi will continue to play a key role for SMEs via innovative projects to achieve their future plans with a more risk-focused approach.

Yapı Kredi will also continue to support SMEs through its financial and non-financial business partners. In addition to providing direct funding, the Bank will offer cash management products as well as continuing to provide more SMEs with diversified products and services through its leasing, factoring and investment banking subsidiaries.

Yapı Kredi in 2008

Individual Banking

Yapı Kredi provides individual banking services to its 5,9 million active customers. The Bank has grouped its customers as mass and upper mass in order to provide the most suitable products and services according to customer needs. Yapı Kredi continues its services provided to upper mass customers under the name of affluent banking.

Yapı Kredi focuses on continuously increasing the quality of services it provides to its customers in order to improve customer satisfaction. In this regard, Yapı Kredi restructured its service model forming a divisionalised structure based on a more customer-focused approach in 2007 so as to group customers with similar needs together as well as launching a comprehensive branch network expansion plan.

At the beginning of 2008, Yapı Kredi launched a project to review its strategic approach for the upper mass customer segment (affluent banking). Accordingly, Yapı Kredi revised its segmentation criteria with the objective to enhance the affluent service model and review product offerings. The Bank completed this project which aims to increase product penetration, provide higher quality of service to affluent customers and create a sustainable competitive advantage in January 2009.

Yapı Kredi increased its focus on growth in consumer loans in 2008. Under the heading of consumer loans, the Bank offers its customers a wide array of products including mortgage, general purpose, home improvement, tuition, auto, art and yacht loans with convenient repayment options.

For Yapı Kredi, 2008 began with rapid growth in consumer loans and continued with market share gains throughout the year; however, growth slowed down in the final quarter of the year due to a deterioration in the domestic macro environment impacted by global economic and financial turmoil. In 2008, Yapı Kredi's consumer loans increased 53% to YTL 6,2 billion. The most preferred consumer loan products by customers were general purpose loans, mortgage loans and auto loans.

General purpose loans grew 81% in 2008, reaching YTL 2,4 billion leading to an increase in the Bank's market share from 4,6% in 2007 to 6,3% in 2008. This increase was mainly driven by the implementation of pre-approved limits. Pre-approved limit utilisation is a system whereby flexible account and/or general purpose loan limit allocations are performed for eligible customers considering their banking operations. In 2008, 35% of all general purpose loans originated through this channel.

Yapı Kredi's mortgage loan strategy in 2008 was built on specialisation, launch of appointment service and non-branch sales channels:

- With the support of Boğaziçi University's Lifelong Learning Center, the Bank focused on specialisation by training "Mortgage Experts" whom customers can consult at branches about all financial, legal, technical and tax-related issues regarding mortgage loans.
- In 2008, a special unit dedicated to housing projects was established under the Mortgage Finance Department. In addition to the country's leading construction companies, this unit executed agreements to provide financing for a total of 150 construction projects of small and medium sized construction firms throughout Turkey. In addition, through relationship management practices, carried out by individual branches with 1.700 real estate agents all over Turkey, the Bank raised the share of mortgage loans directed from real estate agents in the entire portfolio to 30%.
- For the first time in Turkey, through an appointment-based system, Yapı Kredi's "Mortgage Experts" met with customers at the date, time and location of their choice. The goal of this system is to enhance Yapı Kredi's difference in customer service by taking all necessary mortgage-related information to the customers' location of choice without requiring them to visit a branch. In order to meet this goal, the 2008 mortgage communication strategy was created around "Mortgage Experts" and the appointment system. The dedicated website and the information hotline developed for

In 2008, Yapı Kredi's consumer loans increased 53% to YTL 6,2 billion. The most preferred consumer loan products by customers were general purpose loans, mortgage loans and auto loans.

the appointment system were especially emphasised in the communication process.

- Yapı Kredi launched two new non-branch sales channels where customers can make appointments with "Mortgage Experts", choose the most suitable mortgage loan for their financial conditions and gather information on all legal, financial and tax-related subjects they need during the home purchase process:
- Mortgage Website: www.kendievim.com.tr
- Mortgage Information Line: 444 0 445

Thanks to these privileged services provided to customers and new non-branch sales channels, Yapı Kredi's mortgage loan book grew 43% in 2008, reaching YTL 3,2 billion leading to an increase in the Bank's market share from 7,3% in 2007 to 8,5% in 2008.

Yapı Kredi's auto loan book grew 22% in 2008, reaching YTL 627,4 million and leading to an increase in the Bank's market share from 8,9% in 2007 to 11,8% in 2008. In 2008, growth in auto loans was driven by an increased focus and Yapı Kredi's close cooperation with dealerships.

Through a cooperation agreement with Ford Otosan signed in December 2007, Yapı Kredi became the exclusive business partner of Ford Otosan in offering auto loans. With this new system, customers are able to apply for an auto loan directly from the dealership through an online system backed by a call center and a dedicated website www.fordfinans.com.tr.

In 2008, Yapı Kredi intensified its efforts to deepen relationships with existing customers as well as to gain new customers. As part of these efforts, customer loyalty and cross-selling ratios increased with the use of analytical data mining models executed thanks to the Bank's customer relationship management (CRM) capabilities. Yapı Kredi produced 90 million offers for its customers in 2008 through the campaign management system, of which 65 million were targeted to increase product sales. Product sales were also initiated at the teller line from CRM screens with effective customer targeting, resulting in very successful sales figures.

Besides its wide array of products in individual lending, Yapı Kredi also provides its retail customers with loyalty programs so as to strengthen relationships with its customers and increase customer satisfaction.

Benim Param (My Money), introduced to the Turkish banking sector for the first time by Yapı Kredi in 2002, is a loyalty program able to meet all the banking needs of retail customers via a single application. As part of this program, the advantages customers accumulate grow with transaction volume and they can benefit from many advantages free-of-charge such as transaction fee discounts, priority service at Yapı Kredi branches, exclusive Emergency Health Service and more World points.

In 2008, Benim Param continued to draw the interest of customers and thanks to its new advantages, maintained its status as Turkey's largest loyalty program. In 2009, Yapı Kredi aims to provide even more benefits to its customers through the Benim Param program.

Yapı Kredi also provides banking services to university students and students between the ages of 12 and 17 throughout their academic lives at advantageous terms. In 2008, Yapı Kredi continued to be the choice of many young customers and paid special attention to reinforcing its relationships with this dynamic customer segment through non-banking projects in collaboration with World Play Club, Yapı Kredi's credit card which targets and provides special benefits for students.

Yapı Kredi in 2008

Credit Cards

Credit cards, one of the key pillars of Yapı Kredi's retail strategy, achieved a successful performance in 2008 driven by new products and services accompanied by a profitability focus.

The leader in credit cards as of the end of 2008, Yapı Kredi's total credit card customers reached nearly 5 million. The total number of cards issued by the Bank reached 7,8 million and the total credit card transaction volume reached YTL 40,3 billion. As of the end of 2008, Yapı Kredi maintained its leadership in this segment with 21,8% transaction volume market share and 21,8% outstanding volume market share on an annual cumulative basis.

In 2007, Yapı Kredi redefined the competitive standards in the credit card sector by transforming product and service packages that card users are interested in to a club and program infrastructure. The Bank added many new features to existing clubs and programs in 2008.

The World Share Program, Turkey's first donation platform that accepts credit card points was re-launched in April 2008. With the participation of nine non-governmental organisations in the World Share Program, the re-launch emphasised the contribution of credit cards to social responsibility projects.

| Credit Cards | 2007 | 2008 | Y/Y (%) |
|-------------------------|-----------|-----------|---------|
| Number of Credit Cards* | 6.720.533 | 7.764.024 | 16 |
| Number of Merchants | 205.074 | 258.927 | 26 |
| Number of POS | 245.849 | 312.320 | 27 |

(*) Including virtual cards (2007: 1,1 million, 2008: 1,5 million)

Crystal Club Worldcard, Turkey's most prestigious credit card, was launched in May with the first showing of Dilek Hanif's 2008 spring-summer collection Paris Haute-Couture fashion show in Turkey. As an invitation-only club of privileges offered only to Private Banking clients, Crystal Club Worldcard is designed for customers who expect special attention, privilege and care in every aspect of life. Crystal Club Worldcard organises sector-specific discount campaigns as well as hotel and restaurant discounts in Turkey and abroad every month; it offers users experiences that money cannot buy. Worldcard continues to provide the highest-level of service in line with the needs, wishes and areas of interest of this exclusive group. Accordingly, Crystal Magazine has started to be published with an autumn edition.

World Play Club, which targets university students and young professionals, was launched in May 2008. Together with the re-launch, in addition to the existing features of Worldcard, World Play Club members began to receive both Worldpoint and free Turkcell minutes for their purchases with Play Club Worldcards for the first time. As part of the collaboration with gncıtrkcll, World Play Club cardholders who are also gncıtrkcll members received 25% extra Worldpoints with their purchases on many brands and additional Turkcell minutes as gifts. Many of the exclusive opportunities provided to members drew such high level of interest that the number of cards issued so far exceeded targets in a short period of time and reached 250.000. Masstival, an

important youth festival and the concert of famous music group Massive Attack were sponsored by Play Club and Worldcard, respectively.

In 2008, many additional services and campaigns were introduced to select Worldcard customers who travel frequently. In September 2008, for the first time, Yapı Kredi began offering installments for purchases made abroad using a Worldcard.

The World Lounge, which was designed by the world renowned designer Karim Rashid and sits on a 437 square meter site at the Atatürk Airport International Terminal, was launched in September 2008. The lounge provides services to Crystal Club, Platinum Club and Travel Club members free-of-charge.

Also in September 2008, World Valet Parking, which offers Worldcard owners a 50% discount in parking fees at Sabiha Gökçen Airport domestic and international terminals, was launched.

The Bank switched from sending credit card and debit card passwords via mail to allowing cardholders to choose their own passwords via the Yapı Kredi Telephone Banking Interactive Voice Response (IVR) system. This system, not only allowing customers to begin using their cards as soon as they receive them but also increasing the Bank's operational efficiency, started in May for credit cards and in October for debit cards.

In light of the co-branding partnership agreements implemented in 2008, Yapı Kredi's credit card brand World became Turkey's largest credit card network and marketing platform with close to 11 million credit cards.

With the launch of the public transportation program in October 2008, passengers were presented with the possibility of riding private city buses operated by Turex in Denizli and Afyonkarahisar without the need for tickets. Passengers can load their Visa Worldcards, Visa Gold Club Worldcards and Visa Play Club Worldcards at Turex loading locations and pay for their rides by holding their cards in front of special reader machines on buses as part of the public transportation program.

As of October 2008, Worldcard holders who use the automatic bill payment service can immediately pay their bills with Worldpoints. This created yet another avenue for cardholders to use the Worldpoints they accumulate.

Yapı Kredi ended 2008 with 312.000 POS terminals, YTL 40,2 billion acquiring volume and 21,6% acquiring volume market share. With this acquiring volume, the Bank maintained its leadership in terms of efficiency. As of 2008, Yapı Kredi maintains its solid position in the market in terms of acquiring volume, as a strong second largest player.

Increased focus was given to POS terminal sharing in 2008 so as to increase the productivity of the POS base and the number of terminals used jointly with other banks exceeded 90.000.

World possesses Turkey's most active member merchant network and continued to grow further in 2008. Thanks to the strength of its extensive branch network and member merchant sales and activation campaigns, a network of more than 185.000 World member merchants and a total network of nearly 260.000 member merchants was reached.

Some of the brands that joined the World network in 2008 include Ak Insurance, Anadolu Insurance, Banana Republic, DiaSa, GAP, McDonald's and Vodafone.

Member merchant infrastructure investments continued in 2008. New products, such as foreign exchange POS for the tourism sector and doctor POS for doctors were launched to meet various sectoral needs. As yet another first in the sector, Yapı Kredi started providing installments for duty-free shopping on airplanes.

During 2008, more than 260 campaigns with over 185 World member brands in 15 sectors were organised. On average, 50 campaigns were conducted each month at World member merchants. These campaigns offered Worldcard holders rewards, additional installments, gift cheques, discounts and other privileges and through various campaigns, contribution to customer satisfaction and loyalty was increased.

In 2008, Yapı Kredi's partnerships in credit card co-branding started with Millennium Bank and continued with the joining of Vakıfbank, Fortis and Anadolubank to the World system. With these partnerships, Yapı Kredi's credit card brand World became Turkey's largest credit card network and marketing platform with close to 11 million credit cards. Furthermore, in 2008 credit card co-branding partnership agreements were signed also with Cyprus Economy Bank and Cyprus Turkish Cooperative Central Bank. The fact that six banks from

inside and outside of Turkey chose World clearly proves that the undisputed position and importance of Yapı Kredi in the credit cards segment is affirmed by the sector.

Although the credit card co-branding partnership agreements are very recent, positive results have already been achieved. Transaction volumes of World member merchants surpassed expectations, proving yet again the volume-enhancing power and impact of World for member merchants.

Yapı Kredi maintained its leadership in credit cards in 2008 and this segment continued to be a solid revenue contributor for Yapı Kredi driven by the Bank's special focus on profitability. Together with revenue generating initiatives, Yapı Kredi also launched cost containment measures and concentrated on better usage of resources including optimisation of loyalty points, review of installments and reduction of advertising costs.

Yapı Kredi will continue to be the undisputed leader of the sector while leading the way for competition and setting the standards for the credit card business in Turkey with World.

Yapı Kredi in 2008

Private Banking

Private banking deposits increased 48% y/y in 2008 driven by new tailor-made product offerings, leveraging on a dedicated service model developed with a customer-focused approach. Private banking deposits contributed 23% of the Bank's total deposits.

As of year-end 2008, Yapı Kredi serves 33 thousand active high income private banking customers with products and services put together specially to meet their expectations. Yapı Kredi is the leader in private banking in Turkey with its customer business volume, total asset size and distribution network.

In 2008, with an effort to further improve its divisionalised and customer-focused organisation, Yapı Kredi completed the review of its strategic approach in the private and affluent customer segments, defining a new value proposition and enhanced service model as well as reviewing its product offerings.

The contribution by the private banking segment to the Bank's total assets increased in 2008 thanks to the introduction of new tailor-made product offerings. Total private banking deposits constituted 23% of the Bank's total deposits.

Yapı Kredi offers its preferential private banking products and services through 220

| Private Banking (million YTL) | 2007 | 2008 | Y/Y (%) |
|-------------------------------|-------|--------|---------|
| Loans | 184 | 227 | 23 |
| Deposits | 6.816 | 10.104 | 48 |

Note: Financial information on strategic business units is not included in unconsolidated BRSA financial reports and is based on Yapı Kredi's Management Information Systems (MIS) and other internal reporting systems for internal monitoring purposes. Volumes indicate last month averages. There may be reclassifications between strategic business units according to the Bank's service model and segmentation structure.

expert customer relations managers in 28 Private Banking Centers. In addition, as of the end of 2008, 76 Yapı Kredi branches throughout Turkey provide private banking services. Private banking customers all over Turkey are also offered remote service via private banking centers. In addition, customers can perform many banking transactions instantaneously via 444 0 446 Vipline on a 24/7 basis.

Yapı Kredi forms its segment-based marketing initiatives according to the evolving needs and expectations of its customers. In addition to new product and service alternatives it offers in private banking, the Bank aims to make the lives of its clients easier by also providing consultancy services. Customer analysis is conducted regularly for this purpose and plays a major role in monitoring the different needs of its customer sub-segments and in generating convenient solutions.

Throughout 2008, Yapı Kredi worked intensively on introducing new products for its private banking customers. Adding to its alternative investment product range aimed at delivering optimum returns to private banking clients, the Bank began offering capital guaranteed funds to its customers as a first in Turkey. In addition, Yapı Kredi launched the Crystal Club credit Card in

April, the travel and entertainment face of private banking and a very prestigious product that offers many benefits all over the world. Yapı Kredi has been undertaking marketing and product development efforts in private banking for products such as mutual funds, pioneer funds, discretionary portfolio management, futures and options, dual-currency deposits, structured products, treasury bills, government bonds, Eurobonds, repo, equity, corporate bond, TurkDEX (Turkish Derivatives Exchange), yacht loans, art loans, art consultancy and tax consultancy.

Additionally, many database campaigns were undertaken geared toward various customer segments in order to increase the usage of the Bank's products and services. Investment product alternatives were offered through alternative delivery channels as well as branches.

Yapı Kredi continues to differentiate itself from the competition in private banking with consultancy services as well as exclusive non-financial benefits offered to its clients. In this regard, as part of its highly-popular art consultancy service, Yapı Kredi participated in many exhibitions, auctions and workshop visits organised by Yapı Kredi Cultural Activities, Arts and Publishing, the pioneer of many innovations in its field, alongside its clients in 2008. Contribution to

As of year-end 2008, Yapı Kredi serves 33 thousand active private banking customers with products and services put together specially to meet their expectations. Yapı Kredi is the leader in private banking in Turkey with its customer business volume, total asset size and distribution network.

fields of interest by private banking clients in the area of sports also continued in 2008. Yapı Kredi became the main sponsor of the "Cup'ışalım? Yacht Tournament" which was held between June 14-15 and provided support for the Presidency Horse-Riding Cup Tournament held for the first time in Istanbul in June 2008.

Yapı Kredi, as in previous years, continued to serve the tax-related needs of private banking clients with the support of Ernst&Young, its strategic partner in this area, and organised tax seminars in six cities, catching the attention of private banking clients.

Branch economy talks were organised at the private banking centers throughout the year to inform clients about global economic developments and facilitate information sharing.

Yapı Kredi also provides its private banking customers with other services such as Unique, a quarterly magazine highly popular among private banking customers and the free Medline Emergency Medical Assistance Package. Furthermore, financial information and data are regularly shared with the customers such as daily market commentaries, monthly economic reports, fund bulletins and tax booklets.

In 2009, leveraging on the revised segmentation and the dedicated focus in the private banking segment, Yapı Kredi aims at maintaining solid growth in private banking through a continued focus on structured products coupled with increased penetration in mutual funds. Yapı Kredi also targets to enhance the synergies between the private banking segment and its product factories, namely Yapı Kredi Asset Management and Yapı Kredi Invest.

Commercial and Corporate Banking

In commercial and corporate banking, Yapı Kredi registered 42% y/y growth in lending through an increased focus on cash management, foreign trade, project finance and structured products.

With its highly qualified and experienced staff, advanced technology and tailored solutions, Yapı Kredi continues to serve 36.300 active commercial banking customers and 2.200 active corporate banking customers as of the end of 2008. Considering clients as business partners, Yapı Kredi devises its strategy based on long-term relationships with a customer-focused and service-oriented approach. The Bank's primary objective is to differentiate itself from the competitors and ensure continued customer loyalty with tailor-made products and services. Yapı Kredi serves its commercial clients through 118 branches and its corporate clients through six corporate banking centers.

The commercial banking segment generated 17% of the Bank's total deposits, 29% of the Bank's cash loans and 42% of the Bank's non-cash loans.

The corporate banking segment generated 20% of the Bank's total deposits, 24% of the Bank's cash loans and 42% of the Bank's non-cash loans.

Yapı Kredi's commercial banking customer portfolio continued to grow with new additions in 2008. The main reasons for this rapid growth in the commercial banking segment include its expert staff serving clients with a financial consultancy approach, its extensive branch network as well as the trust customers have in the Yapı Kredi brand and its financial strength. In 2008, Yapı Kredi continued to serve the business and investment needs of a wide cross-section of the real sector including construction, wholesale and retail trade, metals, textiles and apparel, energy, transportation, communication, food, automotive and maritime sectors. Yapı Kredi, with its experienced project finance team, continued to be the preferred financial institution for the financing of projects demanding a high degree of specialisation. The Bank provided funding to many large companies for important projects.

In commercial and corporate banking, Yapı Kredi aims to continue to be the primary bank of its customers and to serve companies' needs with a market-oriented innovative perspective and extensive product portfolio.

Yapı Kredi's commercial and corporate banking product portfolio includes project finance, cash management, e-banking, foreign trade finance, derivative products and structured products as well as standard banking products and services.

Yapı Kredi in 2008

| Commercial and Corporate Banking (million YTL) | 2007 | 2008 | Y/Y (%) |
|--|--------|--------|---------|
| Loans | 13.669 | 19.439 | 42 |
| Commercial | 7.504 | 10.629 | 42 |
| Corporate | 6.165 | 8.810 | 43 |
| Deposits | 10.527 | 16.068 | 53 |
| Commercial | 5.758 | 7.293 | 27 |
| Corporate | 4.769 | 8.775 | 84 |

Note: Financial information on strategic business units is not included in unconsolidated BRSA financial reports and is based on Yapı Kredi's Management Information Systems (MIS) and other internal reporting systems for internal monitoring purposes. Volumes indicate last month averages. There may be reclassifications between strategic business units according to the Bank's service model and segmentation structure.

Project Finance

Yapı Kredi supports its clients with a wide array of products and services ranging from financing corporate mergers and acquisitions to project finance in various sectors. In 2008, the Bank concentrated on energy, transportation, real estate and acquisition finance, with a particular focus on the energy sector. In the energy sector, the Bank focused on energy production, transmission and distribution projects and provided financing for natural gas and electricity transmission/distribution projects as well as hydroelectric power plant projects. In 2008, Yapı Kredi provided US\$ 1,3 billion in project finance to the energy sector whereas the Bank's lending to projects outside the energy sector totaled more than US\$ 600 million.

Significant activities of the Bank with regard to project finance during 2008 include the following:

- Yapı Kredi took part in the € 336 million finance loan project for the operation and construction of the new international terminal at the Istanbul Sabiha Gökçen Airport as the mandated lead arranger and underwrote € 168 million of this loan.
- Yapı Kredi provided US\$ 173 million of a US\$ 346 million loan made to the US\$ 500 million investment in a 600 MW installed capacity Thermal Coal Power Plant Project to be built in Çanakkale.
- Yapı Kredi provided a US\$ 339 million loan for the 300 MW installed capacity Yedigöze Dam and Hydroelectric Power Plant project as the mandated lead arranger.
- Yapı Kredi provided a US\$ 55 million loan as the lead arranger for the 30 year operating rights transfer of the Aydın-Denizli-Muğla electricity distribution regions to be privatised under the Operating Rights Transfer model.

Cash Management and E-banking

Yapı Kredi has been a leading bank in the area of cash management and e-banking for many years thanks to the automation and reconciliation products and services it offers for cash flow and corporate transactions.

With its extensive array of cash management products and services ranging from basic transaction banking requirements to complex automated solution partnerships, Yapı Kredi has a competitive advantage. Customer loyalty attained by integration of solutions, high profitability attained by value-added products and operational speed and cost reductions attained by automation of transaction banking services are the most important contributions of cash management and e-banking to the main strategies of Yapı Kredi.

Thanks to its dynamic and creative strength, made possible by the specialised organisational structure in product development and sales functions, the Bank registered significant achievements in 2008. For domestic firms, an online direct lending infrastructure was formed for sales over the vendor portal. In addition, Banko™-Ohes Banking payment automation, which ensures error-free execution and reconciliation of many payment transactions, was launched successfully. The e-signature solution compliant with regulation is an application that combines security and automation. Yapı Kredi has also demonstrated its competitive advantage among multinational corporations with such new e-banking services in the banking

As a result of the outstanding services it had provided in trade finance products in 2008, Yapı Kredi was named the “Best Trade Finance Bank in Turkey” by World Finance.

sector as SWIFT FileAct and MT101 applications for automating payment orders from overseas and the EuropeanGate payment portal within UniCredit Group. Toward the end of the year, the Bank began offering supplier financing automation services to its customers.

Trade Finance

With an expert and experienced staff, advanced technology and customer-focused approach, Yapı Kredi maintained its consultant bank image in services to foreign trade customers in 2008. The Bank was among the leading institutions in the sector with its US\$ 45 billion foreign trade volume and served approximately 11.000 customers in this area.

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.

As a result of the outstanding services it had provided in foreign trade finance products in 2008, Yapı Kredi was named the “Best Trade Finance Bank in Turkey” at the 2008 Excellence in Banking Awards conducted worldwide by World Finance, one of Europe’s most respected financial publications. Earning the highest points in such criteria as customer focus, differentiation, market leadership, expertise, product diversity and geographic reach, Yapı Kredi proved its superior performance in foreign trade finance in 2008 as well.

Treasury

In line with its strategy of focusing on core commercial banking activities, Yapı Kredi has continuously been reducing the volume of its securities portfolio.

Despite difficult market conditions in 2008, the treasury unit has been a solid source of support for the Bank and has successfully provided its clients with financial advisory services.

In line with its strategy of focusing on core commercial banking activities, Yapı Kredi has continuously been reducing the volume of its securities portfolio and shortening its average days to maturity. In line with this, the share of securities in total assets fell from 25,8% in 2007 to 21,1% in 2008. The average maturity of securities declined in 2008 compared to 2007. In terms of the composition of the securities portfolio, Yapı Kredi invested 85% of its overall portfolio in held to maturity securities to create consistent returns and limit capital-at-risk. In light of the change in the liquidity regulation, the share of securities in this group declined by 8 percentage points in favour of available for sale securities in order to maintain the Bank’s liquidity level (2007: 90%).

Yapı Kredi preserved its active role in money and capital markets in 2008. Aiming to provide reliable and instantaneous pricing for every product required by customers, the treasury had a successful year in terms of liquidity and profitability while at the same time managing to minimise the impact of the fluctuations created by the global crisis toward the end of the year.

In 2008, the Bank executed US\$ 216 billion of foreign exchange transactions, US\$ 108 billion of which from domestic retail and corporate customers. Yapı Kredi captured a 16% market share in customer foreign exchange transactions in 2008, while the Bank’s market share in customer derivative product transactions was 35%. Thanks to its expertise and experience in the derivatives market, the Bank raised its total customer foreign exchange transactions volume to US\$ 124 billion in 2008.

On the Istanbul Stock Exchange Bonds and Bills Market, Yapı Kredi ranked second in terms of transaction volume with a volume of YTL 36,0 billion. The Bank, a market-maker, continued to be the primary choice of customers when executing their bond and bill transactions thanks to its high transaction volume and experience. As of the end of 2008, Yapı Kredi’s market share in customer securities under custody stood at 11,8%.

In 2009, taking into consideration the potential impact of the global crisis on Turkey, Yapı Kredi aims to prevent profitability from being impacted by potentially adverse developments stemming from global fluctuations in money and capital markets through its treasury operations.

Yapı Kredi in 2008

International Banking

Operating with the aim of providing support for the real sector, Yapı Kredi arranged alternative funding facilities in difficult market conditions and secured a YTL 187 million, ten-year loan facility from the European Investment Bank to support SMEs.

Yapı Kredi is among the sector's leading banks with regard to its correspondent relationships and correspondent bank network building. Due to these relationships that have been established over the years, despite unfavourable global market conditions in 2008, Yapı Kredi succeeded in providing alternative funding facilities to its customers and maintained and reinforced its pioneering and innovative role in foreign trade transactions.

Yapı Kredi demonstrated its innovative approach not only in foreign trade transactions, but also in correspondent banking relationships. As a preferred institution for foreign banks to open an account in Turkey due to its deep-rooted correspondent relationships, the Bank also fulfilled its duty of negotiating improved conditions for customers with regard to foreign payments executed via the correspondent network.

Despite tighter global credit markets, Yapı Kredi successfully renewed the one-year US\$ 800 million syndicated loan that came due in September 2008 and raised the amount to US\$ 1 billion while limiting the cost to LIBOR+75 basis points. The Bank demonstrated its credibility in the global markets once again with this syndicated loan that closed with the participation of 42 banks from 19 countries. Pursuant to the decision in June 2008 due to anticipation of higher funding costs for bank syndications by year-end, Yapı Kredi repaid the US\$ 700 million syndicated loan that was due in December 2008.

Operating with the aim of providing support for the real sector, Yapı Kredi arranged alternative funding facilities in difficult market conditions and secured a YTL 187 million, ten-year loan facility from the European Investment Bank to support SMEs. The Bank fully passed through the benefits of this low-cost loan to its SME customers. In addition, to provide support to exporter firms, the Bank secured a US\$ 35 million, six-year loan from IBRD (International Bank for Reconstruction and Development), a World Bank establishment, via TSKB.

Alternative Delivery Channels

In alternative delivery channels, Yapı Kredi's priority goal is to increase usage and efficiency by diversifying and simplifying services provided to customers and therefore improve customer satisfaction.

In addition to its extensive branch network, Yapı Kredi also serves its customers through alternative delivery channels (ADC) comprised of ATMs (Tele24 and Tele24 Plus), internet banking, mobile banking and telephone banking channels.

In alternative delivery channels, Yapı Kredi's priority goal is to increase usage and efficiency by diversifying and simplifying services provided to customers and therefore improve customer satisfaction. To this end, the Bank directed customers to the appropriate channels based on their needs while converting customers who had subscribed to these channels but never used them or have not used them recently into active users. Furthermore, the Bank accelerated transaction migration initiatives geared toward walk-in clients. As a result, usage of ADCs in total banking transactions rose to 69% in 2008 from 65% in 2007.

In 2008, utilisation of alternative delivery channels in total banking transactions rose to 69%.

Yapı Kredi plans to further increase the contribution of ADCs to the Bank in 2009 with telephone banking service and e-migration project for SME, commercial and corporate clients, mobile banking project and the "Limitless Banking - self-service areas project" to be launched in busy branches.

Internet Banking

Limitless Banking is the complete package of services which comprises Yapı Kredi's corporate and retail internet banking, Worldonline (exclusive internet branch for credit cards where customers can access all information related to their Worldcards online), WAP Banking and SIMPlus Banking.

Demand for Limitless Banking grew at an increasing rate in 2008. The number of retail internet banking customers exceeded 1,5 million whereas the number of corporate internet banking clients approached 172.000. The total number of Yapı Kredi's Limitless Banking customers increased 20%, while the Bank's market share in active customers rose to 13,8%.

Yapı Kredi continued to improve and diversify the services provided via internet banking in 2008. www.yapikredi.com.tr was renewed in April and the corporate internet bank was restructured with its new design in May. The "Sign Up Now" service, which has been available to individual banking customers since 2007 and allows them to receive an internet banking password easily online, was launched for corporate banking customers as well in November 2008. The Bank added online loan applications, the ability to get a receipt for taxes paid in the official format and quick top up order functionalities to its retail internet bank. In corporate internet banking, the Bank added non-company accounts, linking accounts to

cards, batch credit card transactions, multi-currency money transfers, monthly payment plan, university payments, derivative products, stock transactions, public offering transactions, Pusula, import/export file query, import payment term monitoring, document monitoring, member merchant transactions, Alarm&Reminder and agenda services.

In 2008, the number of transactions performed over alternative delivery channels reached 133 million whereas the total value of these transactions exceeded YTL 110 billion with a 20% increase.

In addition to being the lowest cost service channel, internet banking is also an important application in facilitating product sales to customers through campaigns. In 2008, 273.010 product sales were realised as a result of campaigns for various products such as Esnek Hesap, Çalışan Hesap (overdraft accounts), Benim Param (My Money) and Pusula.

The mandatory usage of at least one "Smart PIN" product, a practice which became a requirement in retail internet banking in 2007, was implemented in corporate internet banking in 2008. In addition, transaction verification by Mobile Signature was introduced, thus eliminating potential fraud.

Yapı Kredi aims to provide detailed information and service to its customers with the service segment-based micro websites it has created. To this end, customers are presented with: www.kendievim.com.tr for mortgage loans, www.fordfinans.com.tr for Ford Finans auto loans, www.worldcard.com.tr for information and campaigns about Worldcard and www.playclub.com.tr for everything about World Play Club.

Yapı Kredi's internet banking accomplishments were crowned once again with PC Magazine's 2008 "Best Internet Banking" award. Meanwhile, the www.yapikredi.com.tr website won the "Outstanding Achievement for Web Design" award at the Interactive Media Awards in the area of web design. The Online Chat service for the hearing-impaired, a feature of Yapı Kredi internet banking, was given the "Special Jury Award" at the 4th Istanbul Call Center Awards organised by IMI Conferences.

Tele24 and Tele24 Plus

Yapı Kredi has the sector's third largest ATM network with 2.381 Tele24s. ATMs are also placed in non-branch locations such as shopping centers, educational and government facilities and private companies.

The Bank's ATM market share in the sector reached 10,9% in 2008. Used by more than 2,6 million customers every month; the total number of transactions at the ATMs exceeded 200 million in 2008.

Installation of ATM machines with cash-depositing features (Tele24 Plus) continued, surpassing 1.700 as of year-end 2008. Tele24 Plus ATMs are in service at all branches as well as 25% of all non-branch locations. The Bank will continue to expand its ATM network in 2009 by installing ATMs with cash-depositing features (Tele24 Plus).

Yapı Kredi introduced barcode-based bill payment services through ATMs (Tele24 Plus) in 2008 as another first in Turkey. This application allows everybody, Yapı Kredi customer or not, to pay their bills by cash without using a card and receive change in coins or banknotes. In addition to this application that has changed the bill-payment system in Turkey, the Bank

Yapı Kredi in 2008

launched the consumer loan payment service at all Yapı Kredi ATMs, with or without a card. Yapı Kredi's objective in 2009 is to increase payment transaction diversity at ATMs and to transform ATMs from a service channel to a sales channel with the help of the Bank's customer relationship management systems.

Launched in 2007, the Transaction Migration Project (migrating transactions to Alternative Delivery Channels) continued in 2008 and the heavy traffic created by cash withdrawal, cash depositing and credit card bill payment transactions at branch tellers were migrated to Tele24 Plus ATMs. The ATM usage rate in total transactions rose from 48,4% in 2007 to 50,9% in 2008 while the transaction load of the branches declined from 29,4% to 26% in the same period. In 2008, 85% of cash withdrawal transactions at the Bank were performed via Tele24s.

While continuing with the installation of new ATMs in 2008, Yapı Kredi also installed coin dispenser units to its Tele24 Plus ATMs in order to increase their functionalities.

In 2008, Yapı Kredi continued its membership in the Altın Nokta (Golden Point) network, Turkey's largest ATM-sharing network that has 9.805 ATMs and a 45% market share.

Call Center

With a team of approximately 700 employees, Yapı Kredi's call center is one of the largest call centers in the Turkish financial sector. Having finalised its transformation into a customer contact center, under way since 2006, Yapı Kredi's call center delivers high quality service to customers through every channel with an average daily capacity of 120.000 incoming calls, 20.000 outgoing calls, 1.500 chat sessions and 500 e-mails in 2008.

The ratio of calls reaching a customer representative increased from 90% to 93,5% in 2008, whereas the usage rate of the automatic response system, one of the lowest-cost channels of the Bank, increased from 51% to 53%. Launched as a new service channel in 2007, the chat application was placed in service for hearing impaired customers and its scope was expanded in 2008. Yapı Kredi served 320 hearing impaired customers in 2008 using this application, allowing customers to get online help over the internet.

Throughout 2008, Yapı Kredi's call center increasingly focused its activities on selling the Bank's strategic products like Private Pension Plans, Esnek Hesap, Çalışan Hesap (overdraft account), and Worldcard. Nearly 3,5 million potential customers were called and 710 thousand product sales were realised during the year.

The Bank began serving potential and existing Yapı Kredi customers with auto loans and other services in 2008 through the Ford Finans Call Center. Furthermore, the Mortgage-Infoline 444 0 445 was

launched to serve customers with mortgage-related topics, an area that the Bank plans to expand. Corporate telephone banking will become operational in the second half of 2009 to serve the Bank's corporate, commercial and SME segment, at which point Yapı Kredi's service portfolio will cover all customers.

With the vision of being the first choice of its employees, the Bank created new training and career programs for the call center employees, a first in the sector. Yapı Kredi works with an expert firm that offers five different Call Center training programs that span 25 different training modules. Unique career paths are created for each employee with these modules.

After receiving the "Best Call Center" award as well as the "Best Call Center Improvement in Performance" award at the 2007 Istanbul Call Center Awards, Yapı Kredi's call center was deemed the "Best Call Center" in 2008 for the second consecutive year in a row. In addition to this award, Yapı Kredi's call center also received the "Best Call Center Improvement in Performance" award for customer service performance and the sales value it creates for the Bank, the "Best Employee Experience" award for innovative employee motivational practices which it pioneered in the sector and the "Special Jury Award" for the 24/7 chat service designed for hearing impaired customers as another first in the sector; a total of four awards.

In line with its strategic objective to improve efficiency and achieve excellence in operations, Yapı Kredi launched and implemented important projects in 2008.

Operations

Yapı Kredi's primary goal in operations is to become a customer service point so as to increase customer satisfaction and improve efficiency.

In the area of operations, Yapı Kredi launched new projects in 2008 in an effort to provide world-class service, maximise operational efficiency, minimise operational risk, increase customer satisfaction and apply a contemporary service model through the use of advanced technology.

In line with its strategic objective to improve efficiency and achieve excellence in operations, Yapı Kredi launched the following projects in 2008:

Unified Operations Team Project: The Bank put together a qualified staff capable of working both in operations and at branches, started hiring part-time staff for busy days and eliminated the teller/back office distinction by combining the job descriptions of branch operations personnel.

Document Management System Project: 82 million pages of documents at the branches and in some central operations units were migrated to the electronic environment. In addition, infrastructure was set up at the branches to scan and immediately migrate documents such as identity cards to the electronic platform.

Tellerline Optimisation Project: Quality of transactions at the tellerline was enhanced through system and process improvements in teller transactions. In addition, teller waiting and transaction times were reduced and operational losses were minimised by ensuring transaction security.

ATM Migration Project: Systems were installed to execute transactions that can be done via ATMs instead of via the tellers so as to reduce the workload of tellers and use ATMs for active cross selling.

Limit/Risk Control Project: This project which automates limit, risk and collateral controls was launched so as to achieve full standardisation in loan disbursement.

As a result of the implementation of these projects, Yapı Kredi achieved further improvements in efficiency:

- As a result of the successful management of the branch expansion process, 185 branches were opened in 2008 while operations employees per branch declined from 9,2 to 6,8.
- Number of transactions rose 5,4% and number of transactions per person increased 6%.
- Overtime by employees declined.
- 93% realisation was achieved in transaction completion time targets.
- Increase in customer satisfaction was observed based on mystery shopper visits as well as individual branch-based surveys.

Yapı Kredi's efficiency focused strategy paved the way for the branch expansion plan to be accompanied by effective headcount management and cost containment. Headcount at the Bank level increased by a limited 4% y/y despite 27% y/y growth of the branch network, also due to efficiency improvements including release of ~750 headcount from operational support units (back-office) to be redeployed in new branches (front-office).

Yapı Kredi also took initiatives to improve branch efficiency and service quality in 2008. The teller transaction screens were linked online with cash counting machines, allowing the teller to automatically view the amount information on the transaction screens, perform counterfeit money

controls and transfer denomination details to the system. In addition, by connecting a digital Q-matic machine and transaction screens together on the teller side, the Bank launched a pilot project at some branches that will provide faster service for customers, reduce waiting times in teller transactions and significantly increase customer satisfaction as well as efficiency. The automation system that performs gathering, collection, accounting and reporting of foreign-currency cheques as well as visual monitoring of the whole process was launched. In relation to this, clearing transactions performed through standard SWIFT messages at the Bank level was automated.

As a result of its efforts to excel in payment processing, Yapı Kredi received an award from Citibank N.A., NY and Deutsche Bank AG, Frankfurt in 2008 for its superior performance for straight-through processing (STP) of international payments during 2007. The excellent performance by Yapı Kredi in STP of payment instructions sent to correspondent banks continued in 2008 as well.

Yapı Kredi's primary goal in operations is to become a customer service point so as to increase customer satisfaction and improve efficiency. In this regard, in 2009, the Bank will focus on managing the branch lobbies in a more efficient way, carrying out cross-selling activities on the spot, completing and updating customer information and documents at every point of contact with the customer, taking ownership of customer complaints and pursuing a problem solving approach and migrating transactions to alternative delivery channels.

Yapı Kredi in 2008

Information Technologies

Yapı Kredi initiated virtualisation efforts in 2008 to reduce electricity and air-conditioning energy consumption and greenhouse gas emissions as well as reducing the size of the machine park thereby simplifying its management and cutting costs.

Giving priority to improving internal and external customer satisfaction and providing an uninterrupted, high quality service to its customers, Yapı Kredi continued its efforts to review its processes and enhance its service quality based on international standards. As a result of these efforts, the Bank received the ISO:9001 Data Center Quality Certification. Ensuring that all of its transactions and customer services will continue without any interruption even in the event of an emergency, Yapı Kredi's entire critical information and applications are backed up immediately at the disaster recovery center where systems are kept running 24 hours a day, 7 days a week.

In the first quarter of 2008, the main banking system machine park located in the Çamlıca data center was successfully migrated to the data center in the Bank's Gebze Operations Center, which enabled the control of those systems from a single service center with regard to infrastructure and hardware.

As part of the Green IT program, the Bank initiated virtualisation efforts in 2008 to reduce electricity and air-conditioning energy consumption and greenhouse gas emissions as well as reducing the size of the machine park thereby simplifying its management and cutting costs. Within this context, 280 of the 600 physical servers were migrated to the virtual environment and plans were made to migrate the rest in 2009. With the completion of this project, Yapı Kredi will have built one of the largest virtual environments in Turkey.

In 2008, Yapı Kredi undertook a series of developmental and technological upgrade initiatives allowing its infrastructure network to serve more branch, ATM and POS connections with the highest quality of service. The Bank's monitoring environments were reinforced with new technological tools enabling it to monitor the Bank's extensive countrywide branch and ATM network in real-time and intervene when necessary.

Human Resources

Training and development activities were restructured under the Yapı Kredi Banking Academy with the vision of becoming "the leading development center yielding the sector's best bankers".

Being aware that the human factor is the primary element for high quality service, Yapı Kredi showed its commitment to human resources in 2008 through its innovations, opportunities and training programs. Yapı Kredi is an exemplary corporate citizen and undertakes social responsibility activities based on the principle of "sharing the affluence with the community of which it is a part".

The Bank's total number of employees reached 14.795 as of the end of 2008, with 2.299 new recruitments in 2008. The majority of Yapı Kredi employees are female (62%), of the total number of employees 78% hold an undergraduate or post-graduate degree and 31% are competent in at least one foreign language.

65% of Yapı Kredi employees are union members. A collective labour agreement is signed between the Bank and Basisen (Bank and Insurance Employees Union) every two years. The latest 12th Period Collective Labour Agreement covers the period between April 1, 2007-March 31, 2009. Main subjects in the current collective labour agreement are general decrees, service agreement, scope of the service agreement, monetary rights, social benefits, work security-disciplinary board and disciplinary penalties, union rights and other topics in effect.

In view of its branch expansion plan, Yapı Kredi effectively utilised its existing human resources both to support new branch openings in 2008 and to further enhance efficiency.

Conducting human resources practices in line with its corporate strategy and objectives, Yapı Kredi improved these practices in response to evolving and developing sector conditions as well as employee recommendations. In 2008, a new human resources portal was developed to allow employees more effective access to information on human resource practices, human resource policies and training. Yapı Kredi also conducted the 2007 performance evaluations of 13.704 employees through this new system.

In view of its branch expansion plan, Yapı Kredi effectively utilised its existing human resources both to support new branch openings in 2008 and to further enhance efficiency. In this regard, the need for branch managers for the 181 new retail branches opened in 2008 were met through a successfully restructured branch manager candidate identification process. In addition, 333 employees were transferred to the sales teams in line with the Bank's sales-oriented strategy.

In an attempt to create new opportunities for the Bank's human resources, Yapı Kredi provided training programs and encouraged employees to transfer to new positions suited to their abilities and skills. In 2008, 10.909 employees, 85% of which in the branch network, were appointed and promoted to new positions. During the year, the average training time was 55 hours per employee. Yapı Kredi employs the performance based bonus system to reward employee accomplishments, enhance motivation and incentivise the delivery of more efficient and higher quality service. With the exception of April, candidates who fit the criteria were promoted every month following approval by their managers. 4.581 employees were awarded with promotions throughout 2008.

Yapı Kredi provides employees with opportunities to participate in projects designed to improve their skills and abilities, facilitate international career opportunities within the Yapı Kredi Group and increase their working knowledge. With a vision of rapid growth and sector leadership, Yapı Kredi also aims to restructure its training and development activities with innovative methods and investments.

Training and development activities were restructured under the Yapı Kredi Banking Academy with the vision of becoming "the leading development center yielding the sector's best bankers". Having commenced its initiatives with this new vision following its launch in May 2008, the Banking Academy's goal is to restructure and improve all of the Bank's training and development activities with a corporate university approach.

With programs addressing the four main focus areas of training and development activities namely, Banking, Personal Development, Leadership and Social Responsibility, the Banking Academy aims to raise well educated bankers while making employees part of a high-performance team. The Academy maintains the vision that leading bankers need to be influential people not only in the banking field, but also with regard to personal skills, leadership vision and sense of social responsibility.

Development opportunities offered to all Yapı Kredi employees are supported by development programs tailored to the Bank's strategies. These development programs are created according to career plans and put together using alternative training models and methods.

In addition to ongoing development activities, the Banking Academy cooperates with Europe's leading business schools, IMD and INSEAD, while undertaking joint certificate programs with universities and important institutions in Turkey. Primary examples of these initiatives are the Call Center Development Certificate Program, the Mortgage Kendi Evim Specialisation Program undertaken together with Boğaziçi University (BÜYEM) and Certified Financial Consultants (CFC) Program undertaken for the first time in Turkey.

Another important innovation is the Academy Seminars. These seminars, structured around the Yapı Kredi Banking Academy's main areas of focus, are a continuous and accessible development source for employees where experts and noted professionals share their experiences and knowledge.

As a result of these developments, the Yapı Kredi Banking Academy won first place in the "Best New Corporate University" category at the CUBIC™ Awards, a highly respected award in the training and development field given by the US-based International Quality and Productivity Center (IQPC).

Yapı Kredi, through a project called "Vocational Education: A Crucial Matter for the Nation" which was started in 2006 with the leadership of Koç Holding, coaches 1.098 vocational college students in Turkey with 64 employees.

Yapı Kredi has been contributing to an employee group pension plan since 2006 as a way of providing employees with additional support during their retirement years. As of the end of 2008, 60% of the Bank's employees benefit from this plan. Yapı Kredi employees as well as their spouses and children also take advantage of the Group health insurance.

Corporate Social Responsibility

As a corporation, which is conscious of its social responsibility, Yapı Kredi sets itself the task of contributing and adding value to society through culture, art, environment and education related activities.

As a good example of Yapı Kredi's archeological social responsibility projects, Aphrodisias got a new exhibition hall in 2008, on the 20th anniversary of the establishment of the Geyre Foundation. Hosting an exhibition of 80 reliefs excavated from the ancient city, the New Sebasteion Reliefs-Sevgi Gönül Hall opened on May 31, 2008 with contributions from the Geyre Foundation and Yapı Kredi Private Banking. These unprecedented works from that period's most famous sculptors were also presented to art enthusiasts at the Vedat Nedim Tör Museum between September 26, 2008 and January 25, 2009 in an exhibition organised jointly with Yapı Kredi Cultural Activities, Arts and Publishing.

Another example of Yapı Kredi's archeological social responsibility projects is the Çatalhöyük excavations. In 2008, the Bank continued to support the excavations at Çatalhöyük, one of the world's oldest settlements.

Archive photos, journal entries and private belongings of Fausto Zonaro, the painter of the Ottoman Palace during the reign of Abdulhamid II, describing the daily life in Istanbul during those times, were assembled from his family in Italy and private collectors in Turkey. These were displayed at the Yapı Kredi Sermet Çifter Hall as a memorial exhibition together with his color engravings and watercolor paintings.

"The Story of Paper Money from the Empire to the Republic" exhibit, featuring rare Ottoman paper bills in the Yapı Kredi

collection and other rare bills assembled from a few private collectors, was held at the Vedat Nedim Tör Museum between May 29 and August 31, 2008 and was one of the most visited exhibits of the season.

Private letters, hand-written poetry books, personal belongings and photographs of Yahya Kemal, being commemorated with various activities throughout Turkey on the 50th anniversary of his death, were exhibited under the title "A Ship Silent for 50 Years" at the Yapı Kredi Sermet Çifter Exhibit Hall.

Yapı Kredi sponsored the Vienna Philharmonic Chamber Orchestra and Razumovsky Ensemble concerts at the 36th International Istanbul Music Festival as part of its long-term cooperation with the Istanbul Foundation for Culture and Arts (İKSİV). At the 22nd International İzmir Festival, the Vienna Chamber Philharmonic Orchestra gave a memorable concert with pianist Mihaela Ursula at the İzmir Bergama Asklepion Theatre.

As part of its environmental protection activities to create awareness among elementary school students, Yapı Kredi continued to support the Infinite Blue Project which the Bank initiated in 2006 with TURMEPA (Turkish Marine Environment Protection Association) and the Ministry of Education.

With the contributions of Yapı Kredi, Educational Volunteers Foundation (TEGV) adopted the "Reading Hour" that is now practiced in all education parks and learning centers; the activity's content was expanded to include creative reading.

“The Story of Paper Money from the Empire to the Republic” exhibit, featuring rare Ottoman paper bills in the Yapı Kredi collection and other rare bills assembled from a few private collectors, was held at the Vedat Nedim Tör Museum between May 29 and August 31, 2008 and was one of the most visited exhibits of the season.

Yapı Kredi has been coaching 1.098 students with 64 employees for the “Vocational Education: A Crucial Matter for the Nation” project which has been actualised under the leadership of Koç Holding.

Another social responsibility project in the area of education was the support by Yapı Kredi for the restoration of the historic Hamlin Hall Student Dormitory at Boğaziçi University.

Receptive to the preservation of nature, destruction of green areas and the threat of forest fires as a result of intense drought, within the scope of the Forests For My Country Project launched under the leadership of Koç Holding, Yapı Kredi adopted the Mersin Gülnar Forest and took the first step toward creating a 100.000 tree forest in this town. Aware that the great losses created by forest fires cannot be mitigated by forestation efforts alone, Yapı Kredi launched a Paper Conservation Project and as part of this effort, decided not to produce promotional materials such as calendars and agendas in 2009.

The Share Program launched at the end of 2007 is the social responsibility platform of World, which allows Worldcard holders to support social responsibility projects they care about with cash from their credit cards by using their Worldpoints. The areas supported by the Share Program were determined according to the objectives outlined in the UN Global Compact's United Nations Millenium Manifesto. Under the Share Program, cardholders will be able to donate to projects run

by leading international and domestic non-governmental organisations including UNICEF, TEGV, TBMV, TEMA, TURMEPA, LÖSEV and İZEV. World makes an extra contribution in the amount donated by cardholders in Worldpoints.

As part of its support for sports activities, Yapı Kredi Private Banking was a sponsor of the “Cup'ışalım mı?” yacht race organised by Naviga Magazine. Support for equestrian sports was provided by the Bank through the sponsorship of the Yapı Kredi Private Banking Presidential Cup organised for the first time in Istanbul.

Corporate Social Responsibility Projects by Yapı Kredi's Subsidiaries

Yapı Kredi Asset Management participated in the “Read-Think-Share” project of the Young Guru Academy, an international non-governmental organisation, in the 2008-2009 academic year as a sponsor. As part of the project, the Company made a donation to build a library at an elementary school determined by the Ministry of National Education of Turkey. A total of 21 Yapı Kredi Asset Management volunteers will continue to be actively involved in the “Read-Think-Share” library throughout the 2008-2009 academic year.

Yapı Kredi Pension won two awards at the International Public Relations Association's (IPRA) 2008 Golden World Awards with two social responsibility projects it is currently undertaking. The “Ertuğrul Frigate: A Turkish ship in Japan” project, which commemorates the memory of 550 Turkish naval personnel who lost their lives in Japan and of the Japanese fishermen who tried to rescue them, won first place

in the sponsorship category. The Old Age Research Center (65+) project, carried out to change public perceptions about aging and the elderly, won first place in the consumer public relations category.

Yapı Kredi Pension established The Private Pension and Insurance Academy, the first of its kind in Turkey, in collaboration with Boğaziçi University's Lifelong Learning Center (BÜYEM) and with the support of Watson Wyatt, a leading international consultancy. The synergy created by the Academy between the business world and the academic world set an example for other companies in the sector as well as many other firms. The academy has provided 13.500 hours of training in four years.

Yapı Kredi Cultural Activities, Arts and Publishing has been publishing monographs of contemporary artists who have made a name for themselves in the international arena with its Contemporary Art in Turkey series since 2007 under the curatorship of René Block and consultancy of Melih Fereli. In addition, Turkish and foreign artists exhibit their works at the Kâzım Taşkent Art Gallery within the scope of the Independence Adventure series. Ayşe Erkmen, Halil Altındere and Elina Brotherus were among the artists whose works were presented to arts enthusiasts in 2008 as part of these series.

Yapı Kredi's Subsidiaries

Yapı Kredi's customer-focused, segment-based service model is supported by its product factories operating in the areas of leasing, factoring, asset management, equity brokerage, insurance and private pension as well as its foreign subsidiaries in the Netherlands, Russia and Azerbaijan.

Yapı Kredi, together with its subsidiaries, serves as one of Turkey's leading banking and financial services groups ("the Group").

Product Factories

YapıKredi Leasing

Yapı Kredi Leasing, second in the sector with a 15% market share, is the only leasing company in Turkey that is a member of the Multilease Association, which consists of the world's leading leasing companies.

YapıKredi Asset Management

Maintaining second position in mutual funds with a market share of 19%, Yapı Kredi Asset Management has a credit rating of M2+(Tur), the highest rating in Turkey among asset management companies, as affirmed by Fitch Ratings in 2008.

YapıKredi Factoring

A leader in its sector since 2002, Yapı Kredi Factoring realised 46,6% of the total export transaction volume in Turkey and maintained leadership by a wide margin in 2008 with a 20,3% market share.

YapıKredi Investment Trust

Yapı Kredi Investment Trust is the second largest investment trust company in Turkey. As of end of 2008, the Company has a total portfolio value of YTL 53 million and a market share of 10%.

YapıKredi Invest

Yapı Kredi Invest is a leader among brokerage houses in terms of total transactions executed on the Istanbul Stock Exchange. The Company has a market share of 4,9% in the equity market and a market share of 7,7% in the derivatives market.

YapiKredi Insurance

Yapi Kredi Insurance supports the bancassurance business of Yapi Kredi and provides non-life insurance products with 888 employees and 744 agents as well as Yapi Kredi's branch network all over the country. The Company maintained leadership in health insurance with a 21,7% market share in 2008.

YapiKredi Pension

Yapi Kredi Pension ranks as third in the private pension market with a 14,9% market share in private pension fund assets under management and ranks as fifth in life insurance with a 6,99% market share. Yapi Kredi Pension is among the leading companies in the sector in both segments.

Foreign Subsidiaries

YapiKredi Nederland

Yapi Kredi Bank Nederland provides corporate, private and correspondent banking services in the Netherlands, with an objective to support Yapi Kredi customers seeking various banking solutions.

YapiKredi Moscow

Yapi Kredi Bank Moscow supports Yapi Kredi Group by providing services to Yapi Kredi corporate customers in the Russian market as well as contributing to the development of commercial ties between Turkey and Russia.

YapiKredi Azerbaijan

As one of the few privately owned banks in Azerbaijan, Yapi Kredi Bank Azerbaijan aims to exploit future growth opportunities in this market. The Bank also supports Yapi Kredi's Turkish customers operating in Azerbaijan.

Other Subsidiaries

YapiKredi Culture, Art and Publishing

Founded in 1984, Yapi Kredi Cultural Activities, Arts and Publishing is one of the most prestigious culture and arts companies in Turkey, providing services through Yapi Kredi Cultural Center and Yapi Kredi Publishing.

YAPI KREDİ KORAY REAL ESTATE INVESTMENT COMPANY

Established in 1996, Yapi Kredi Koray has a strong reputation as a successful residential and commercial real estate developer in Turkey. 30% of the Company's capital is owned by Yapi Kredi and 25% is owned by Koray Group, with the remaining 49% publicly traded.

BCP Banque de Commerce et de Placements

Founded in Switzerland in 1963, Banque de Commerce et de Placements (BCP) operates in private banking, international trade finance, treasury transactions and correspondent banking. Yapi Kredi owns 30,67% of the Bank's capital.

Note: Yapi Kredi Cultural Activities, Arts and Publishing, Yapi Kredi Koray and Banque de Commerce et de Placements (BCP) are not consolidated under Yapi Kredi's financials.

Yapı Kredi's Subsidiaries

Product Factories

Yapı Kredi Leasing

In 2008, the leasing sector in Turkey witnessed a general contraction in volume following the amendments in VAT legislation at the beginning of the year and slowdown of investment in Turkey induced by the global crisis. Yapı Kredi Leasing was able to maintain its profitability by controlling costs and adjusting its strategy in response to the recent legislative changes.

| Yapı Kredi Leasing | 2007 | 2008 |
|---|-------|-------|
| Revenues (million YTL) | 166,0 | 194,4 |
| Number of Personnel | 171 | 166 |
| Number of Branches and Representative Offices | 11 | 14 |

Note: Financials based on Yapı Kredi consolidated financials.

Founded in 1987 to support investments in Turkey through leasing, Yapı Kredi Leasing is among the sector's most solid companies. In 2008, Yapı Kredi Leasing ranked as the second in the sector with a US\$ 794 million transaction volume and a 15% market share. Yapı Kredi Leasing is publicly traded and 98,85% of its shares are owned by Yapı Kredi.

The key role of Yapı Kredi Leasing is to support the Group through leasing products distributed by Yapı Kredi's branch network. Yapı Kredi Leasing is the only Turkish company that is a member of the Multilease Association, an international organisation of major leasing companies.

In 2008, the leasing sector in Turkey witnessed a general contraction in volume following the amendments in VAT legislation at the beginning of the year and slowdown of investment in Turkey induced by the global crisis. Yapı Kredi Leasing was able to maintain its profitability by controlling costs and adjusting its strategy in response to the recent legislative changes.

Yapı Kredi Leasing provides services through 14 branches and representative offices as well as Yapı Kredi's branch network throughout Turkey. The Company had 166 employees as of the end of 2008.

Yapı Kredi Factoring

Yapı Kredi Factoring has assumed the important mission of promoting wider usage of factoring transactions and expanding the market. With its solid capital structure, high credibility and extensive funding facilities, Yapı Kredi Factoring's goal is to maintain sector leadership in Turkey and continue its international accomplishments.

| Yapı Kredi Factoring | 2007 | 2008 |
|----------------------------------|------|------|
| Revenues (million YTL) | 34,8 | 37,2 |
| Number of Personnel | 100 | 95 |
| Number of Representative Offices | 1 | 5 |

Note: Financials based on Yapı Kredi consolidated financials.

A 99,95% owned subsidiary of Yapı Kredi, Yapı Kredi Factoring, with its experience and proven service quality, is among Turkey's strongest and most trusted factoring companies. Yapı Kredi Factoring continues its operations with the vision of maintaining its undisputed leadership in the factoring sector through steady growth and value creation so as to be the first choice of both customers and employees. The Company has been the sector's leader since 2002 and maintained this position in 2008 with a 20,3% market share.

The key role of Yapı Kredi Factoring is to support the Group through its products and services distributed by Yapı Kredi's branch network.

The services Yapı Kredi Factoring offers to companies include following, monitoring and collection of short-term domestic or international receivables from product or service sales, providing 100% guarantees for receivables against payment defaults and providing flexible financing through early payments before the due date of the receivables. In 2008, Yapı Kredi Factoring achieved a total transaction volume of € 3,4 billion, 68% derived from domestic transactions and 32% from international transactions. This performance underscores Yapı Kredi Factoring's position as the sector's undisputed leader with a 20,3% share of total transaction volume and a 46,6% share of total export factoring volume.

Maintaining its position as the largest export factoring company for many years, Yapı Kredi Factoring was selected the "Best Export Factoring Company in the World" in 2006 and 2007 by members of the Factors Chain International (FCI). Ranking second in the world in the correspondent factoring category in 2008 with a transaction volume of € 720 million, Yapı Kredi Factoring is the first and only Turkish company with these accomplishments.

Yapı Kredi Factoring has assumed the important mission of promoting wider usage of factoring transactions, and expanding the market. With its solid capital structure, high credibility and extensive funding facilities, Yapı Kredi Factoring's goal is to maintain sector leadership in Turkey and continue its international accomplishments.

Yapı Kredi Factoring generated YTL 37 million revenues in 2008 with a 7% y/y increase. Yapı Kredi Factoring provides factoring services throughout Turkey via its head office in Istanbul, representative offices in İzmir, Ankara, Bursa, Antalya and Gaziantep as well as Yapı Kredi's branch network all over the country. The Company had 95 employees as of end of 2008.

Yapı Kredi's Subsidiaries

Yapı Kredi Invest

Yapı Kredi Invest ranks first among brokerage houses in Istanbul Stock Exchange's total transaction volume.

The Company was established through the merger of two leading actors in Turkey's capital market, Yapı Kredi Invest and Koç Invest on January 12, 2007, immediately following the Yapı Kredi-Koçbank merger.

With 250 employees, five branches and an internet branch "Seans Odam", Yapı Kredi Invest provides capital market products, brokerage, corporate finance, derivatives and investment advisory services to more than 20.000 customers.

During 2008, Yapı Kredi Invest transferred its services rendered to institutional clients and its corporate finance operations to UniCredit Menkul Değerler so as to utilise the international expertise of UniCredit in investment banking. The objective of this move was to enhance the effectiveness and efficiency of the two companies in both the retail segment and the institutional segment.

| Yapı Kredi Invest | 2007 | 2008 |
|------------------------|------|------|
| Revenues (million YTL) | 90,0 | 92,4 |
| Number of Personnel | 266 | 250 |
| Number of Branches | 11 | 11 |

Note: Financials based on Yapı Kredi consolidated financials.

Meanwhile at the beginning of 2009, Yapı Kredi Invest centralised its operations and closed six branches located in Istanbul as a response to the economic crisis in 2008 and contraction in capital markets. Yapı Kredi Invest will continue to serve customers through branches in Ankara, İzmir, Adana, Bursa and Antalya. All capital market transactions are performed in branches, where investment specialists assist clients in their trading decisions and execute their transactions.

In addition to Yapı Kredi Invest branches, the Company provides capital market products to customers mainly through Yapı Kredi private banking branches as well as Yapı Kredi retail banking branches all over the country.

Yapı Kredi Invest organises seminars and meetings all over Turkey throughout the year to inform its customers about economic developments and products in the marketplace and provide better service.

Yapı Kredi Invest ranks first among brokerage houses in Istanbul Stock Exchange's total transaction volume.

In 2008, the Company ranked third among brokerage houses with a YTL 32,5 billion trading volume and 4,89% market share in the equity market. Through an impressive performance in the last quarter of 2008, Yapı Kredi Invest increased its market share to 6% on a quarterly basis. The Company is also one of the leading brokerage houses with a YTL 29,1 billion trading volume and 7,7% market share in the derivatives market.

Yapı Kredi Asset Management

Despite the challenging market environment in 2008, Yapı Kredi Asset Management maintained its profitability through launch of new products and focus on the performance of funds under management.

Yapı Kredi Asset Management carries out operations in mutual funds, private pension funds, discretionary portfolio management, investment advisory, private fund establishment and management services. The key role of Yapı Kredi Asset Management is to support the Group through products and services distributed by Yapı Kredi's branch network.

2008 was a difficult year for the asset management sector. Increased uncertainty in equity and fixed-income markets led to a large contraction in business volume and erosion of confidence in the asset management arena. Despite the challenging market environment in 2008, Yapı Kredi Asset Management maintained its profitability through launch of new products and focus on the performance of funds under management.

| Yapı Kredi Asset Management | 2007 | 2008 |
|-----------------------------|------|------|
| Revenues (million YTL) | 68,0 | 73,5 |
| Number of Personnel | 50 | 57 |

Note: Financials based on Yapı Kredi consolidated financials.

As of year-end 2008, Yapı Kredi Asset Management is the second largest company in the Turkish mutual funds sector with a total of YTL 4.543 billion in 25 A-type and B-type mutual funds managed with different strategies and a market share of 19%.

Yapı Kredi Asset Management provides management services to 22 private pension funds, 11 of which belong to Yapı Kredi Pension and 11 to Allianz. The only company in the sector managing private pension funds for two different pension companies, Yapı Kredi Asset Management has a market share of 20% in private pension funds with assets under management totaling YTL 1.275 million.

Yapı Kredi Asset Management provided discretionary portfolio management services to 13 institutional and 215 high income individual investors and a total of 228 clients in 2008. Assets under the Company's discretionary portfolio management reached YTL 449 million.

Rated for the first time in 2006 by Fitch Ratings, Yapı Kredi Asset Management was assessed again in 2008 and its M2+(Tur) credit rating, the highest rating among Turkish asset management companies, was affirmed.

Yapı Kredi Asset Management continued its innovative products and services in 2008. In March 2008, Yapı Kredi Asset Management entered into an agreement to provide investment advisory services to the Poland-based Quercus Balkans and Turkey Fund. This agreement is the first instance of a foreign fund receiving investment advisory service in Turkey. The Quercus Balkans and Turkey Fund invests in Turkish stocks listed on the Istanbul Stock Exchange with an investment horizon of a minimum of three years.

Yapı Kredi Asset Management launched Turkey's first capital guaranteed fund in May 2008, entering the capital guaranteed and protected funds market with a leadership position.

Yapı Kredi Asset Management provides services throughout Turkey via its head office in Istanbul as well as Yapı Kredi's branch network all over the country. The Company had 57 employees as of end of 2008.

Yapı Kredi's Subsidiaries

Yapı Kredi Investment Trust

Yapı Kredi Investment Trust's objective is to perform portfolio management via trading capital market instruments listed on domestic and international markets.

Turkey's second largest investment trust, Yapı Kredi Investment Trust was founded in 1995 to act as a growth-oriented mutual fund.

Yapı Kredi Investment Trust, as Yapı Kredi's subsidiary, utilises its own capital to perform asset management activities in capital markets and has four employees. As a publicly traded company, 89% of Yapı Kredi Investment Trust's shares are quoted on the Istanbul Stock Exchange.

Yapı Kredi Investment Trust's objective is to perform portfolio management via trading capital market instruments listed on domestic and international markets. The asset management strategy of Yapı Kredi Investment Trust is to maximise the value of the overall portfolio and to make this value sustainable.

Attaching great importance to risk management, Yapı Kredi Investment Trust considers portfolio performance to be the most important criterion. In utilising investment opportunities, taking into consideration portfolio diversification allows the Company to maintain consistency amid fluctuations.

Yapı Kredi Investment Trust is the second largest investment trust company in Turkey. The size of Yapı Kredi Investment Trust's portfolio reached YTL 53 million with a market share of 10% in 2008.

Yapı Kredi Insurance

While aiming to become the most preferred brand in the Turkish insurance market, Yapı Kredi Insurance is striving to reach a level of expertise and financial strength regarded as a reference in the international insurance market as well. In order to reach these goals, the Company aims to possess the advanced product, technology and sales infrastructure capable of meeting all non-life insurance needs, achieve superior customer satisfaction and thus become the sector's best service provider.

| Yapı Kredi Insurance | 2007 | 2008 |
|---|-------|-------|
| Revenues* (million YTL) | 105,0 | 146,3 |
| Number of Personnel | 872 | 888 |
| Number of Regional and Representative Offices | 12 | 12 |

* Including asset sale gains in 2008

Note: Financials based on Yapı Kredi consolidated financials.

Yapı Kredi Insurance has been operating since 1943. Despite difficult conditions in 2008, Yapı Kredi Insurance managed to maintain its profitability on the back of restructuring efforts conducted in 2006 to ensure the high quality of its portfolio, especially in the health business. Yapı Kredi Insurance generated YTL 632 million in non-life premium production in 2008. In the same period, the Company recorded health insurance premium production of YTL 289 million, maintaining its leading position in the Turkish health insurance market with a 21,7% market share. Despite the negative effects of the global crisis on the sector, as of 2008 Yapı Kredi Insurance remained among the top ten companies in the non-health branches as well.

While aiming to become the most preferred brand in the Turkish insurance market, Yapı Kredi Insurance is striving to reach a level of expertise and financial strength regarded as a reference in the international insurance market as well. In order to reach these goals, the Company aims to possess the advanced product, technology and sales infrastructure capable of meeting all non-life insurance

needs, achieve superior customer satisfaction and thus become the sector's best service provider. One of the steps taken in this respect was the actuarial work performed in the motor own damage and motor third party liability insurance branches, which make up 24% of the Company's total premium production.

Yapı Kredi Insurance is active in determining new business areas and projects in the insurance sector which has a vast potential for growth. In 2009, the Company aims to better identify the business segments in the sector and their needs in order to develop new products with the support of its new information technology infrastructure. This development will allow the Company to expand its product portfolio, achieve flexible product management and assess client risk on an individual basis and set coverage limits and prices accordingly.

Yapı Kredi Insurance supports the bancassurance business of Yapı Kredi and distributes non-life insurance products through 12 regional offices and representative offices with 888 employees and 744 agents as well as Yapı Kredi's branch network all over the country.

Yapı Kredi's Subsidiaries

Yapı Kredi Pension

Operating in the private pension and life insurance segments, Yapı Kredi Pension is among the sector leaders in both segments. As of 2008, the Company ranks third in the private pension market with a 14,9% market share in assets under management and fifth in life insurance with a 6,99% market share.

| Yapı Kredi Pension | 2007 | 2008 |
|---|-------|------|
| Revenues* (million YTL) | 109,3 | 88,7 |
| Number of Personnel | 917 | 922 |
| Number of Regional and Representative Offices | 15 | 17 |

* Including gains from sale of Yapı Kredi Asset Management shares to Yapı Kredi in 2007
Note: Financials based on Yapı Kredi consolidated financials.

Founded in 1991 as Halk Life (Halk Yaşam), the Company was renamed Yapı Kredi Life (Yapı Kredi Yaşam) in October 2000 to increase synergy with its parent financial group. The Company's name was changed to Yapı Kredi Pension (Yapı Kredi Emeklilik) when it was transformed into a pension company in December 2002.

Operating in the private pension and life insurance segments, Yapı Kredi Pension is among the sector leaders in both segments. Yapı Kredi Pension ranks fifth in the sector as the end of 2008 with a life insurance market share of 6,99%, YTL 110,1 million of total life insurance premium production and 709.769 life insureds. As of 2008, the number of contracts in the private pension system increased 14% to 286.249 whereas total assets under management increased 35,7% to YTL 951 million. In the private pension system where 12 companies operate, Yapı Kredi Pension ranks third in assets under management with a 14,9% market share and fourth in total number of contracts with a 14,8% market share.

Yapı Kredi Pension serves individual and corporate needs with a variety of product offerings. In addition to the Akıllı Adım (Smart Step) private pension plans, the Company offers risk-based life insurance products. The Company serves approximately 1 million customers. With a rapidly growing participant base, Yapı Kredi Pension strives to establish long-term relations with its participants and increase customer satisfaction. Launched for this purpose, the Company's segmentation project was finalised in 2008. In light of these results, Yapı Kredi Pension is reviewing all business processes from the perspective of new customer acquisition and services provided to existing customers.

Yapı Kredi Pension has an extensive sales and service network consisting of eight regional offices, nine branches and 120 agents throughout Turkey. Yapı Kredi Pension employs 922 people in its administrative and sales staff.

Note: Market share information is based on Pension Monitoring Center and Capital Markets Board data

Foreign Subsidiaries

Yapı Kredi Bank Nederland

Yapı Kredi Bank Nederland provides corporate, private and correspondent banking services in the Netherlands with an objective to support Yapı Kredi customers seeking various banking solutions.

| Yapı Kredi Bank Nederland | 2007 | 2008 |
|---------------------------|------|------|
| Revenues (million YTL) | 45,1 | 48,8 |
| Number of Personnel | 38 | 43 |

Note: Financials based on Yapı Kredi consolidated financials.

Yapı Kredi Nederland was formed on July 1, 2007 as a result of the merger between Koçbank Nederland NV (founded in 1996) and Yapı Kredi Bank Nederland NV (founded in 2001).

Owned 67% by Yapı Kredi and 33% by Yapı Kredi Holding BV, the Bank's services span a wide range from corporate and private banking to correspondent banking. In addition to Turkish companies with international operations, foreign firms that have commercial ties with Turkey and private banking clients, Yapı Kredi Nederland also provides banking services to 17.500 Dutch customers.

Despite escalating financial volatility especially in the fourth quarter of 2008, Yapı Kredi Nederland's healthy growth continued with its balance sheet expanding 10% to € 1,6 billion.

The Bank's main objective is to provide support to Yapı Kredi's Turkish customers seeking banking solutions. Yapı Kredi Nederland has progressively been concentrating on increasing its share of core banking activities as well as providing new services such as structured trade finance.

The Bank serves its clients through its Head Office in Amsterdam and its 43 employees.

Yapı Kredi's Subsidiaries

Yapı Kredi Bank Moscow

Yapı Kredi Bank Moscow has been in operation since 1994. The Bank aims to support Turkish corporate customers operating in Russia with banking services and contribute to the development of commercial ties between Turkey and Russia.

| Yapı Kredi Bank Moscow | 2007 | 2008 |
|------------------------|------|------|
| Revenues (million YTL) | 21,2 | 28,1 |
| Number of Personnel | 100 | 95 |
| Number of Branches | 8 | 6 |

Note: Financials based on Yapı Kredi consolidated financials.

Yapı Kredi Bank Moscow has been providing banking services to a select group of Yapı Kredi corporate clients primarily in the construction, commitment, trade and tourism sectors since 1994.

The Bank aims to support Turkish corporate customers operating in Russia with banking services and contribute to the development of commercial ties between Turkey and Russia.

As of 2008, Yapı Kredi Moscow's assets reached US\$ 199,3 million.

The Bank serves more than 1.400 active clients through six physical locations, including its Head Office located near the Kremlin and an experienced staff of 95 people.

Yapı Kredi Bank Azerbaijan

As one of the few privately-owned banks in Azerbaijan, Yapı Kredi Bank Azerbaijan represents an important foothold for Yapı Kredi Group to potentially exploit future growth opportunities in this market. The Bank also supports Yapı Kredi's Turkish customers operating in Azerbaijan.

| Yapı Kredi Bank Azerbaijan | 2007 | 2008 |
|----------------------------|------|------|
| Revenues (million YTL) | 11,8 | 16,8 |
| Number of Personnel | 54 | 102 |
| Number of Branches | 4 | 4 |

Note: Financials based on Yapı Kredi consolidated financials.

Koçbank Azerbaijan was established in 1998 as a joint venture between Koçbank (80%) and the International Finance Corporation (IFC) (20%); and commenced operations in 2000. Koç Financial Services (KFS) became the sole owner of the Bank after it acquired Koçbank's shares, followed by the acquisition of IFC's shares in March 2006. Following the merger of Yapı Kredi and Koçbank, the Bank was renamed Yapı Kredi Bank Azerbaijan in March 2007.

Yapı Kredi Bank Azerbaijan provides a range of banking services to its clients including deposit and loan transactions, project finance, domestic and international money transfers, foreign trade transactions, stock market and securities transactions, credit card transactions, safe deposit box and travel cheques.

As one of the few privately-owned banks in Azerbaijan, Yapı Kredi Bank Azerbaijan represents an important foothold for Yapı Kredi Group to potentially exploit future growth opportunities in this market. The Bank also supports Yapı Kredi's Turkish customers operating in Azerbaijan.

Yapı Kredi Bank Azerbaijan aims to expand its operations so as to play a more active and pioneering role in the Azerbaijani banking sector in the future by providing corporate and retail customers with their banking needs, creating funding for project finance from international markets, expanding its branch network to reach more customers and becoming more active in credit markets while adhering to international risk management principles.

Yapı Kredi Bank Azerbaijan operates through four branches and 102 employees. The Bank has 1.334 corporate customers, 19.249 retail customers, 14 ATMs and 45 POS terminals.

Yapı Kredi's Subsidiaries

Other Subsidiaries

Yapı Kredi Cultural Activities, Arts and Publishing

Founded in 1984, Yapı Kredi Cultural Activities, Arts and Publishing is one of the most prestigious culture and arts companies in Turkey, providing services through Yapı Kredi Cultural Center and Yapı Kredi Publishing.

In line with its approach to become an exemplary corporate citizen, in addition to its own corporate social responsibility projects, Yapı Kredi also cooperates with its subsidiary, Yapı Kredi Cultural Activities, Arts and Publishing, so as to provide a variety of culture and art services.

Founded in 1984, Yapı Kredi Cultural Activities, Arts and Publishing is one of the most prestigious culture and arts companies in Turkey, providing services through Yapı Kredi Cultural Center and Yapı Kredi Publishing.

Yapı Kredi Cultural Center

The Yapı Kredi Cultural Center complex which consists of Vedat Nedim Tör Museum, Kazım Taşkent Art Gallery and the Sermet Çifter Hall, hosts a number of exhibits, meetings and seminars about painting, sculpture, photography and archeology throughout the year.

Vedat Nedim Tör Museum focuses primarily on ethnography and exhibits about Anatolian civilisations. The museum has been a host to comprehensive exhibits about the ancient city of Aphrodisias in 2008, following the exhibits on Hittites, Trojans, Phrygians, Urartians and Çatalhöyük. "The Story of Paper Money from the Empire to the Republic" exhibit displayed in a historical process paper bills assembled from Turkey's leading private collectors as well as rare Ottoman bills in Yapı Kredi's collection.

Kazım Taşkent Art Gallery features important exhibits of painting, sculpture and contemporary art. The "Independence Adventure" exhibit series, launched in 2007, continued in 2008 with contemporary artists Ayşe Erkmen, Halil Altındere, Elina Brotherus and Cengiz Çekil.

Sermet Çifter Hall displayed Nâzım Hikmet's personal belongings for the first time in Turkey. The Hall is also a get-together venue for art enthusiasts with a wide range of monthly activities including cinema, theatre, plastic arts, graphic arts, music and literature.

Yapı Kredi Cultural Center hosted 17 exhibitions during the year; eight in Kazım Taşkent Art Gallery, seven in Sermet Çifter Hall and two in Vedat Nedim Tör Museum.

Yapı Kredi Publications

Originally founded in 1949 to publish the legendary Doğan Kardeş magazine for children, Yapı Kredi Publications publishes books with the objective of enhancing Turkey's culture and arts heritage while transferring it to upcoming generations. Yapı Kredi Publications published books in a total of 2.818 titles as of end of 2008 and reinforced its position as the leader in its sector. The publishing house, which will publish its 3.000th new title in 2010, also publishes the periodic "Sanat Dünyamız", "Cogito" and "Kitap-lık" magazines. In 2008, Yapı Kredi Publications published 629 titles, 207 of which were new works and 422 were reprints of older editions. Consequently, the number of books printed totaled 1.050.000 and 1.000.000 books were sold during the year.

Yapı Kredi Koray

Established in 1996, Yapı Kredi Koray has a strong reputation as a successful residential and commercial real estate developer in Turkey.

Founded in 1996, as a joint venture between Yapı Kredi and Koray Group, Yapı Kredi Koray Real Estate Investment Company (YKK) has maintained a strong reputation as a successful residential and commercial real-estate developer over the last decade. Following the initial public offering of 49% of its shares in June 1998, YKK's shareholding structure of the remaining shares has been reconfigured to 30% for Yapı Kredi and 25% for Koray Group.

The Company's primary business is real estate development and real estate investments. Focused primarily on residential project development to date, where most of the projects so far have been geared toward the upper income segment, YKK also entered the commercial real estate development segment by creating Neo, Eskişehir's first shopping and lifestyle center.

In view of the recent evolution in the macro environment and slowdown in the real estate sector, YKK went through a rapid restructuring through a decrease of headcount to reduce its cost base and has started to rationalise its project portfolio.

Banque de Commerce et de Placements (BCP)

30,67% of its capital owned by Yapı Kredi, BCP operates in international trade finance, private banking, treasury transactions and correspondent banking.

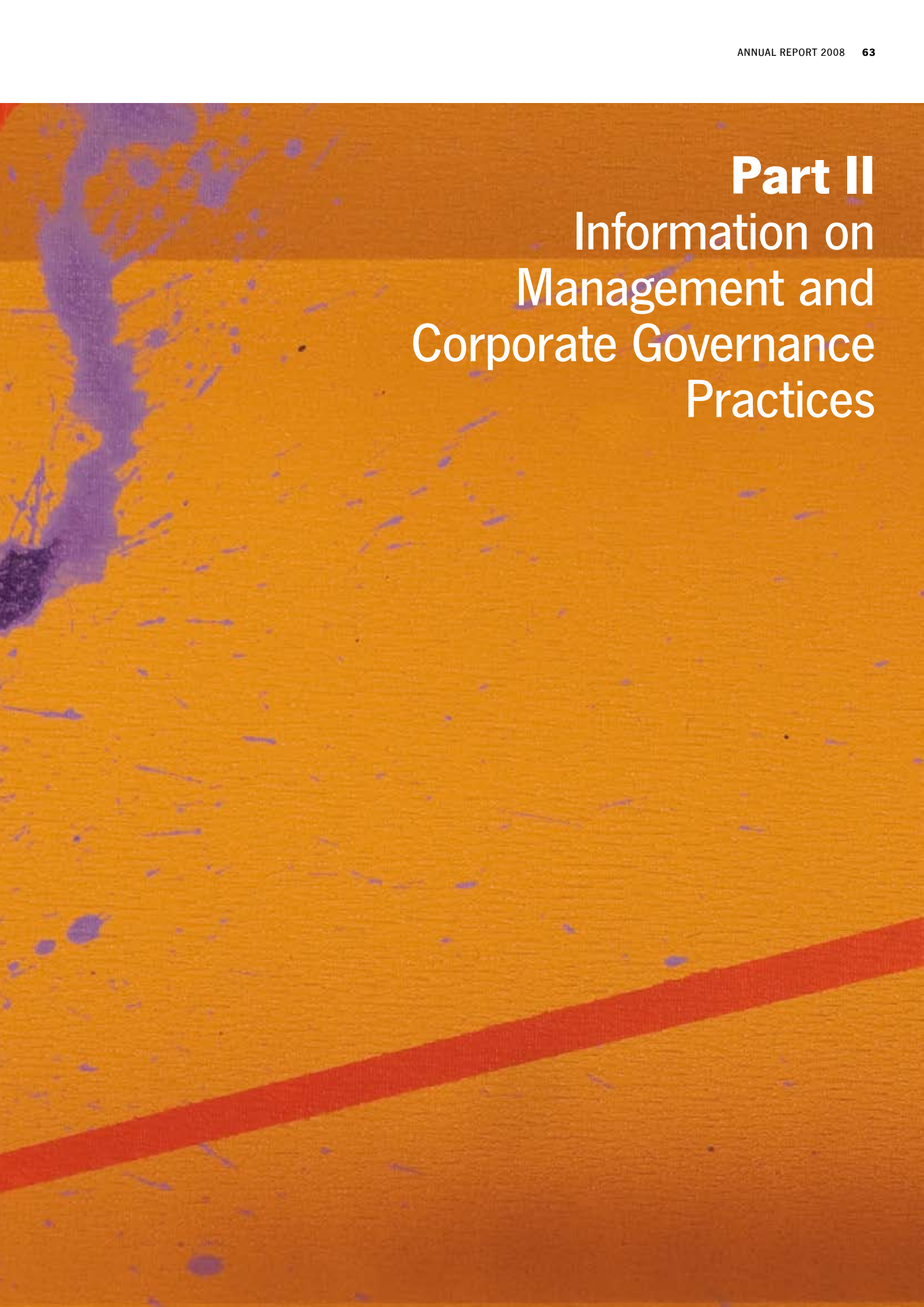
Founded in Switzerland in 1963 and headquartered in Geneva, Banque de Commerce et de Placements (BCP) has branches in Luxembourg and Dubai and a representative office in Istanbul.

30,67% of its capital owned by Yapı Kredi, BCP operates in international trade finance, private banking, treasury transactions and correspondent banking.

An expert in structured commodity finance, BCP offers highly-specialised international trade finance products and services to many trading companies, producers and end-users particularly in Switzerland, but also in Western and Eastern Europe as well as the Gulf region.

As a bank with long-standing experience in private banking, BCP also provides its customers with individually tailored asset management services to suit their highly diversified needs.





Part II Information on Management and Corporate Governance Practices

Board of Directors

Dr. Bülent BULGURLU

Chairman of the Board of Directors

Dr. Bülent Bulgurlu graduated from Ankara University, Faculty of Engineering and Architecture, then received both his MA and PhD in Civil Engineering from the Norwegian University of Science and Technology. He began his career in 1972 as a civil engineer at Elliot Strömme in Oslo, Norway. While working on his post-graduate degrees between 1972 and 1977, he served as an instructor and research assistant at the university. From 1977 to 1979, Bulgurlu was employed by İntes San. ve Tic. A.Ş. as a construction site supervisor. He joined Garanti İnşaat A.Ş. toward the end of 1979 and served in many senior positions including as General Manager in this company until 1990. Bulgurlu was the General Manager of Garanti Koza İnşaat A.Ş. from 1990 to 1996. He was appointed Vice President of the Tourism and Services Group at Koç Holding in 1996 and became the President of this group in 2000. From 2001 to 2003, he served as the President of the Tourism and Construction Group until he was appointed President of the Consumer Durables and Construction Group in 2004. Bulgurlu became a member of the Board of Directors as well as the CEO of Koç Holding A.Ş. in May 2007. Still serving in this position, Bulgurlu is also the Chairman of the Board of Directors of the Bank, a post he was appointed to at the 2007 General Assembly.

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, Mr. Ghizzoni later became Branch Manager of the Trieste Branch between 1988 and 1990 and Branch Manager of the Sierate Branch between 1990 and 1992 after which he became 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 BA-CA's Central and Eastern Europe operations on July 1, 2007. 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.

Tayfun BAYAZIT

Chief Executive Officer (CEO)

After having received a BS degree in Mechanical Engineering and an MBA degree in Finance and International Business from Columbia University, Tayfun Bayazit began his banking career at Citibank. He subsequently worked in senior executive positions within the Çukurova Group for 13 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 & CEO). In 1999, he was appointed as the Vice Chairman of Doğan Holding and an Executive Director of Dışbank. He resigned from his duty at Doğan Holding in April 2001 to assume the CEO position at Dışbank within the same Group. Bayazit, who was also appointed Chairman of the Board of Directors at the 2003 General Assembly, remained CEO of Fortis Turkey after the acquisition of the majority shares of Dışbank in July 2005 and was also appointed as a Management Committee Member. At the May 2006 General Assembly, he was elected as Chairman of the Board of Directors of Fortis Bank A.Ş., from which he resigned following the General Assembly on April 18, 2007. On April 19, 2007, Bayazit was appointed as Executive Director of Yapı Kredi and on May 1, 2007, was officially named CEO of Yapı Kredi. Bayazit is also the Chairman of the Board of Directors of Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi

Factoring, Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan and Yapı Kredi Bank Moscow. On August 15, 2008, he assumed the duties of Chairman of the Board of Directors of Unicredit Securities (Unicredit Menkul Değerler A.Ş.). Bayazit currently serves as the CEO of the Bank.

Alessandro Maria DECIO

Executive Director and Chief Operating Officer (COO)

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 has 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 a specialist and afterwards by McKinsey until 1994 as the same position. Decio joined the European Bank for Reconstruction and Development (EBRD) at the end of 1994. 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. As of January 30, 2009 Decio has been appointed as the Deputy CEO of Yapı Kredi.

Board of Directors

Fatma Füsün AKKAL BOZOK

Member of the Board of Directors

Fatma F. Akkal 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. She was appointed Audit and Financial Group Coordinator in 1992 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 Koç and Sabancı Universities. She has been a member of the Board of Directors of Yapı Kredi since September 28, 2005.

Ahmet Fadil 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.

Ranieri de MARCHIS

Member of the Board of Directors

After graduating from L.U.I.S.S. University, Department of Economics in 1985, followed by an MA from INSEAD (the European Institute for Business Administration), located in Fontainebleau, France, Ranieri de Marchis worked as Head Auditor and Finance and Commercial Development

President at the Europe Division of General Electric between 1990 and 1997. Subsequently, he served as the CEO of Florence-based Nuovo Pignone for four years beginning in 1997 and then Vice President and Finance Director responsible for Petroleum and Gas Products at General Electric in 2001. Joining UniCredit Group in 2003 as President of the Planning and Finance Division, Marchis has been a member of the Board of Directors of Yapı Kredi since September 28, 2005.

Herbert HANGEL

Member of the Board of Directors

After graduating from the Vienna University of Economics and Business Administration, Department of Export and International Finance Management in 1996, Herbert Hangel then earned an MBA in Banking and Finance from Donau University in Austria. Hangel began his professional career at the International Payments and Treasury Department in Creditanstalt RT, located in Budapest-Hungary. He also worked at the Vienna office of the Creditanstalt Group and then served at CAMSCO GmbH as a consultant from 1998 to 2000. Hangel joined Bank Austria Creditanstalt AG as the Director of Payment Systems Strategy and Control in 2000 and is currently the Director of the Austria and Central & Eastern Europe Information, Communication and Technology Department at Bank Austria Creditanstalt AG, as well as a member of the Board of Directors of Yapı Kredi since January 24, 2008.

A. Ümit TAFTALI

Member of the Board of Directors

Receiving his undergraduate degree from Ball State University in Indiana, USA, Ümit Taftalı then earned an MBA from the University of South Carolina. He has been working as an international investment banker and a consultant for almost 22 years. Taftalı has served at senior-level posts at Merrill Lynch & Company, Bankers Trust Company and Goldman Sachs International in Atlanta, New York and London and is currently a member of the Board of Directors of the Suna and İnan Kırac Foundation as well as Suna Kırac's delegate and

consultant. Working as a freelance consultant since 1998, Taftalı is currently a member of the Board of Directors of Kıraca Holding and its subsidiaries. He is also a member of the Board of Directors of the Bank since January 24, 2008, a position to which he was elected at the 2007 Annual Shareholders' Meeting.

Stephan WINKELMEIER*

Member of the Board of Directors

Graduating from the University of Passau in Germany, Department of Administrative Sciences in 1994, Stephan Winkelmeier began his professional career as a Credit Analyst at Bayerische Hypo Vereinsbank Bank in Germany after completing a special training program there. He worked as a Senior Credit Analyst between 1996 and 1997 and the Head of the Credit Department from 1998 to 2000 at the same bank. Winkelmeier was the personal consultant to the CEO of the Bayerische Hypo Vereinsbank Group from 2000-2001. He served as a Senior Risk Manager in 2002 and Rescue Management Chairman between 2004 and 2008. Employed by UniCredit Bank Austria as Head Risk Specialist and a member of its Board of Directors since November 2008, Stephan Winkelmeier has also been a member of the Board of Directors of Yapı Kredi since December 2, 2008.

* Stephan Winkelmeier was appointed as member of the Bank's Board of Directors on December 2, 2008 to replace Thomas Gross who resigned from his post as a member of the Board of Directors of the Bank as of October 31, 2008.

Statutory Auditors

On April 7, 2008, during the Annual Shareholders' Meeting, M. Erkan Özdemir and Adil G. Öztoprak were elected to act as statutory auditors of Yapı Kredi until the General Assembly convened for the examination of the Bank's 2008 accounts. However, Özdemir resigned from this position as statutory auditor on March 19, 2008. Pursuant to Article 351 of the Turkish Commercial Code, Abdullah Geçer was selected by the other statutory auditor, Adil G. Öztoprak, to serve until the next Annual Shareholders' Meeting of the Bank. The situation was registered and announced at the Trade Registry.

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.

Abdullah GEÇER

Abdullah Geçer graduated from Middle East Technical University, Department of Economics in 1996 and received his MBA from the University of Nottingham in 2006. After working as an Assistant Certified Auditor of Banks at the Undersecretariat of Treasury during 1996-2000, Geçer served as a Certified Auditor of Banks at the Banking Regulation and Supervision Agency between 2000 and 2007. Promoted to Head Certified Auditor of Banks in 2007, he joined Koç Holding A.Ş. as the Audit Group Coordinator that same year.

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

CEO and Assistant General Managers

Tayfun BAYAZIT

Chief Executive Officer (CEO)

(Please see page 65)

Alessandro DECIO

Executive Director and

Chief Operating Officer (COO)

(Please see page 65)

Mehmet Güray ALPKAYA

Assistant General Manager-

CRO (Chief Risk Officer)-Risk Management

Mehmet Güray Alpkaya earned his MBA from Koç University and MS in Finance from Istanbul University. He started his banking career at 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 the Chase Manhattan Bank N.A. in 1991. He was 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. In 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 as Assistant General Manager responsible for Credit Management at Yapı Kredi in February 28, 2006. On August 1, 2008, Mr. Alpkaya was appointed as Chief Risk Officer and as of January 30, 2009, he has assumed the position as Assistant General Manager in charge of Corporate and Commercial Sales Management.

Hamit AYDOĞAN

Assistant General Manager-

Corporate Banking Management

After graduating from Middle East Technical University Faculty of Economics and Administrative Sciences, Department of Political Science and Public Administration, Hamit Aydoğan began his career at Yapı Kredi in 1981. Serving as an Inspector in the Inspection Committee and then as branch manager, Aydoğan was then appointed Assistant General Manager responsible for Corporate Marketing in 1993. He later went on to serve as Executive Director and General Manager at Yapı Kredi Factoring and Yapı Kredi Leasing, respectively. Aydoğan also worked as General Manager at Koç Leasing and Assistant General Manager at Koçbank, both Koç Holding companies. Aydoğan served as the Assistant General Manager responsible for Corporate Banking Management at Yapı Kredi between February 2006 and January 30, 2009.

Marco CRAVARIO

Assistant General Manager-

CFO (Chief Financial Officer)-

Financial Planning, Financial Affairs and Control Management

After graduating from the University of Turin Department of Economics, Marco Cravario attended top-level financial education programs at the London School of Economics and INSEAD (European Institute for Business Administration). Starting his career as an auditor at Ernst & Young in Turin, Marco Cravario held various positions at Ernst & Young (Prague) and Ernst & Young Corporate Finance (Milan). He joined UniCredit Group in 2001 as Head of the Group's New Europe Division M&A Unit. He subsequently headed the New Europe Division Planning and Development Unit and the Organization Unit and then led a number of business development initiatives in consumer finance at Clarima Bank within UniCredit Group. In 2006, Marco Cravario assumed the position of CFO at UniCredit Tiriac Bank Romania. He has been an Assistant General Manager and the CFO at Yapı Kredi since January 7, 2008.

Mehmet Murat ERMERT

Assistant General Manager-

Corporate Identity and Communication

After graduating from Marmara University Department of Business Administration in 1987, Murat Ermert began his career at Leo Burnett Advertising Agency the same year. Between 1989 and 1993, he was the Advertising Group Chairman for Yapı Kredi. After joining the Doğan Media Group as the Media Marketing Manager in 1993, he served at Demirbank as Advertising and Public Relations Coordinator from 1996 to 2000. Working at Dışbank-Fortis as Assistant General Manager responsible for Corporate Communications, while at the same time serving in the Global Marketing and Communication Management (Brussels) of Fortis from 2000 to 2008, Ermert was also a faculty member at Anadolu University and Bahçeşehir University. As of 23 June 2008, he has assumed the position of Assistant General Manager in charge of Corporate Identity and Communication at Yapı Kredi.

Massimiliano FOSSATI**Assistant General Manager-****Corporate and Commercial Credits Management**

A graduate of L. Bocconi University, Massimiliano Fossati has also earned a post-graduate degree in Bank Management. Beginning his professional career as a Financial Analyst at the Credits Department of Centrobanca S.p.A. (Banca Popolare di Bergamo Group) from 1995 to 1998, he became a Relationship Manager between 1998 and 1999, later serving as a Senior Analyst at the same bank. Mr Fossati worked as a Senior Analyst at the Credits Department of Locat S.p.A. (Unicredit Italiano Group) between 2000 and 2001 and then as a Functional Analyst at the Organization Department of the company from 2001 to 2002. He joined Unicredit Italiano S.p.A. from 2002 to 2004. After his duty in the Foreign Banks Credit unit of the Credits Department, Mr Fossati served as the Credit Management Director as well as ALCO Board and Executive Committee members at Živnostenská banka a.s. Prague, a Unicredit Italiano Group company until 2005. 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 Organization and as IT Integration Process Project Manager from 2005 to 2006. Mr 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 Italiano Group) from 2007 until January 2008. He started working as Yapı Kredi's Assistant General Manager responsible for Corporate and Commercial Credits since October 2008 and then was appointed as Assistant General Manager responsible for Risk Management as of January 30, 2009.

Mert GÜVENEN**Assistant General Manager-****Commercial Banking Management**

After graduating from the University of West Georgia with an MBA, Mert Güvenen began his career at Yapı Kredi in 1990. Appointed as Branch Manager of the Bank's Esentepe Corporate Branch in 1999, Güvenen continued his career at Körfezbank as the Central Branch Manager. He then worked as Corporate Marketing Director at Koçbank and General Manager at Koç Factoring. After having served at Yapı Kredi as the Assistant General Manager responsible for Commercial Banking Management since May 2006, Güvenen was appointed the Assistant General Manager responsible for Corporate and Commercial Banking, along with commercial coordination of Bank's international subsidiaries as of January 30, 2009.

Süleyman Cihangir KAVUNCU**Assistant General Manager-****Human Resources Management**

After receiving his MBA degree 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 Human Resources Director at Coca-Cola, Administrative Affairs Coordinator at Çukurova Holding and as Human Resources Director at Colgate Palmolive. Appointed to the post of Assistant General Manager at Koçbank in August 2004, he has been serving as Assistant General Manager responsible for Human Resources at Yapı Kredi since February 28, 2006.

Fahri ÖBEK**Assistant General Manager-****Information Technologies**

Fahri Öbek graduated from Ege University Department of Computer Engineering and then earned an MBA from Koç University. He began his career at Bilpa before moving on to Egebank. Öbek joined Koçbank in 1991 as a Senior Systems Analyst and was promoted to the position of Group Manager in 1996. He has served as Assistant General Manager responsible for Information Technologies at Yapı Kredi since March 2008.

Erhan ÖZÇELİK**Assistant General Manager-****Private Banking and International Activities**

After graduating from the University of Evansville, Indiana, with a major in marketing, Erhan Özçelik began his career at Yapı Kredi in 1988 as an Account Officer. As of 1991, he served as foreign representative for ten years including his position as the Assistant General Manager of Yapı Toko Bank for four years and as Executive Director at Yapı Kredi Moscow from 1997 until 2000. Assuming the position of Assistant General Manager responsible for Corporate Banking in 2001, Özçelik then served as the Assistant General Manager responsible for International Relations and Foreign Subsidiaries at Yapı Kredi between 2006 and 2007. Until January 30, 2009, he served as Assistant General Manager responsible for Private Banking and International Activities, whereas from then on he was appointed General Manager responsible from Private Banking and Asset Management which also covers Yapı Kredi Portfolio Management and Yapı Kredi Investment.

CEO and Assistant General Managers

Mehmet Erkan ÖZDEMİR

Assistant General Manager-
Compliance Officer

After graduating from Middle East Technical University Department of Economics in 1989, Mehmet E. Özdemir served as a Certified Public Accountant of Banks on the Bank Certified Public Accountants Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Group in August 2001 and worked there as Audit Coordinator in the Audit Group. Since April 2008, Özdemir has served as the Compliance Officer and Assistant General Manager at Yapı Kredi.

Muzaffer ÖZTÜRK

Assistant General Manager-
Retail Sales Management

Muzaffer Öztürk began his career at Yapı Kredi as Intern Inspector in 1984 after graduating from Uludağ University Faculty of Business Administration. He was then appointed as the Vice President of the Inspection Committee in 1991. Starting in 1993, Öztürk served as Manager of the Bank's Beyazıt and Plaza branches, each of them for two years. In 1997, he also assumed the positions as the Corporate Banking Coordinator of both the Bank and the Esentepe Branch. Assuming the duty of Assistant General Manager of Group 2 of Yapı Kredi's Retail Commercial Banking in October 2000, he continued his work after August 2003 as Assistant General Manager responsible for Personal Banking and Business Banking Sales Management. Öztürk has been the Assistant General Manager responsible for Retail Sales since February 28, 2006.

Stefano PERAZZINI

Assistant General Manager-
Internal Audit

After graduating in Economics at the University of Turin, Italy, Stefano Perazzini began his career at a San Paolo IMI Bank branch in 1987. Subsequently, between 1989 and 1992, he joined Honeywell Bull company where he was responsible for the Planning and Control Department. Perazzini then continued his career as certified Information Technology Auditor at Banca CRT Head Office and in 1997 he became Internal Auditor of 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 Assistant General Manager for Internal Audit at Koç Financial Services and since March 16, 2006 he has served as Assistant General Manager responsible for Internal Audit at Yapı Kredi.

Luca RUBAGA

Assistant General Manager-
Organisation, Logistics and Cost Management

Having graduated from Cattolica University Milan in Business Administration, he started his career in Andersen Consulting working as a senior consultant within the finance division between 1995 and 1999. Then he joined the Allstate Italy insurance company as Project Manager and later worked at Banca Popolare di Verona Banking Group in 2000 as Manager. After this, Mr. Rubaga served as Online Business Unit Director at Banca Primavera and then became Operation Director at UniCredit Private Banking in September 2003. Mr. Rubaga joined Koçbank in March 2005 as Director responsible for Integration activities. Mr. Rubaga has been serving at Yapı Kredi since April 2006 as the Assistant General Manager responsible for Organization and since June 2008 he has served as Assistant General Manager responsible for Organization, Logistics, Purchasing and Cost Management.

Cemal Aybars SANAL

Legal Affairs Management

After graduating from Istanbul University, Faculty of Law, Cemal A. Sanal began his career in 1986 at the Sanal&Sanal Law Office as a partner attorney. 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 ELIG Law Firm as consultant from 2007 to 2008. He has been serving as the Assistant General Manager responsible for Legal Affairs Management at Yapı Kredi since July 2008.

Zeynep Nazan SOMER

Assistant General Manager-
Credit Cards and Consumer Lending
Management

A graduate of Boğaziçi University, Faculty of Business Administration, Zeynep N. Somer began her career at her family's company. She joined Arthur Andersen in 1988 and, following her responsibilities as team leader and senior manager, she served as partner in charge of the finance sector between 1999 and 2000. Joining Yapı Kredi in September 2000 as Assistant General Manager responsible for Retail Banking and Credit Cards, Somer has been at the Bank as an Assistant General Manager responsible for Credit Cards and Consumer Lending since February 2006. As of January 30, 2009 Somer was appointed as the General Manager responsible for Credit Cards, Consumer lending and Retail Banking.

Selim Hakkı TEZEL**Assistant General Manager-****Retail and SME Credits Management**

A graduate of Boğaziçi University, Department of Business Administration, Selim H. Tezel began his professional career at the audit company Arthur Andersen between 1995 and 1999 as senior auditor. He later served 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 Credit Cards and Consumer Loans Risk Group Head. Selim Hakkı Tezel has served as Assistant General Manager responsible for Personal and SME Loans since December 2008.

Mert YAZICIOĞLU**Assistant General Manager-****Treasury Management**

After receiving his Master's degree from Istanbul Technical University, Department of Business Administration, Mert Yazicioğlu began his career at S. Bolton and Sons in 1987 as International Relations Officer. He joined Koçbank in 1989 and served as Customer Relations Officer, Dealer, Senior Dealer and Assistant Manager. Yazicioğlu was promoted to Group Manager of the TL/FX desk under the Treasury Department in 1996 and then to Assistant General Manager in 1999. He has served as Assistant General Manager responsible for Treasury Management at Yapı Kredi since February 28, 2006.

New Organisation Structure

The Board of Directors resolved on 30 January 2009 that a new organisational structure of the Bank aiming to foster efficiency and effectiveness, simplify the organisational structure and speed up the decision making processes be approved.

Within this context:

1. An Executive Committee composed of the CEO (Tayfun Bayazıt) as Chairman, the Deputy CEO (Alessandro M. Decio) as Deputy Chairman, the Head of Retail Banking (Nazan Somer), the Head of Corporate and Commercial Banking (Mert Güvenen), the Head of Private Banking and Asset Management (Erhan Özçelik), the Head of Human Resources (Cihangir Kavuncu), the Chief Risk Officer (Massimiliano Fossati) and the Chief Financial Officer (Marco Cravario) as members of the Executive Committee is established,

2. Alessandro M. Decio who holds the position of Chief Operating Officer is appointed as Deputy Chief Executive Officer (Deputy CEO)

3. Appointments and replacements of Assistant General Managers stated below in detail in accordance with the new organisational structure proposed by the Management are approved and applications be made to all relevant authorities as required under applicable laws and regulations,

- Nazan Somer who holds the position of Assistant General Manager responsible for Credit Cards and Consumer Lending is appointed as Assistant General Manager responsible for Credit Cards, Consumer Lending and Retail Banking,

- The resignation of Hamit Aydoğan who was Assistant General Manager responsible for Corporate Banking is accepted,

- Mert Güvenen who is Assistant General Manager of Commercial Banking is appointed as Assistant General Manager responsible for Corporate and Commercial Banking and the commercial coordination of foreign subsidiaries,

- Erhan Özçelik who is Assistant General Manager responsible for Private Banking and International Activities is appointed as Assistant General Manager responsible for Private Banking and functions related to subsidiaries, Yapı Kredi Asset Management and Yapı Kredi Invest,

- Massimiliano Fossati who holds the position of Assistant General Manager responsible for Corporate and Commercial Credits is appointed as Assistant General Manager responsible for Risk Management (CRO),

- Güray Alpkaya who holds the position of Assistant General Manager responsible for Risk Management (CRO) is appointed as Assistant General Manager responsible for Corporate and Commercial Sales,

- Feza Tan who holds the position of Unit Head of Corporate and Commercial Credits Underwriting is appointed as Assistant General Manager responsible for Corporate and Commercial Credits,

- Yüksel Rizeli who is Department Head responsible for Operations is appointed as Department Head responsible for the coordination of Operations and Information Technologies.

Information on Committees

Executive Committees

Credit Committee

In accordance with the credit policy, economic targets and general risk profile of the Bank's credit portfolio, the Credit Committee is responsible for setting guidelines for the Bank's lending activities, disbursing loans within its authorised limits or reporting its opinion to the Board of Directors for loans over its delegated limits, determining the restructuring conditions for non-performing loans within its authorised limits, reporting its opinion to the Board of Directors regarding the restructuring of loans over its delegated limits, setting the parameters of the credit rating and monitoring systems and executing the duties assigned by the Board of Directors regarding loans. In accordance with applicable laws and legislation, the Committee is constituted by five principal members, four members of the Board of Directors and the CEO or the Deputy CEO and two alternate members who are members of the Board of Directors. The Group Credit Risk Manager attends the meetings upon invitation.

Principal Members of the Credit Committee:

| | | |
|----------|----------------------------------|--|
| Chairman | Alessandro M. Decio ¹ | Executive Director and Chief Operating Officer |
| Member | Federico Ghizzoni | Vice Chairman of the Board of Directors |
| Member | F. Füsün Akkal Bozok | Member of the Board of Directors |
| Member | Stephan Winkelmeier ² | Member of the Board of Directors |
| Member | Tayfun Bayazit | Chief Executive Officer |

Alternate Members of the Credit Committee:

| | | |
|------------------|----------------------------------|------------------------------------|
| Alternate Member | Dr. Bülent Bulgurlu ³ | Chairman of the Board of Directors |
| Alternate Member | A. Ümit Taftalı | Member of the Board of Directors |

(1) Appointed as Deputy Chief Executive Officer (Deputy CEO) as of 30 January 2009.

(2) Stephan Winkelmeier was appointed member of the Bank's Board of Directors on December 2, 2008 to replace Thomas Gross who resigned his post as a member of the Board of Directors of the Bank as of October 31, 2008. Similarly, Stephan Winkelmeier was also appointed to the Credit Committee to replace Thomas Gross.

(3) At the Board of Directors dated 28 January 2009, Ranieri de Marchis was appointed as an alternate member to replace Dr. Bülent Bulgurlu's position as Credit Committee member.

Audit Committee

The Audit Committee executes the duties set out for the Audit Committees in the banking and capital markets regulations. The Committee supports the Board of Directors in its function to manage the Company in accordance with local laws and legislations, monitors the performance of Internal Audit, Internal Control and Risk Management, evaluates the condition of the ethical environment of the Company and monitors the effectiveness of the processes in terms of ethical compliance. 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.

| | | |
|----------|---------------------------------|----------------------------------|
| Chairman | Ranieri de Marchis | Member of the Board of Directors |
| Member | Ahmet F. Ashaboğlu ¹ | Member of the Board of Directors |
| Member | Herbert Hangel | Member of the Board of Directors |

(1) At the Board of Directors meeting dated January 28, 2009, Fatma Füsün Akkal Bozok was appointed as Audit Committee member to replace Ahmet Ashaboğlu's position as Audit Committee member.

Asset and Liability Committee

The Committee determines the Bank's structural risk management rules and policies, market risk profile management strategies in line with the Board of Directors' rules pertaining to risk exposure and the interest rates of the Bank's products. The Committee is also responsible for optimizing the market risk level that the Bank's balance sheet is exposed to within the frame of policies set out by the Board of Directors, establishing market and liquidity risk limits, determining the working principles of risk management, approving risk measurement and control models, approving new commercial products and reviewing credit, market and operational risk. The members serving on the Committee are listed below:

Members of the Asset and Liability Committee:

| | | |
|----------|-----------------------------------|--|
| Chairman | Alessandro M. Decio ¹ | Executive Director and Chief Operating Officer |
| Member | Tayfun Bayazıt | Chief Executive Officer |
| Member | M. Güray Alpkaya ² | Head of Risk Management |
| Member | Marco Cravario | Head of Financial Planning, Financial Affairs and Control Management |
| Member | Massimiliano Fossati ² | Head of Corporate and Commercial Credit Management |
| Member | Selim Hakkı Tezel ² | Head of Retail and SME Credit Management |
| Member | Mert Yazıcıoğlu | Head of Treasury Management |
| Member | Hamit Aydoğan ³ | Head of Corporate Banking Management |
| Member | Mert Güvenen ⁴ | Head of Commercial Banking Management |
| Member | Muzaffer Öztürk ⁵ | Head of Retail Banking Management (Interim) |
| Member | Nazan Somer ⁵ | Head of Credit Cards and Consumer Lending Management |
| Member | Erhan Özçelik ⁶ | Head of Private Banking and International Operations Management |

(1) Appointed as Deputy Chief Executive Officer (Deputy CEO) as of January 30, 2009.

(2) Mehmet Güray Alpkaya was appointed Assistant General Manager responsible for Risk Management to replace Marco Arnaboldi, who resigned from the Bank as of August 1, 2008; Massimiliano Fossati was appointed Assistant General Manager responsible for Credit Management as of October 22, 2008, to replace Mehmet Güray Alpkaya who was in charge of Credit Management. Pursuant to the changes made by the Board of Directors to the Bank's organisational structure, Massimiliano Fossati was appointed Assistant General Manager responsible for Corporate and Commercial Credit Management as of November 20, 2008 and Selim Hakkı Tezel was appointed Assistant General Manager responsible for Retail and SME Credit Management as of December 3, 2008. As of January 30, 2009, Güray Alpkaya who holds the position of Assistant General Manager responsible for Risk Management (CRO) is appointed as Assistant General Manager responsible for Corporate and Commercial Sales and Massimiliano Fossati who holds the position of Assistant General Manager responsible for Corporate and Commercial Credit Management was appointed as Assistant General Manager responsible for Risk Management (CRO).

(3) Hamit Aydoğan resigned from the position of Assistant General Manager responsible for Corporate Banking as of January 30, 2009.

(4) Mert Güvenen who holds the position of Assistant General Manager of Commercial Banking is appointed as Assistant General Manager responsible for Corporate and Commercial Banking and commercial coordination of foreign subsidiaries as of January 30, 2009.

(5) Pursuant to the resignation of Assistant General Manager responsible for Retail Banking Mehmet Gani Sönmez as of June 25, 2008, until a permanent Assistant General Manager responsible for Retail Banking is appointed, Muzaffer Öztürk, who is the Assistant General Manager responsible for Retail Sales Group Management, temporarily assumed the duties that were previously being carried out by Mehmet Gani Sönmez. Nazan Somer who holds the position of Assistant General Manager responsible for Credit Cards and Consumer Lending is appointed as Assistant General Manager responsible for Retail Banking, Credit Cards and Consumer Lending as of January 30, 2009.

(6) Erhan Özçelik who is Assistant General Manager responsible for Private Banking and International Operations is appointed as Assistant General Manager responsible for Private Banking and functions related to subsidiaries, Yapı Kredi Asset Management and Yapı Kredi Investment as of January 30, 2009.

Committee Changes

Based on the decision of the Board of Directors dated January 30, 2009, numbered 66/11; it is resolved that a new Executive Committee will be formed aiming to foster efficiency and effectiveness consisting of Tayfun Bayazıt as the Chairman, Alessandro M. Decio as the Vice Chairman and Nazan Somer, Erhan Özçelik, Mert Güvenen, Cihangir Kavuncu, Massimiliano Fossati and Marco Cravario as the members. It was decided that the Asset and Liability Committee will be cancelled, as the duties of Asset and Liability Committee will be continued by the Executive Committee. Executive Committee members meet every two weeks.

Based on the decision of the Board of Directors dated January 28, 2009, numbered 66/2;

1) Fatma Füsün Akkal Bozok was appointed as Audit Committee member to replace Ahmet Ashaboğlu's position.

2) Ranieri de Marchis was appointed as alternate Credit Committee member to replace Dr. Bülent Bulgurlu's position.

Information on the Board and Committee 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 2008, the Board of Directors convened once a month, in line with the Bank's requirements. The Board reviews and decides on the corporate agenda as authorised by the Articles of Association of the Bank, laws and regulations. If necessary, the Chairman may invite the Board for an ad hoc session. Members committed to regular attendance of Board meetings and satisfied the required majority and the quorum in 2008.

The Credit Committee established in accordance with the formation, working and decision making principles determined by the Banking Regulation and Supervision Agency (BRSA), convened at least once a week in 2008; the members committed regular attendance to the Committee meetings and satisfied the required majority and the quorum.

The Audit Committee convened every three months and discussed and finalised its agenda as authorised in 2008. The members committed regular attendance to the Committee meetings and satisfied the required majority and the quorum.

The Asset and Liability Committee meets once a month or more frequently when necessary. The Committee fulfilled its functions with regular attendance committed by the members to Committee meetings held during 2008, thus satisfying the required majority and the quorum.

Report of the Board of Directors to be Submitted to the Annual Shareholders' Meeting on April 3, 2009

Dear Shareholders,

First, we would like to thank you for your participation at this meeting during which you will be presented with Yapi Kredi's activities and accounts for the year 2008.

2008 was a year with economical and social concerns, in which the world witnessed one of the most important crises in history. The problems which emerged in the developed economies within the second half of 2007 reached a vast scale starting from the second half of September 2008, and evolved into a crisis, threatening the global financial system. Radical actions were taken by several governments leading the global financial system to recover from a fairly close collapse, but severe damage was still caused starting with the banking sector and followed by the real sector.

Turkey's Gross Domestic Product (GDP) grew by 4,4% in the first half of 2008 and export growth continued at full pace until the final quarter of the year. However, as problems regarding the global economy picked up pace, Turkey quickly entered into a period of macro slowdown from the third quarter of 2008 onwards. The emergence of a global recession started to affect the Turkish economy due to our country's worldwide trade relations, and a downward trend was observed particularly in foreign trade volume. As the global crisis deepened by September, Turkey witnessed major foreign capital outflows and further deterioration was observed in the expectations of local actors regarding the future macroeconomic outlook. The slowdown in domestic consumption and investment demand as well as the decline in exports in the last months of the year caused significant damage in the production and employment figures of the real sector, especially in the last quarter of 2008.

The Turkish banking sector has been relatively resilient against the global financial crisis due to its strong liquidity, low leverage ratio, high quality asset composition and high capital adequacy ratio coupled with the low level of short foreign currency position and high importance attached to risk management, internal control and corporate governance. The implementation of intensive restructuring in the banking system that thoroughly addressed the weaknesses in the aftermath of the 2001 crisis has been a crucial factor for the Turkish banking system in resisting the global crisis.

Yapi Kredi continued to operate with a customer focused strategy and a prudent banking approach, keeping close track of both domestic and international developments and concentrating on healthy growth and sustainable profitability. As a result, 2008 has been a very positive year for Yapi Kredi both in terms of growth and profitability despite the unfavourable macroeconomic environment.

Based on Yapi Kredi's 2008 year-end consolidated financials:

- Consolidated net profit for 2008 reached YTL 1.261 million, representing year-on-year growth of 45%.
- Revenues grew 21% year-on-year and reached YTL 4.784 million. Net interest income recorded an increase of 14% year-on-year while during the same period net fees and commissions increased by 30%.
- Annual operating expense growth was contained at 9% due to rigid cost management and efficiency improvements.
- Total assets reached YTL 70,9 billion, indicating a 26% year-on-year increase. Yapi Kredi is the fourth largest privately-owned bank in the sector in terms of asset size.
- Total cash loans rose to YTL 39,6 billion, up 36% year-on-year. Yapi Kredi's market share in total cash loans increased to 10,6% as of end of 2008.
- Deposit volume registered a 31% increase year-on-year and reached YTL 44 billion. Yapi Kredi's market share in total deposits increased to 9,8% as of end of 2008.
- Cash capital increase of YTL 920 million completed during the year paved the way for a stronger capital base with the capital adequacy ratio increasing to 14,2% at consolidated level and 15,7% at bank-only level as of the end of 2008.

As part of the accelerated branch expansion plan launched in July 2007, Yapi Kredi increased its total branch number to 861 at the end of 2008, with 185 new branch openings during 2008. While Yapi Kredi's branch network grew 27% year-on-year, headcount at Bank level increased only 4% year-on-year thanks to effective headcount management and initiatives on enhancing efficiency. As a result of effective cost containment, Cost/Income improved to 54% from 59% at 2007 year-end.

Despite challenging global and domestic macroeconomic and sectoral environment, Yapi Kredi continued its focus on customer and employee satisfaction. The Bank increased the total number of its active customers to more than 6 million while total number of employees reached 17.359 at the Group level at the end of 2008.

With its liquid, solid and strong balance sheet accompanied by risk management focus and strong capital base, Yapi Kredi is well-prepared for a tougher 2009. Yapi Kredi will concentrate on sustaining profitability through cost containment, continuous search for efficiency enhancements, strong focus on asset quality and risk management in 2009. Yapi Kredi's main target is to be the best positioned bank for rapid growth when macroeconomic conditions stabilise.

As we present our annual report and financial statements for 2008 for your information and approval, we would like to take this opportunity to extend our grateful thanks on behalf of the Board of Directors to our customers for always being beside us, all our colleagues for contributing to these positive results with 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,

Dr. Bülent Bulurlu
Chairman

Human Resources Implementations

Following the determination of human resource requirements, candidate searches are conducted through existing candidate pool searches, intra-bank announcements, as well as through internet and press advertisements.

Applications are assessed on the basis of pre-determined criteria such as age, 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 functions, the objective is to determine whether the candidates possess the abilities (of learning tasks, adaptability, problem solving, perceiving details in words and figures, performing rapid numerical calculations, visual, numeric and verbal memory) required for the position.

The interview stage is carried out through role playing and observing the

candidates throughout the process. It 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 behavior-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, candidates determined suitable for the positions are offered jobs via phone calls; candidates who accept the offer are e-mailed the required document list and the offer letter.

During the job offer meeting, candidates are informed of Yapı Kredi's principles, job descriptions, employee rights, articles of the contract they will sign and other relevant subjects and 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 process of hiring experienced staff consists of two steps: individual interview and job offer.

Human Resources Management-New Resource Development Department operates in order to choose suitable candidates compatible with the Bank's vision, mission and strategic objectives. To achieve organisational efficiency and reach its corporate goals, the Bank created a consulting firm/onsite office practice within the company in addition to its existing staff. During the interview process, the Bank initiated the online interview process practice especially for experienced candidates from out-of-town, which allows the Bank to act faster during candidate evaluation processes.

The new Resource Development Department organised Career Days in eight cities at ten universities during 2008. Also featuring a specially designed truck, a special graffiti show and concerts, the Department met with students at ten university campuses during the Career Days and provided information about the Bank and the career opportunities it offers.

Yapı Kredi participated in the Career Fair organised by PERYÖN (Personnel Management Association of Turkey), an organisation that undertakes significant initiatives in the Human Resources area, in April 2008. Yapı Kredi was promoted on this platform, which has an extensive participant base and information and consultation services were provided to the participants about the Bank's processes.

Information on 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:

With respect to the Group's risk group:

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.

Type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

| Total Risk Group | December 31, 2008 | December 31, 2007 |
|---------------------------------------|-------------------|-------------------|
| Loans | 494.980 | 387.335 |
| Banks | 210.261 | 5.774 |
| Marketable Securities | 76.298 | - |
| Leasing receivables/(payables), net | 13.437 | 22.226 |
| Factoring receivables/(payables), net | 87.062 | 225.422 |
| Interest Income Received | 86.126 | 52.538 |
| Non-Cash Loans | 633.294 | 689.358 |
| Commission Income Received | 2.581 | 2.125 |
| Deposit | 4.285.409 | 2.816.169 |
| Borrowings and Money Markets | 814.242 | 628.586 |
| Interest Expense Paid | 447.310 | 334.010 |
| Trading Transactions | 711.872 | 188.006 |
| Trading Transactions Profit, net | 7.127 | 55 |

Information on Support Services

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

The printing service for credit card account statements comes from Koçsistem Bilgi ve İletişim Hizmetleri A.Ş.; electronic distribution of account statements is undertaken by the Bank.

Support services for cash transportation are procured from Group-4 Securicor Güvenlik Hizmetleri A.Ş., which provides service under the Yapı Kredi organisation in 24 provinces with 350 employees and 144 armored vehicles.

All security services are provided by Group-4 Securicor.

Corporate Governance Principles Compliance Report

1. Declaration of Compliance with Corporate Governance Principles

At meeting No. 61/51 dated December 9, 2004, Yapı Kredi Board of Directors resolved to adopt, in principle, the Corporate Governance Principles as issued by the Capital Markets Board. Yapı Kredi complied with and implemented the Corporate Governance Principles during the operating period ended December 31, 2008, as explained below.

According to the Corporate Governance Rating Report that rated Yapı Kredi's compliance with the Capital Markets Board's Corporate Governance Principles in four main sections, Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, Yapı Kredi obtained an overall Corporate Governance rating of 8,02 out of 10 (80,21%). With this rating, Yapı Kredi is one of the leading companies that form the Istanbul Stock Exchange Corporate Governance Index. The rating was performed by SAHA Corporate Governance and Credit Rating Services, Inc., a corporate governance rating agency licensed by the Capital Markets Board to operate in Turkey. The report is also available on the Bank's website.

The results of the examination, performed within the framework of the Capital Markets Board's Corporate Governance Principles under differently weighted main sections of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, are presented below:

| Main Sections | Rating (%) |
|------------------------------------|--------------|
| Shareholders | 82,91 |
| Public Disclosure and Transparency | 81,13 |
| Stakeholders | 94,98 |
| Board of Directors | 67,36 |
| Total | 80,21 |
| Bank Rating | 8,02 |

With this rating, Yapı Kredi proved that it complies to a significant degree with Capital Markets Board's Corporate Governance Principles and that it has implemented most required policies and measures. Adherence to these principles is among the Bank's primary goals in corporate governance and the Bank continues its efforts in line with the responsibility to abide by these principles.

2. Shareholder Relations

Founded in 1944, as the first privately-owned bank, Yapı Kredi, which was also the first privately-owned bank to open to the public, carries out its relations with shareholders via two special units. The first one is the "Subsidiaries and Shareholders" unit, whose structure and organisation was established in line with Capital Market Board's corporate governance principles. In addition to this unit, Yapı Kredi also has an "Investor Relations" unit, which is in charge of the strategic management of financial communication and relations with institutional investors and shareholders, analysts, credit rating agencies and the media. The Investor Relations unit is responsible for the transparent, timely, objective, accurate and consistent information flow to the market in order to contribute to the accurate evaluation of the Bank by financial experts and to ensure sustainable value creation.

Subsidiaries and Shareholders

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

Investor Relations

| Name, Surname | E-mail address | Phone number |
|-----------------|----------------------------------|-----------------|
| Hale TUNABOYLU | hale.tunaboynu@yapikredi.com.tr | (212) 339 76 47 |
| Gülsevin TUNCAY | gulsevin.tuncay@yapikredi.com.tr | (212) 339 73 23 |
| Pınar CERİTOĞLU | pınar.ceritoglu@yapikredi.com.tr | (212) 339 76 66 |

Corporate Governance Principles

Compliance Report

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

- Acting to facilitate the exercise of shareholders' rights and maintaining communication between the Yapı Kredi Board of Directors and the shareholders,
- Ensuring that the records related to the shareholders are kept in a proper and secure manner and are continuously updated,
- Responding to written information requests from shareholders except for publicly-undisclosed information or the Bank's commercial secrets,
- 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,
- Issuing entrance cards to shareholders who will participate in the Annual Shareholders' Meeting,
- Preparing the list of attendees for Annual Shareholders' Meeting,
- Preparing voting ballots for shareholders who completed blockage operations,
- Preparing, registering and publishing the minutes of the Annual Shareholders' Meeting and sending the documents to the relevant authorities,
- 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 unit include:

- Establishing and managing regular relations with existing and potential foreign institutional investors, shareholders, and the Bank's credit rating agencies,
- Ensuring the transfer of proactive,

objective, accurate, up-to-date, informative and periodic information to foreign institutional investors, shareholders and financial analysts about Yapı Kredi, the banking sector and economic developments,

- Informing investors and analysts about quarterly consolidated and unconsolidated financial statements and significant developments about Yapı Kredi, through conference calls, press bulletins, announcements and presentations, as well as responding to their questions,
- Preparing presentations to promote the Bank, organising and regularly attending local and international investor meetings, road shows and other informational meetings,
- Organising periodic informational meetings and conference calls with financial analysts and foreign institutional investors in groups or one-on-one,
- Preparing the Bank's annual reports in Turkish and in English,
- Administering and regularly updating the Bank's investor relations websites, in both Turkish and English, in order to provide a continuous information flow about the Bank,
- Preparing columns and articles that represent the Bank for domestic and international magazines and similar publications in banking, finance and investment fields.

In 2008, Yapı Kredi participated in 18 international investor conferences under the coordination of the Investor Relations unit. In addition, one-on-one and/or group meetings were held with nearly 400 foreign institutional investors at the head office and abroad.

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 with one-on-one and/or group meetings through its Subsidiaries and Shareholders and Investor Relations units.

Yapı Kredi has two separate websites, one prepared in Turkish and one in English in accordance with Corporate Governance Principles, which are updated regularly.

The website in Turkish is accessible through www.yapikredi.com.tr and the website in English is accessible via www.yapikredi.com.tr/en-us. These websites contain general information about Yapı Kredi as well as detailed information on the banking services provided by the Bank.

Prepared both in Turkish and in English, the websites contain detailed information about Yapı Kredi in the "Investor Relations" section. Accessible through the www.yapikredi.com.tr/tr-TR/yatirimci_iliskileri address, the investor relations website in Turkish presents the following information to all shareholders and stakeholders: The Bank's history, shareholder structure, trade registry information, Articles of Association, organisational structure, management team, member list of Board of Directors, credit ratings assigned by credit rating agencies to the Bank, information on corporate governance and Shareholders' Meetings, proxy voting form, the Bank's periodic financial statements prepared in accordance with BRSA accounting standards, annual reports, disclosures, Annual Shareholders' Meeting minutes, and press bulletins issued by the Bank.

Yapı Kredi's investor relations website in English is accessible through www.yapikredi.com.tr/en-us/investorrelations. This site contains detailed information about Yapı Kredi's shareholder structure and share performance, information on the Bank's corporate profile, organisational structure, management team, member list of Board of Directors, credit ratings assigned by credit rating agencies to Yapı Kredi, periodic financial statements prepared in accordance with BRSA and international accounting standards, annual reports, periodic presentations for investors, answers to frequently asked questions, announcements to inform investors regarding developments at Yapı Kredi, list of brokerage house analysts who cover Yapı Kredi, calendar of the Bank's activities that may be of interest for investors and information on corporate governance.

The appointment of special auditors 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 2008, shareholders did not make any requests for the appointment of special auditors.

4. Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on April 7, 2008. Shareholders attended this meeting with an 84,66% 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, time and agenda of the meeting published in the Turkish Trade Registry Gazette dated March 20, 2008 and Milliyet and Referans newspapers dated March 21, 2008.

The Bank's sale of a portfolio of non-performing loans, as well as the wholesale divestiture of part of the Bank's non-banking assets were approved at the Annual Shareholders' Meeting together with the routine meeting agenda articles and the members of the Bank's Board of Directors were cleared from these transactions.

Shareholders were informed about, and approved, the acquisition of shares of Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Invest) and Yapı Kredi Bank Nederland N.V. by the Bank from Koç Finansal Hizmetler A.Ş. (Koç Financial Services) at the Annual Shareholders' Meeting.

As in previous years, shareholders were informed through the Istanbul Stock Exchange and the media in order to facilitate their participation in the Shareholders' meeting. The annual report containing the date and the agenda of the shareholders' meeting, balance sheet, income statement and auditor reports were made available for the examination of shareholders 15 days prior to the date of the meeting at the Bank's Head office, İzmir Kordon and Ankara Kızılay branches, as well as on the Bank's website at www.yapikredi.com.tr.

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

The right to receive dividends, an inseparable part of shareholding, has always been granted utmost importance at Yapı Kredi since its inception.

Principles with regard to Yapı Kredi's dividend distribution are set out in detail in Article 78 of the Articles of Association of the Bank. In this respect, the Annual Shareholders' Meeting takes 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. The Annual Shareholders' Meeting may make 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 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.

Corporate Governance Principles Compliance Report

It is resolved that YTL 52.130.004,05 should be reserved as the primary reserve from YTL 1.042.600.081 (the unconsolidated net profit for the 2008 accounting period) and that YTL 947.014.126,90, which remains after the reservation of YTL 43.455.950,05 (75% of the profit from the sales of Real Estate and subsidiary share stocks on the basis of Clause 5.e of the Corporate Tax Law 5520) should be reserved as extraordinary reserves with a view to assure the accomplishment of the Bank's long-term growth plans, giving due consideration to the domestic and international economic conditions and the 2008 dividend distribution table in page 165 was submitted at the Annual Shareholders' Meeting for approval.

7. Transfer of Shares

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

8. Company Disclosure Policy

Yapı Kredi's disclosure policy was prepared in 2008 with an objective of pursuing an effective communication policy and in accordance with Banking Regulation and Supervision Agency, Capital Markets Board and Istanbul Stock Exchange regulations. The Bank's disclosure policy is posted on its website and will be presented at the upcoming Annual Shareholders' Meeting.

Yapı Kredi undertakes all actions of public disclosure and provision of information to shareholders under the supervision of its Compliance Office. The Bank's disclosure policy covers all information about banking activities known to the members of the Board of Directors, management team and other employees of Yapı Kredi, as well as all information, documents, electronic records and data of the Bank, that are not "bank secrets" or "trade secrets" and whose disclosure is legal. With its disclosure policy, Yapı Kredi aims to present information

on the Bank's past performance, future plans and expectations, and developments about its strategy, objective and vision to the public, shareholders, investors and stakeholders in an accurate, comprehensible, equitable, transparent and complete manner that assists the decision making process of the beneficiaries of the disclosure.

By the authorisation of the Board of Directors, Assistant General Manager M. Erkan Özdemir and Head of the Subsidiaries and Shareholders unit Erdinç Tetik were identified as authorised signatories and responsible for public information disclosures. These officers were also charged with overseeing and monitoring all issues related to public disclosures. The Investor Relations unit, headed by Hale Tunaboğlu, strives to disclose detailed financial analysis of the Bank and the sector, recent development and expectations, as well as information on strategy, competitive environment and market expectations in a clear, equitable, transparent, consistent, complete and timely manner through proactive, periodic and comprehensive meetings with investors and bank analysts as well as presentations and announcements posted on the Bank's website.

9. Disclosures

157 official disclosures were made during the year in accordance with Capital Markets Board regulations. No additional disclosures were requested by the Capital Markets Board or the Istanbul Stock Exchange 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 (18 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 Article "3. Exercise of Shareholders' Right to Obtain Information" of this report.

11. Disclosure of Real Person Holding Ultimate Controlling Shares

Pursuant to a resolution of the Ordinary Annual Shareholders' Meeting held during the year, Yapı Kredi adopted the registered capital system. On May 15, 2008, the Board of Directors of Yapı Kredi resolved to increase the Bank's issued capital of YTL 3.427.051.284 within the Bank's registered capital of YTL 5.000.000.000 to YTL 4.347.051.284; an increase of YTL 920.000.000 in cash. The capital increase was registered on December 15, 2008, following the completion of the legal process stipulated by legislation. As a result of this transaction, the share of Koç Financial Services in Yapı Kredi's share capital rose from 81,79% to 81,80%.

12. Disclosure of Persons with Access to Insider Information

Pursuant to the provisions of the Banking Law, members of the Bank's Board of Directors and its employees cannot disclose the secrets or its customers that they got possession of due to their titles or duties to anybody but the authorities clearly stipulated by the laws. This responsibility continues after they leave the job. In this respect, Bank employees cannot share Bank secrets or trade secrets with third parties or use them, directly or indirectly, for any purpose other than the Bank's business.

| Name and Surname | Title |
|-----------------------------------|---|
| Dr.Bülent Bulgurlu | Chairman of the Board of Directors |
| Federico Ghizzoni | Vice Chairman of the Board of Directors |
| Tayfun Bayazıt | Chief Executive Officer |
| Alessandro M. Decio ¹ | Executive Director and COO |
| F. Fusun Akkal Bozok | Member of the Board of Directors |
| Ranieri de Marchis | Member of the Board of Directors |
| Ahmet F. Ashaboğlu | Member of the Board of Directors |
| Herbert Hangel | Member of the Board of Directors |
| A. Ümit Taftalı | Member of the Board of Directors |
| Stephan Winkelmeier | Member of the Board of Directors |
| Stefano Perazzini | Assistant General Manager |
| Mehmet Güray Alpkaya ² | Assistant General Manager |
| Zeynep Nazan Somer ³ | Assistant General Manager |
| Mert Yazıcıoğlu | Assistant General Manager |
| Mehmet Murat Ermer | Assistant General Manager |
| Süleyman Cihangir Kavuncu | Assistant General Manager |
| Cemal Aybars Sanal | Assistant General Manager |
| Marco Cravario | Assistant General Manager |
| Luca Rubaga | Assistant General Manager |
| Hamit Aydoğan ⁴ | Assistant General Manager |
| Erhan Özçelik ⁵ | Assistant General Manager |
| Mert Güvenen ⁶ | Assistant General Manager |
| Fahri Öbek | Assistant General Manager |
| Muzaffer Öztürk ³ | Assistant General Manager |
| Mehmet Erkan Özdemir | Assistant General Manager |
| Massimiliano Fossati ² | Assistant General Manager |
| Selim Hakkı Tezel ² | Assistant General Manager |
| Mehmet Gökmen Uçar | Head of Financial Affairs and Reporting |
| Erdoğan Tetik | Head of Subsidiaries and Shareholders |
| Hasan Sadi | Subsidiaries and Shareholders |
| Hale Tunaboğlu | Head of Investor Relations |
| Adil Giray Öztoprak | Statutory Auditor |
| Abdullah Geçer | Statutory Auditor |

As of December 31, 2008, the list of people who have access to insider information consisting of members of the Board of Directors, senior executives and other employees who have a role in sharing of such information is presented on the left.

(1) Appointed as Deputy Chief Executive Officer (Deputy CEO) as of January 30, 2009.

(2) Mehmet Güray Alpkaya was appointed Assistant General Manager responsible for Risk Management to replace Marco Arnaboldi, who resigned from the Bank as of August 1, 2008; Massimiliano Fossati was appointed Assistant General Manager responsible for Credit Management as of October 22, 2008, to replace Mehmet Güray Alpkaya who was in charge of Credit Management. Pursuant to the changes made by the Board of Directors to the Bank's organisational structure, Massimiliano Fossati was appointed Assistant General Manager responsible for Corporate and Commercial Credit Management as of November 20, 2008 and Selim Hakkı Tezel was appointed Assistant General Manager responsible for Retail Personal and SME Credit Management as of December 3, 2008. As of January 30, 2009, Güray Alpkaya who holds the position of Assistant General Manager responsible for Risk Management (CRO) is appointed as Assistant General Manager responsible for Corporate and Commercial Sales and Massimiliano Fossati who holds the position of Assistant General Manager responsible for Corporate and Commercial Credits was appointed as Assistant General Manager responsible for Risk Management (CRO).

(3) Pursuant to the resignation of Assistant General Manager responsible for Retail Banking Management Mehmet Gani Sönmez as of June 25, 2008, until a permanent Assistant General Manager responsible for Retail Banking Management is appointed, Muzaffer Öztürk, who is the Assistant General Manager responsible for Retail Sales Group Management, temporarily assumed the duties that were previously being carried out by Mehmet Gani Sönmez. Nazan Somer who holds the position of Assistant General Manager responsible for Credit Cards and Consumer Lending is appointed as Assistant General Manager responsible for Retail Banking, Credit Cards and Consumer Lending as of January 30, 2009.

(4) Hamit Aydoğan resigned from the position of Assistant General Manager responsible for Corporate Banking as of January 30, 2009.

(5) Erhan Özçelik who is Assistant General Manager responsible for Private Banking and International Operations is appointed as Assistant General Manager responsible for Private Banking and functions related to subsidiaries, Yapı Kredi Asset Management and Yapı Kredi Invest as of January 30, 2009.

(6) Mert Güvenen who holds the position of Assistant General Manager of Commercial Banking is appointed as Assistant General Manager responsible for Corporate and Commercial Banking and commercial coordination of foreign subsidiaries as of January 30, 2009.

Corporate Governance Principles

Compliance Report

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 assistant general managers. In addition, head office and branch managers are informed regularly 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

All human resources policies and practices of Yapı Kredi are shared with all employees.

Aware of the fact that human resources are 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,
- 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 necessary measures to improve processes,
- Ensuring that equal opportunities are offered without any exceptions in all of the above practices.

Performance, motivation and determination are the basic requirements for promotion at Yapı Kredi. The Bank implements an open, objective and participatory performance evaluation system coupled with a training system which considers training not as a cost but as an investment.

It is only possible for businesses to advance consistently in a stated way if all employees act in line with the same principles and values. Yapı Kredi created the Code of Ethics and Working Principles to direct its employees in the right direction.

In addition to the Human Resources Personnel Directive, Yapı Kredi employees can always reach the internal human resources teams via e-mail, phone or face-to-face meetings in areas of recruitment, personal rights, social rights, retirement, promotions, training, orientation, performance evaluation, health, vacation, career planning and private issues. Yapı Kredi employees that are members of trade unions have the right to elect representatives at their branches or departments.

16. Information on Customer and Supplier Relations

For Yapı Kredi, customer satisfaction is an indispensable principle for sustainable growth and profitability that the Bank continuously strives to improve. Customer satisfaction, expectations and service quality are measured in great detail at the Bank, customer segment and branch level and results are analysed.

Based on these results and analyses, necessary improvements and efforts are made in order to increase service quality and customer satisfaction at the Bank and branch level and developments are monitored closely. In addition, in order to ensure that the service and basic customer relations provided at all Yapı Kredi branches and the call center meet a certain standard, training programs are implemented and performance is monitored via covert customer surveys throughout the year. Customer complaints are perceived by the Yapı Kredi management as an opportunity provided by the customers to the Bank to improve itself. 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. Number and subjects of the complaints are monitored closely and they are used as inputs in improving the Bank's processes, products and systems. 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

Ever since its inception, apart from its core activity of banking, Yapı Kredi has always been conscious of its social responsibility and has set itself the task of contributing and adding value to society through culture, art, environment and education related activities.

In order to create awareness among elementary school students, Yapı Kredi supports the Infinite Blue Project it has been undertaking since 2006 jointly with TURMEPA (Turkish Marine Environment Protection Association) and the Ministry of Education. In line with the project's objectives, awareness among elementary school students about the dangers seas are facing was supported, helping to create environmental awareness among the youth at very early ages. As of year-end, the project reached more than two million students through the teachers identified at each school.

Yapı Kredi continued to support the activities of the Educational Volunteers Foundation of Turkey (TEGV) in 2008 as well. In this scope, the "Reading Hour", implemented in all education parks and learning centers of TEGV, was adopted for a period of five years. It was decided that the content of the activity be enhanced under the name "Creative Reading", supported through additional activities and the activity locations be reorganised. To date, a total of 38.000 students participated in the activities across the nation.

Yapı Kredi has been coaching 1.098 students with 64 employees for "Vocational Education: A Crucial Matter for the Nation" project which was launched under the leadership of Koç Holding.

Another social responsibility project launched by Yapı Kredi in the education

area is the support provided for the restoration of the historical Hamlin Hall Student Housing located on the Boğaziçi University campus.

Showing its sensitivity in 2008 to forest fires and the destruction of green areas as a result of intense drought, within the scope of the "For My Country Forests" project launched under the leadership of Koç Holding, Yapı Kredi adopted the Mersin Gülnar Forest and took the first step towards creating 100.000-tree forest in this town and formed the "Yapı Kredi Mersin Gülnar Forest". Aware that the great losses created by forest fires cannot be mitigated by forestation efforts alone, Yapı Kredi launched a Paper Conservation project and as part of this effort, decided not to produce promotional materials such as calendars and agendas in 2009. Saving nearly 55.000 trees with this initiative alone, Yapı Kredi has also been sending its holiday and new year's cards electronically since 2007.

The Share Program launched at the end of 2007 is a social responsibility platform of World, which allows cardholders to support social responsibility projects they care about with cash from their credit cards or using their Worldpoints. The areas supported by the Share Program were determined according to the objectives outlined in the UN Global Compact's United Nations Millennium Manifesto. Under the Share Program, cardholders will be able to donate to projects run by Turkey's leading non-governmental organisations including UNICEF, TEGV, TBMV, TEMA, TURMEPA, LÖSEV and İZEV. World makes an extra contribution in the amount donated by cardholders in Worldpoints.

Providing support for years to the excavations in Aphrodisias, the city of Goddess Aphrodite, Yapı Kredi Private Banking has been supporting the efforts of

the Geyre Foundation to place this ancient city, famous for its statues, on the culture and art agenda that it deserves and make it available for the future generations. Yapı Kredi's support for the ancient city of Aphrodisias and its exhibition to the public intensified in the fourth quarter of 2007. For the benefit of the New Sebasteion Hall where 80 unique reliefs excavated in the ancient city of Aphrodisias will be exhibited, a special auction was conducted on January 17, 2008 at the Rahmi Koç Museum as part of the "Eternalise Your Name with a Historical Marble Relief" project. Organized with the support of Yapı Kredi Private Banking, 11 reliefs sold at the auction were eternalised along with the names of the buyers. The proceeds from this event were used to support the completion of the New Sebasteion Hall that opened in May. Produced by the most prestigious sculptors of their period, these unprecedented pieces were assembled together in a comprehensive exhibit held by Yapı Kredi Cultural Activities, Arts and Publishing in Istanbul in 2008.

Another archeological social responsibility project of Yapı Kredi is the Çatalhöyük excavations. The Bank continued to support the excavations at Çatalhöyük, one of the world's oldest settlements, this year as well.

Yapı Kredi sponsored the Vienna Philharmonic Chamber Orchestra and Razumovsky Ensemble concerts, held on June 7 and June 13, 2008, respectively, at the 36th International Istanbul Music Festival as part of its long-term cooperation with the Istanbul Foundation for Culture and Arts (İKSİV). At the 22nd International İzmir Festival, the Vienna Chamber Philharmonic Orchestra gave a memorable concert with pianist Mihaela Ursula at the İzmir Bergama Asklepion Theatre on June 9, 2008.

Corporate Governance Principles

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Yapı Kredi's social responsibility in the culture and arts area is carried out by Yapı Kredi Cultural Activities, Arts and Publishing (Yapı Kredi Kültür Sanat Yayıncılık), which undertakes these activities on behalf of Yapı Kredi. Yapı Kredi Cultural Activities, Arts and Publishing continued to be much talked about in 2008 thanks to the books it published and exhibitions it opened as well as many other cultural and arts events.

During 2008, 17 exhibitions were held at Yapı Kredi Cultural Center, each of which drew heavy interest. The contemporary art series at the Kazım Taşkent Art Gallery continued during the year. The exhibits hosted at the gallery include Cengiz Çekil's "What Time Is It" exhibit, which makes one think about time; the photograph exhibit of Elina Brotherus, a famous Finnish photographer; Halil Altındere's "I Am Not Sure This Is an Exhibit" exhibit, which was highly touted; "A Life Dedicated to Track & Field: Cüneyt E. Koryürek, Turkey's Olympic Adventure" exhibit, an exhibition about Cüneyt Koryürek who had dedicated his life to athletic activities; "Ups and Downs" exhibit of Ayşe Erkmen, an international name in contemporary art; Pinar Yolaçan's "Maria" photograph exhibit; and Özer Kabaş's Retrospective exhibit.

Sermet Çifter Hall hosted the "An Architect from the Ottomans to the Republic, from the National to the Modern: Arif Hikmet Koyunoğlu" exhibit, which is an exhibition about Arif Hikmet Koyunoğlu, an architect-photographer who left his mark on Turkish architecture; "A Ship Silent for 50 Years, Yahya Kemal on the 50th Anniversary of His Death with his Private Letters and Correspondences" exhibit, an exhibition for the great author on his death's 50th anniversary; the "Painter of Life and Light: Fausto Zonaro, An Ottoman Palace Painter's Life and Works in Istanbul" exhibit, which displayed the life of the famous orientalist painter; the "A Pioneer Thinker: Mazhar Şevket İpşiroğlu" exhibit, in celebration of

Board of Directors and its Structure

| | |
|----------------------------------|---|
| Dr. Bülent Bulgurlu | Chairman of the Board of Directors |
| Federico Ghizzoni | Vice Chairman of the Board of Directors |
| Tayfun Bayazıt | Chief Executive Officer |
| Alessandro M. Decio ¹ | Executive Director and COO |
| Fatma Fusun Akkal Bozok | Member of the Board of Directors |
| Ranieri de Marchis | Member of the Board of Directors |
| Ahmet F. Ashaboğlu | Member of the Board of Directors |
| Herbert Hangel | Member of the Board of Directors |
| A. Ümit Taftalı | Member of the Board of Directors |
| Stephan Winkelmeier | Member of the Board of Directors |

⁽¹⁾Appointed as Deputy Chief Executive Officer (Deputy CEO) as of January 30, 2009.

Mazhar Şevket İpşiroğlu's 100th birthday; the "'As I conclude my journey before I reach my city...' / Nâzım and Vera, from Moscow to Istanbul" exhibit, which brought Nâzım Hikmet's personal belongings to Turkey for the first time; Güneş Karabuda's "The Language of Walls" Paris in its 40th Year-May 68" exhibit on the 40th anniversary of the turmoil in 1968; the "A Person and A Soldier: Kâzım Karabekir" exhibit, an exhibition about Kâzım Karabekir, the eastern front war hero; and finally the "A Photographic Plate: Sabahattin Ali in Photographs He Took and Couldn't Take" exhibit, taking a look at Sabahattin Ali, one of the most important authors of Turkish literature, from a different perspective.

The Vedat Nedim Tör Museum hosted two significant exhibits. Bringing into light the art of marble sculpting in Aphrodisias, a leading sculpting center of its period, "The Roman Portraits from Aphrodisias" exhibit featured 52 extraordinary statues. "The Story of Paper Money from the Empire to the Republic" exhibit told the history of paper money with many interesting samples.

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 ten individuals. The members are elected by the General Assembly 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 and legal arrangements 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 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 and Strategic Objectives of the Company

With an objective to achieve sustainable value generation, Yapi Kredi's strategy is focused on:

- Healthy and steady growth based on outstanding performance of core commercial banking activities
- Sustainable profitability driven by:
 - Clear focus on customer satisfaction
 - Sound banking approach with strong emphasis on liquidity and return on capital, and
 - Strong focus on employee satisfaction
- Continuous search for efficiency enhancements and strong focus on asset quality and risk management

21. Risk Management and Internal Control Mechanism

The 2008 credit policy directive reflecting the Bank's approach to risk taking has been updated, approved by the Board of Directors and became operational. The credit policy directive currently in effect includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve the asset quality, as well as supporting effective risk management and complying with legal practices.

The main policies to be pursued throughout 2009 in the credit risk management area will continue to be focused on properly assessing potential risks, calculating the cost of risk for each customer segment, in compliance with Basel II principles.

The main strategies to be followed throughout 2009 are:

- Effective implementation of the credit policy directive to reinforce a common risk management approach throughout the Bank
- Better diversification of its loan portfolio towards less risky sectors
- Avoid excessive concentration in Group exposures while strictly obeying statutory limits
- Focus on customers with better credit rating classes
- Avoid transactions bearing high credit risk and reputation risk
- Measurement of cost of risk by business segments while applying generic provisioning in line with cost of risk
- Employment of more selective approaches in lending practices while focus on collection of non-performing loans
- Improvement of credit risk models in compliance with the advanced methods of Basel II

The Bank is exposed to market risk as a result of the volatility of interest rates, foreign exchange rates and equity prices. Market risk is defined as the impact of fluctuations in market prices on the Bank's income and/or assets. Market risk is measured with an in-house value at risk model using a 99% confidence interval and historical simulation covering 500 days historical data. Market risk is managed by monitoring compliance with risk limits on the basis of interest rate sensitivity, securities sub-portfolios and foreign exchange position on a daily basis using internal models. In addition, basis point sensitivity analysis is performed on

the overall bank balance sheet for each currency using the market risk internal model and results are reported daily to the senior management and related units. In the market risk policies, which are revised every year in light of the budget and expectations, the risks the Bank is exposed to are defined in detail and risk limits are specified. Risk limits are set in terms of maximum position size, stop loss, value at risk and liquidity risk limit.

The Bank is keeping security trading activities at a minimum in order to reduce fluctuations in revenues. For this purpose, 85% of the securities portfolio of the consolidated balance sheet is composed of held-to-maturity securities (this ratio is 90% for the unconsolidated balance sheet), foreign exchange position is kept at a minimum level and derivative instruments are utilised for hedging purposes for the most part. In 2008, the average daily value at risk for the trading portfolio was € 0,92 million with a maximum and minimum usage of 125% (this breach of limit was due to extreme fluctuation in the market, which in turn was a result of the October 2008 crisis) and 5%, and carried an average nominal position of approximately € 97 million. Average risk appetite for the held-to-maturity portfolio was 1%.

General operational risk limits are defined in Operational Risk Directive, whereas main principles are stipulated in the operational risk framework document. Operational risk directive and the framework document are reviewed every year in light of changing risks and conditions. Risk management policy breaches, changes in risk and limit breaches in operational risk are reported to the Bank management and Asset and Liability Committee periodically.

Periodic reporting of risk management and internal control activities is made to the Audit Committee.

Corporate Governance Principles

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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.

23. Operating Principles of the Board of Directors

The Board of Directors holds absolute authority on the execution of any and all agreements and transactions for the management and establishment of the Bank's business and properties. The attendance of at least one more than half of the total number of members is required for Board meetings. Decisions are taken by the affirmative votes of at least one more than half of the total number of members. The minutes of the meeting and resolutions are recorded in Turkish in accordance with the laws and regulations concerned and the Articles of Association of the Bank.

24. Non-compete and Non-transaction Rules

At the Annual Shareholders' Meeting held on April 7, 2008, 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 behavior, in which values, norms and rules constitute the basis for individual and social relationships. Professional ethics regulate the relations between individuals within a professional group and the community, whereas organisational ethics define the code of conduct in an organisation. In this context, the Bank's code of ethics is part of Yapı Kredi'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 in accordance with the framework of corporate governance principles.

Audit Committee:

Ranieri de Marchis - Chairman
 Ahmet F. Ashaboğlu¹- Member
 Herbert Hangel - Member

Credit Committee:

Principal Members:
 Alessandro M. Decio²-Chairman
 Tayfun Bayazıt-Member and CEO
 Federico Ghizzoni-Member
 F. Füsün Akkal Bozok-Member
 Stephan Winkelmeier³-Member
 Alternate Members:
 Dr. Bülent Bulgurlu⁴
 A. Ümit Taftalı

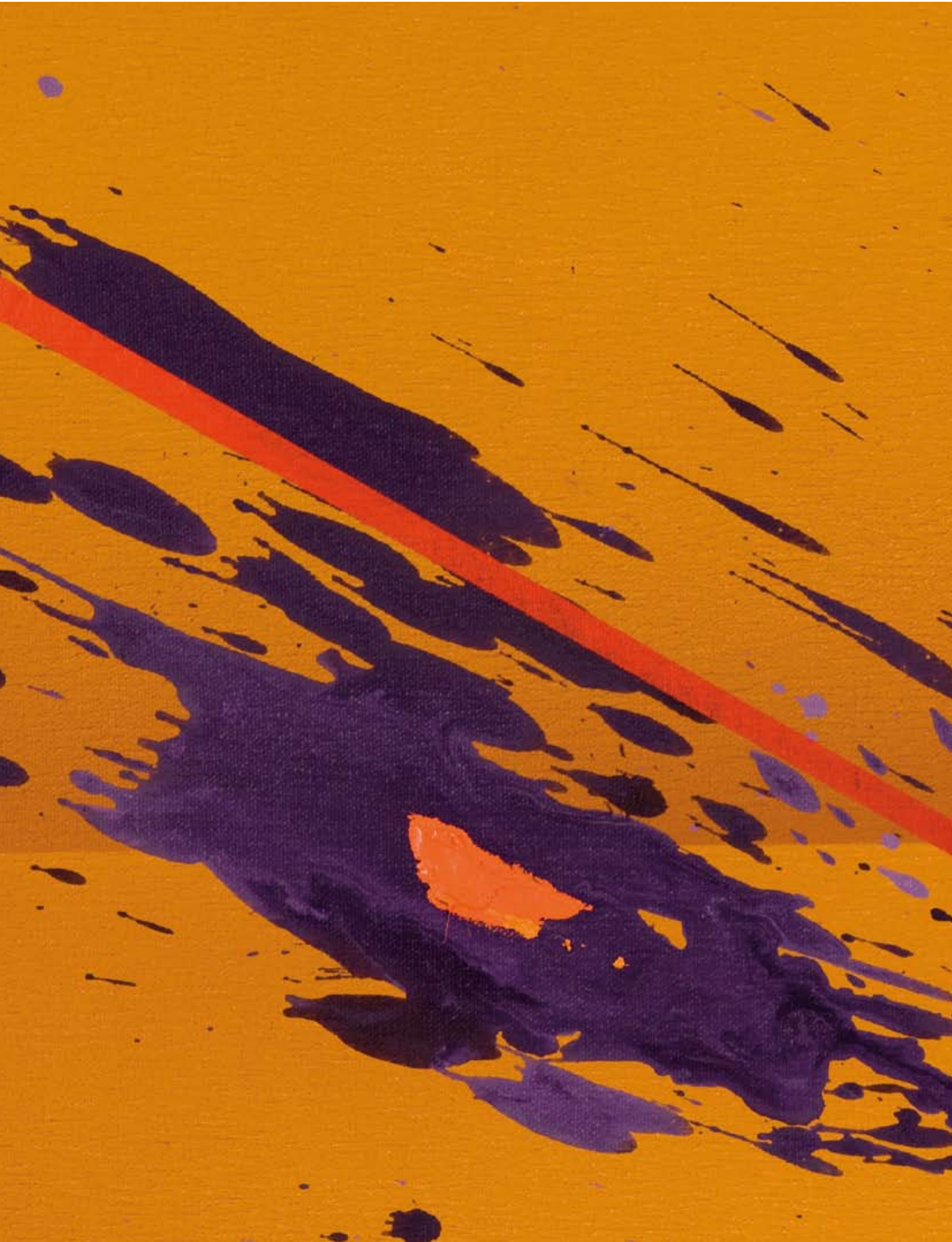
Asset and Liability Committee:

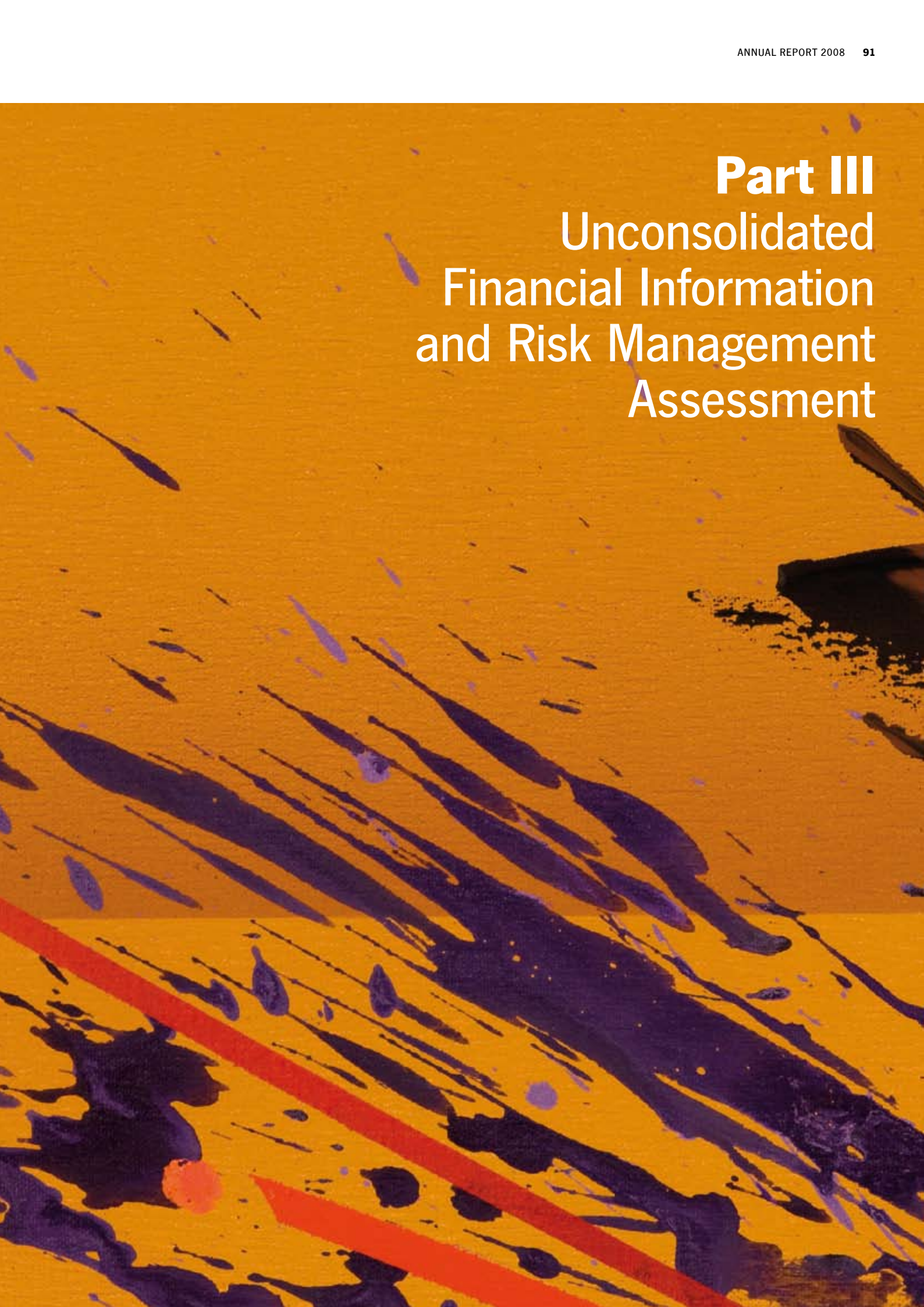
Alessandro M. Decio²-Chairman
 Tayfun Bayazıt- Member and CEO
 M. Güray Alpkaya⁵-Member
 Marco Cravario- Member
 Massimiliano Fossati⁵-Member
 Selim Hakkı Tezel⁵-Member
 Mert Yazıcıoğlu- Member
 Hamit Aydoğan⁶-Member
 Mert Güvenen⁷- Member
 Muzaffer Öztürk⁸-Member
 Nazan Somer⁸- Member
 Erhan Özçelik⁹-Member

- (1) At the Board of Directors dated 28 January 2009, Fatma Füsün Akkal Bozok was appointed as Audit Committee member to replace Ahmet Ashaboğlu's position as Audit Committee member.
- (2) Appointed as Deputy Chief Executive Officer (Deputy CEO) as of January 30, 2009.
- (3) Stephan Winkelmeier was appointed member of the Bank's Board of Directors on December 2, 2008 to replace Thomas Gross who resigned his post as a member of the Board of Directors of the Bank as of October 31, 2008. Similarly, Stephan Winkelmeier was also appointed to the Credit Committee to replace Thomas Gross.
- (4) At the Board of Directors dated 28 January 2009, Ranieri de Marchis was appointed as alternate member to replace Dr. Bülent Bulgurlu's position as alternate Credit Committee member.
- (5) Mehmet Güray Alpkaya was appointed Assistant General Manager responsible for Risk Management to replace Marco Arnaboldi, who resigned from the Bank as of August 1, 2008; Massimiliano Fossati was appointed Assistant General Manager responsible for Credit Management as of October 22, 2008, to replace Mehmet Güray Alpkaya who was in charge of Credit Management. Pursuant to the changes made by the Board of Directors to the Bank's organisational structure, Massimiliano Fossati was appointed Assistant General Manager responsible for Corporate and Commercial Credit Management as of November 20, 2008 and Selim Hakkı Tezel was appointed Assistant General Manager responsible for Retail and SME Credit Management as of December 3, 2008. As of January 30, 2009, Güray Alpkaya who holds the position of Assistant General Manager responsible for Risk Management (CRO) is appointed as Assistant General Manager responsible for Corporate and Commercial Sales and Massimiliano Fossati who holds the position of Assistant General Manager responsible for Corporate and Commercial Credits was appointed as Assistant General Manager responsible for Risk Management (CRO).
- (6) Hamit Aydoğan resigned from the position of Assistant General Manager responsible for Corporate Banking as of January 30, 2009.
- (7) Mert Güvenen who holds the position of Assistant General Manager of Commercial Banking is appointed as Assistant General Manager responsible for Corporate and Commercial Banking and commercial coordination of foreign subsidiaries as of January 30, 2009.
- (8) Pursuant to the resignation of Assistant General Manager responsible for Retail Banking Management Mehmet Gani Sönmez as of June 25, 2008, until a permanent Assistant General Manager responsible for Retail Banking Management is appointed, Muzaffer Öztürk, who is the Assistant General Manager responsible for Retail Sales Group Management, temporarily assumed the duties that were previously being carried out by Mehmet Gani Sönmez. Nazan Somer who holds the position of Assistant General Manager responsible for Credit Cards and Consumer Lending is appointed as Assistant General Manager responsible for Retail Banking, Credit Cards and Consumer Lending as of January 30, 2009.
- (9) Erhan Özçelik who is Assistant General Manager responsible for Private Banking and International Operations is appointed as Assistant General Manager responsible for Private Banking and functions related to subsidiaries, Yapı Kredi Asset Management and Yapı Kredi Invest as of January 30, 2009.

27. Remuneration of the Board of Directors

Members of the Board of Directors receive dividend 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.





Part III

Unconsolidated Financial Information and Risk Management Assessment

Statutory Auditors' Report

To the Annual General Meeting of Yapı ve Kredi Bankası A.Ş.,

| | |
|------------------------|---|
| * Title of the Company | : Yapı ve Kredi Bankası A.Ş. |
| * Headquarters | : Yapı Kredi Plaza D Blok Levent-Istanbul |
| * Capital | : YTL 4.347.051.284,10 |
| * Sector | : Banking |

Auditors' names, their terms of office and partnership status:

| Name-Surname | Term of Office |
|------------------|-----------------------|
| M. Erkan Özdemir | 01.01.2008-19.03.2008 |
| Abdullah Geçer | 19.03.2008-31.12.2008 |
| Adil G. Öztoprak | 01.01.2008-31.12.2008 |

Status of Association: Abdullah Geçer and Adil G. Öztoprak are not shareholders or employees of the Bank. M. Erkan Özdemir, who served as an Auditor between 01.01.2008 and 19.03.2008, was not a shareholder or an employee of the Bank during his term of office; however, he was appointed as the Assistant General Manager in the bank on 01.04.2008 and currently continues to serve at the mentioned position.

* Number of Board of Directors meetings attended and Board of Auditors meetings held: The Auditors have attended all the meetings held by the Board of Directors during the course of the year, and the Audit Board has convened for eight times in the mean time.

* Scope, duration and results of the auditing undertaken on the Company's accounts, ledgers and documents irregularities: The bank's accounts, books and documents have been reviewed for six times by various intervals, as a consequence of which any irregularities have not been detected, and it has been established that the Bank's balance sheet and income statement have been drawn up in accordance with the applicable principles and procedures.

* Number and results of cash counts conducted in accordance with Turkish Commercial Code Article 252, Paragraph 1, Item 3: The teller at the bank's head office has been subjected to unannounced cash counts for 5 times under the supervision of the Auditors on different dates, as a consequence of which the cash balances have been found to in conformity to the relevant records.

* Reported complaints and frauds, including any action taken : No denouncements and/or complaints have been reported to the Audit Board throughout the accounting year.

We have reviewed and audited the accounts held and the transactions performed by Yapı ve Kredi Bankası A.Ş. throughout the accounting year between 01.01.2008 and 31.12.2008 with respect to and under the Turkish Code of Commerce, the Banking Law, the Articles of Association of the concerned as well as other relevant legislations and the generally accepted accounting principles and standards.

In that regards, we believe that the attached balance sheet drawn up as of 31.12.2008, with the contents of which we agree, truly and accurately reflects the financial status of the company by the said date; and the income statement for the accounting year between 01.01.2008 and 31.12.2008 truly and accurately reflects the operating results for the said year; and that the proposal regarding the distribution of profits is in compliance with the applicable laws and the company's Articles of Association.

We, therefore, hereby submit the approval of the balance sheet and the income statement and the acquittal of the Board of Directors to your voting discretion.
10.03.2009

Auditor
Abdullah Geçer



Auditor
Adil G. Öztoprak



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

The vision of the 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, internal audit department received the best opinion in conformity with international audit standards by the Quality Assessment Review of Deloitte in 2007.

The internal audit department continued to undertake projects in 2008 in order to maintain effectiveness and efficiency of audits. As of 2008, the branch audit group initiated the centralised audit project, or F-10, with the goal of reducing branch audit duration to an average of ten days. Increased effectiveness in risk-based audit and reinforced remote/centralised audit were identified as the pillars of the project. With the project, a significant cost saving is also expected. At the end of the year, the branch audit group accomplished the project goals and average time spent at the branch was reduced. A centralised audit team was established, which also achieved standardisation in audits. In addition, the credit and operational sampling method, which allows focusing on more risky customers and transactions during audits, was implemented.

With its 121 experienced employees, the internal audit department is responsible for performing audits of the Bank and its subsidiaries to ensure compliance with internal regulations and procedures, local laws 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 approach: regular audit, process audit, investigations and follow-up audit. Audit reports containing risks identified as a result of the audit are submitted to the senior management.

Regular audits and the majority of the process audits to be performed each year are scheduled based on an annual audit plan. For the annual audit plan preparation, business units risk assessment meetings are organized 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 and the internal control group submit reports to the Board of Directors, via the audit committee, at least four times a year.


In 2008, the internal audit department exceeded its targets by auditing 622 branches versus its annual goal of 600. Moreover, the internal audit department performed 74 regular/process/follow-up Head Office department audits and 140 regular/process/follow-up/agency subsidiary audits, thus completing all planned audits. In addition, 75 unplanned audits and follow-up audits as well as 83 investigations/inquiries were performed.

Internal control activities are carried out by the internal control group, which directly reports to the Board of Directors of the Bank. In 2008, the main control areas titled treasury, credits, credit cards, accounting, financial reporting, payments and expenses, branches and operations 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 & anti money laundering department continued to make significant contributions through its automated tools and periodic controls aimed at preventing money laundering and frauds.

The internal control group consists of 26 employees including the head of the group. Within the specified main control areas and work schedule, the group performs daily, weekly, monthly and quarterly 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 order to prevent money laundering and fight fraud effectively, the most advanced systems are deployed. In 2008, the internal control group conducted branch visits and began on-site controls. In this period, 42 branch visits were made and the findings done centrally, documents were checked in branches. Pursuant to BRSA regulations, on-site controls through branch visits will continue in 2009.

In 2008, the Bank managed to keep the risk/return balance at an optimum level and was minimally impacted by the global market fluctuations thanks to long-term borrowings, interest rate swaps and a securities portfolio consisting almost entirely of held-to-maturity securities. Risk limits, set in accordance with the risk tolerance of the Bank, were monitored on a daily basis, limit breaches were immediately reported to the senior management, and it was ensured that necessary actions were taken by the asset and liability committee. The short-term liquidity position is monitored daily to keep within the limits whereas structural liquidity is monitored on a monthly basis. Liquidity risk is measured and reported timely, so as to allow related units to take precautionary measures. Inscribed liquidity risk policies established the necessary framework for liquidity management while ensuring that the balance between profitability and liquidity is maintained and liabilities can be met. Additionally, the Bank began to develop a new software program that is Basel II-compliant and that can perform dynamic analyses for more effective management of structural interest rate risk that arises naturally as a result of banking operations.

Yapı Kredi's goal is to implement advanced measurement approaches of Basel II and related measurement systems in operational risk management. As part of the Basel II operational risk project, the Bank has been collecting data on internal operational risks for the last five years. Data on internal losses are being collected from various departments and branches using web-based systems. Key risk indicators and scenario analysis studies for measuring and managing the impacts of unrealized potential operational risks were completed in 2008. A risk-based insurance management approach was used for minimizing the main operational risks that the Bank is exposed to. Potential risk evaluations were made before launching new products and services, and the findings were shared with related departments so that necessary measures could be taken. Besides, the Business Continuity Management (BCM) Project undertaken with a specialized consulting company was completed in 2008 and the new web-based, Basel II-compliant BCM software was put in operation. The business continuity management policy was approved by the Board of Directors.



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

The credit policy directive reflecting the Bank's approach to risk taking has been updated and approved by the Board of Directors and became operational in 2008. The credit policy directive currently in effect includes organisation-wide common standards, limitations and principles to be followed throughout the lending activities to improve the asset quality, as well as supporting effective risk management and complying with legal practices.

A variety of projects were conducted in 2008 to improve and develop credit risk management practices. Enhancements and further developments were made in existing lending, monitoring, and elimination tools so as to encompass the Bank's loans in all segments. The loans database and the scope of the aforementioned credit risk management tools were expanded as part of Basel II compliance efforts. A new scorecard was developed that allows default probability calculations within the existing lending module for the SME segment. Consequently, SME segment risk parameters can now be obtained with the system support as well.

Projects continued in 2008 to achieve compliance both with the standards of the Group and with advanced Basel II methods. In 2009, efforts will carry on as per the Bank's Basel II roadmap to develop methods based on internal ratings. In addition, efforts and calculations on methods based on external rating were completed in 2008. Furthermore, throughout 2008 the Bank's senior management was kept informed about all developments taking place in the area of credit risk management through regular monthly and quarterly reports.



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Serbest Muhasebeci Mali Müşavirlik A.Ş.**
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**CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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") at 31 December 2008 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' 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 of 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with 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.

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

Zeynep Uras, SMMM

Istanbul, 6 March 2009

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report Originally Issued In Turkish, See In Note I. of Section Three

The Unconsolidated Financial Report of Yapı ve Kredi Bankası A.Ş. as of 31 December 2008

Yapı ve Kredi Bankası A.Ş.
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The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **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 AND NOTES
- **Section seven** - EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of **New Turkish Lira ("YTL")**, 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 and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Dr. Bülent BULGURLU
Chairman of the
Board of Directors

Tayfun BAYAZIT
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

Mehmet Gökmen UÇAR
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Herbert HANGEL
Member of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

Name-Surname/Title : Aysel GÜRSOY/Head of Regulatory Reporting Section

Telephone Number : 0212 339 63 29

Fax Number : 0212 339 61 05

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YAPI VE KREDİ BANKASI A.Ş.

Notes to Unconsolidated

Financial Statements at 31 December 2008

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

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 on 9 September 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 OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 31 December 2008, 18,20% shares of the Bank are publicly traded (2007: 18,21%). The Bank's publicly traded shares are traded in ISE and the representatives of these shares, Global Depository Receipts, are quoted to London Stock Exchange. 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 22 October 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 the shares of the Bank from the ISE and the shares of an investment fund. During the same year, all rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been realised. After the merger and the share transfer procedures, the share of KFS in YKB has increased to 81,79%, as of 15 December 2008, with the completion of capital increase by YTL920.000.000, KFS's shares in YKB increased from 81,79% to 81,80%.

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS:

As of 31 December 2008, the 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 | Education Level |
|------------------------------------|-------------------------|-----------------|
| Bülent BULGURLU | Chairman | PhD |
| Federico GHIZZONI | Vice Chairman | Undergraduate |
| Tayfun BAYAZIT | Chief Executive Officer | Graduate |
| Alessandro M. DECIO ⁽¹⁾ | Chief Operating Officer | Graduate |
| Ahmet F. ASHABOĞLU | Member | Undergraduate |
| Fusun Akkal BOZOK | Member | PhD |
| Herbert HANGEL | Member | Graduate |
| Ranieri De MARCHIS | Member | Undergraduate |
| Aykut Ümit TAFTALI | Member | Undergraduate |
| Stephan WINKELMEIER | Member | Undergraduate |

Convenience Translation of Publicly Announced Unconsolidated Financial Statements Originally Issued in Turkish, See Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2008

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

General Manager and Vice General Managers:

| Name | Responsibility | Education Level |
|---|---|-----------------|
| Tayfun BAYAZIT | General Manager | Graduate |
| Mehmet Güray ALPKAYA ⁽¹⁾ | Risk Management | Graduate |
| Hamit AYDOĞAN ⁽²⁾ | Corporate Banking Management | Undergraduate |
| Marco CRAVARIO | Financial Planning, Administration and Control Management | Graduate |
| Mehmet Murat ERMERT | Corporate Identity and Communication Management | Undergraduate |
| Massimiliano FOSSATI ⁽¹⁾ | Corporate and Commercial Credit Management | Graduate |
| Mert GÜVENEN ⁽¹⁾ | Commercial Banking Management | Graduate |
| Süleyman Cihangir KAVUNCU | Human Resources Management | Graduate |
| Fahri ÖBEK | Information Technology Management | Graduate |
| Erhan ÖZÇELİK ⁽¹⁾ | Private Banking and Foreign Operations Management | Undergraduate |
| Mehmet Erkan ÖZDEMİR | Compliance Officer | Undergraduate |
| Muzaffer ÖZTÜRK (ad interim) ⁽¹⁾ | Retail Sales Management | Undergraduate |
| Stefano PERAZZINI | Internal Audit | Undergraduate |
| Luca RUBAGA | Organisation, Logistics and Cost Management | Undergraduate |
| Cemal Aybars SANAL | Legal Activities Management | Undergraduate |
| Zeynep Nazan SOMER ⁽¹⁾ | Credit Cards and Consumer Lending Management | Undergraduate |
| Selim Hakkı TEZEL | Consumer and SME Lending Management | Undergraduate |
| Mert YAZICIOĞLU | Treasury Management | Graduate |

Audit Committee Members:

| Name | Responsibility | Education Level |
|-----------------------------------|----------------|-----------------|
| Ranieri De MARCHIS | Chairman | Undergraduate |
| Ahmet F. ASHABOĞLU ⁽³⁾ | Member | Undergraduate |
| Herbert HANGEL | Member | Graduate |

Statutory auditors:

| Name | Responsibility | Education Level |
|------------------|----------------|-----------------|
| Abdullah GEÇER | Auditor | Graduate |
| Adil G. ÖZTOPRAK | Auditor | Undergraduate |

⁽¹⁾ As explained in Note X of Section Five, as of 30 January 2009 the change was occurred in their assignments.

⁽²⁾ As explained in Note X of Section Five, the attribution was accepted according to decision of the Board of Directors dated 30 January 2009.

⁽³⁾ As explained in Note X of Section Five, decision of the Board of Directors dated 28 January 2009, Füsün Akkal Bozok was assigned in lieu of Ahmet F. Ashaboğlu as the member of audit committee.

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

IV. INFORMATION ON QUALIFIED SHAREHOLDERS:

| 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 Law, regulations and existing laws; includes:

- all banking activities
- 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
- 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 obtainment of the authorisations required by law.

As of 31 December 2008, the Bank has 860 branches operating in Turkey, 1 branch in off-shore region (2007: 675 branches operating in Turkey, 1 branch in off-shore region and 1 representative offices operating abroad) and 14.795 employees (2007: 14.249 employees).

Convenience Translation of Publicly Announced Unconsolidated
Financial Statements Originally Issued in Turkish, See Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Financial Statements

At 31 December 2008 and 2007

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET

| | | (31/12/2008) | | | (31/12/2007) | | |
|--|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | Note (Section Five) | YTL | FC | Total | YTL | FC | Total |
| I. CASH BALANCES WITH CENTRAL BANK | I-a | 1.854.691 | 2.663.952 | 4.518.643 | 1.640.591 | 2.048.074 | 3.688.665 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net) | I-b | 457.849 | 208.976 | 666.825 | 38.724 | 190.218 | 228.942 |
| 2.1 Trading Financial Assets | | 80.161 | 198.090 | 278.251 | 3.317 | 179.823 | 183.140 |
| 2.1.1 Government Debt Securities | | 80.161 | 162.545 | 242.706 | 3.317 | 179.823 | 183.140 |
| 2.1.2 Share Certificates | | - | - | - | - | - | - |
| 2.1.3 Other Marketable Securities | | - | 35.545 | 35.545 | - | - | - |
| 2.2 Financial Assets Designated at Fair Value through Profit or (Loss) | | - | - | - | - | - | - |
| 2.2.1 Government Debt Securities | | - | - | - | - | - | - |
| 2.2.2 Share Certificates | | - | - | - | - | - | - |
| 2.2.3 Other Marketable Securities | | - | - | - | - | - | - |
| 2.3 Trading Derivative Financial Assets | | 377.688 | 10.886 | 388.574 | 35.407 | 10.395 | 45.802 |
| III. BANKS | I-c | 28.237 | 2.136.232 | 2.164.469 | 47.846 | 683.129 | 730.975 |
| IV. MONEY MARKETS | | 40.358 | - | 40.358 | - | - | - |
| 4.1 Interbank Money Market Placements | | - | - | - | - | - | - |
| 4.2 Receivables from Istanbul Stock Exchange Money Market | | 40.358 | - | 40.358 | - | - | - |
| 4.3 Receivables from Reverse Repurchase Agreements | | - | - | - | - | - | - |
| V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) | I-d | 396.818 | 590.517 | 987.335 | 207.958 | 71.906 | 279.864 |
| 5.1 Share Certificates | | 894 | 21.992 | 22.886 | 2.063 | 26.873 | 28.936 |
| 5.2 Government Debt Securities | | 348.688 | 368.371 | 717.059 | 159.064 | 36.314 | 195.378 |
| 5.3 Other Marketable Securities | | 47.236 | 200.154 | 247.390 | 46.831 | 8.719 | 55.550 |
| VI. LOANS | I-e | 25.306.957 | 13.365.995 | 38.672.952 | 19.575.498 | 8.933.383 | 28.508.881 |
| 6.1 Loans | | 24.666.063 | 13.362.720 | 38.028.783 | 19.228.559 | 8.933.326 | 28.161.885 |
| 6.1.1 Bank's risk group | | 240.354 | 327.362 | 567.716 | 208.630 | 190.931 | 399.561 |
| 6.1.2 Other | | 24.425.709 | 13.035.358 | 37.461.067 | 19.019.929 | 8.742.395 | 27.762.324 |
| 6.2 Loans under Follow-up | | 1.678.011 | 35.019 | 1.713.030 | 1.736.839 | 2.416 | 1.739.255 |
| 6.3 Specific Provisions (-) | | (1.037.117) | (31.744) | (1.068.861) | (1.389.900) | (2.359) | (1.392.259) |
| VII. FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. HELD-TO-MATURITY SECURITIES (Net) | I-f | 5.694.224 | 5.834.785 | 11.529.009 | 6.205.305 | 5.837.681 | 12.042.986 |
| 8.1 Government Debt Securities | | 5.694.224 | 5.834.785 | 11.529.009 | 6.205.305 | 5.837.681 | 12.042.986 |
| 8.2 Other Marketable Securities | | - | - | - | - | - | - |
| IX. INVESTMENTS IN ASSOCIATES (Net) | I-g | 3.940 | 43.404 | 47.344 | 2.658 | 43.404 | 46.062 |
| 9.1 Consolidated Based on Equity Method | | - | - | - | - | - | - |
| 9.2 Unconsolidated | | 3.940 | 43.404 | 47.344 | 2.658 | 43.404 | 46.062 |
| 9.2.1 Financial Investments in Associates | | 3.940 | 43.404 | 47.344 | 2.658 | 43.404 | 46.062 |
| 9.2.2 Non-financial Investments in Associates | | - | - | - | - | - | - |
| X. SUBSIDIARIES (Net) | I-h | 1.422.377 | 389.148 | 1.811.525 | 1.233.760 | 188.082 | 1.421.842 |
| 10.1 Unconsolidated Financial Subsidiaries | | 1.420.077 | 389.148 | 1.809.225 | 1.231.460 | 188.082 | 1.419.542 |
| 10.2 Unconsolidated Non-financial Subsidiaries | | 2.300 | - | 2.300 | 2.300 | - | 2.300 |
| XI. JOINT VENTURES (Net) | | - | - | - | - | - | - |
| 11.1 Accounted Based on Equity Method | | - | - | - | - | - | - |
| 11.2 Unconsolidated | | - | - | - | - | - | - |
| 11.2.1 Financial Joint Ventures | | - | - | - | - | - | - |
| 11.2.2 Non-financial Joint Ventures | | - | - | - | - | - | - |
| XII. FINANCIAL LEASE RECEIVABLES (Net) | | - | - | - | - | - | - |
| 12.1 Financial Lease Receivables | | - | - | - | - | - | - |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | - | - | - | - | - | - |
| XIII. HEDGING DERIVATIVE FINANCIAL ASSETS | I-i | - | - | - | 1.018 | 666 | 1.684 |
| 13.1 Fair Value Hedge | | - | - | - | 1.018 | 666 | 1.684 |
| 13.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 13.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XIV. PROPERTY AND EQUIPMENT (Net) | I-j | 1.142.676 | - | 1.142.676 | 1.068.086 | - | 1.068.086 |
| XV. INTANGIBLE ASSETS (Net) | I-k | 1.151.072 | - | 1.151.072 | 1.187.125 | - | 1.187.125 |
| 15.1 Goodwill | | 979.493 | - | 979.493 | 979.493 | - | 979.493 |
| 15.2 Other | | 171.579 | - | 171.579 | 207.632 | - | 207.632 |
| XVI. INVESTMENT PROPERTY (Net) | | - | - | - | - | - | - |
| XVII. TAX ASSET | | 186.906 | - | 186.906 | 207.799 | - | 207.799 |
| 17.1 Current Tax Asset | | 15.159 | - | 15.159 | - | - | - |
| 17.2 Deferred Tax Asset | I-l | 171.747 | - | 171.747 | 207.799 | - | 207.799 |
| XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net) | I-m | 88.332 | - | 88.332 | 59.629 | 48.734 | 108.363 |
| 18.1 Held for sale Purposes | | 88.332 | - | 88.332 | 59.629 | 48.734 | 108.363 |
| 18.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | I-n | 435.067 | 280.620 | 715.687 | 269.159 | 350.157 | 619.316 |
| TOTAL ASSETS | | 38.209.504 | 25.513.629 | 63.723.133 | 31.745.156 | 18.395.434 | 50.140.590 |

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

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Financial Statements

At 31 December 2008 and 2007

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

I. BALANCE SHEET

| | | (31/12/2008) | | | (31/12/2007) | | |
|---|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Note (Section Five) | YTL | FC | Total | YTL | FC | Total |
| I. DEPOSITS | II-a | 24.695.882 | 17.009.447 | 41.705.329 | 18.863.332 | 13.302.621 | 32.165.953 |
| 1.1 Deposits of Bank's risk group | | 1.602.990 | 2.599.818 | 4.202.808 | 1.386.568 | 1.444.162 | 2.830.730 |
| 1.2 Other | | 23.092.892 | 14.409.629 | 37.502.521 | 17.476.764 | 11.858.459 | 29.335.223 |
| II. TRADING DERIVATIVE FINANCIAL LIABILITIES | II-b | 177.384 | 24.722 | 202.106 | 185.086 | 6.501 | 191.587 |
| III. BORROWINGS | II-c | 1.162.959 | 5.000.877 | 6.163.836 | 179.267 | 4.056.734 | 4.236.001 |
| IV. MONEY MARKETS | | 150.233 | 236.709 | 386.942 | 1.572.724 | 204.890 | 1.777.614 |
| 4.1 Funds from Interbank Money Market | | - | - | - | - | - | - |
| 4.2 Funds from Istanbul Stock Exchange Money Market | | - | - | - | 150.980 | - | 150.980 |
| 4.3 Funds Provided Under Repurchase Agreements | | 150.233 | 236.709 | 386.942 | 1.421.744 | 204.890 | 1.626.634 |
| V. MARKETABLE SECURITIES ISSUED (Net) | | - | - | - | - | - | - |
| 5.1 Bills | | - | - | - | - | - | - |
| 5.2 Asset Backed Securities | | - | - | - | - | - | - |
| 5.3 Bonds | | - | - | - | - | - | - |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrower funds | | - | - | - | - | - | - |
| 6.2 Other | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | | 2.335.129 | 241.210 | 2.576.339 | 2.058.983 | 149.909 | 2.208.892 |
| VIII. OTHER LIABILITIES | II-d | 474.130 | 1.013.190 | 1.487.320 | 440.584 | 497.434 | 938.018 |
| IX. FACTORING PAYABLES | | - | - | - | - | - | - |
| X. FINANCIAL LEASE PAYABLES (Net) | | 1.917 | 6.022 | 7.939 | - | 23.594 | 23.594 |
| 10.1 Financial Lease Payables | II-e | 1.939 | 6.414 | 8.353 | - | 24.540 | 24.540 |
| 10.2 Operational Lease Payables | | - | - | - | - | - | - |
| 10.3 Other | | - | - | - | - | - | - |
| 10.4 Deferred Financial Lease Expenses (-) | | (22) | (392) | (414) | - | (946) | (946) |
| XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES | II-f | - | - | - | 27.786 | - | 27.786 |
| 11.1 Fair Value Hedge | | - | - | - | 27.786 | - | 27.786 |
| 11.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 11.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XII. PROVISIONS | II-g | 1.662.615 | 285.424 | 1.948.039 | 1.495.813 | 261.611 | 1.757.424 |
| 12.1 General Loan Loss Provision | | 408.036 | 247.396 | 655.432 | 433.346 | 232.548 | 665.894 |
| 12.2 Restructuring Provisions | | - | - | - | - | - | - |
| 12.3 Reserve for Employee Rights | | 138.307 | - | 138.307 | 126.225 | - | 126.225 |
| 12.4 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 12.5 Other Provisions | | 1.116.272 | 38.028 | 1.154.300 | 936.242 | 29.063 | 965.305 |
| XIII. TAX LIABILITY | II-h | 171.635 | - | 171.635 | 137.058 | - | 137.058 |
| 13.1 Current Tax Liability | | 171.635 | - | 171.635 | 137.058 | - | 137.058 |
| 13.2 Deferred Tax Liability | | - | - | - | - | - | - |
| XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS | | - | - | - | - | - | - |
| 14.1 Held for sale purpose | | - | - | - | - | - | - |
| 14.2 Related to discontinued operations | | - | - | - | - | - | - |
| XV. SUBORDINATED LOANS | II-i | - | 2.220.601 | 2.220.601 | - | 1.772.914 | 1.772.914 |
| XVI. SHAREHOLDERS' EQUITY | II-j | 6.830.322 | 22.725 | 6.853.047 | 4.860.522 | 43.227 | 4.903.749 |
| 16.1 Paid-in Capital | | 4.347.051 | - | 4.347.051 | 3.427.051 | - | 3.427.051 |
| 16.2 Capital Reserves | | 573.937 | 22.725 | 596.662 | 551.679 | 43.227 | 594.906 |
| 16.2.1 Share Premium | | 543.881 | - | 543.881 | 541.633 | - | 541.633 |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Marketable Securities Valuation Differences | II-k | 11.543 | 22.725 | 34.268 | 4.748 | 43.227 | 47.975 |
| 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 (business partners) | | - | - | - | - | - | - |
| 16.2.8 Hedging funds (Effective portion) | | - | - | - | - | - | - |
| 16.2.9 Value increase in property and equipment held for sale and related to discontinued operations | | - | - | - | - | - | - |
| 16.2.10 Other capital reserves | | 18.513 | - | 18.513 | 5.298 | - | 5.298 |
| 16.3 Profit Reserves | | 866.733 | - | 866.733 | 343.184 | - | 343.184 |
| 16.3.1 Legal Reserves | | 44.089 | - | 44.089 | 17.159 | - | 17.159 |
| 16.3.2 Status Reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | 822.644 | - | 822.644 | 326.025 | - | 326.025 |
| 16.3.4 Other Profit Reserves | | - | - | - | - | - | - |
| 16.4 Income or (Loss) | | 1.042.601 | - | 1.042.601 | 538.608 | - | 538.608 |
| 16.4.1 Prior Years' Income or (Loss) | | - | - | - | (170.577) | - | (170.577) |
| 16.4.2 Current Year Income or (Loss) | | 1.042.601 | - | 1.042.601 | 709.185 | - | 709.185 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 37.662.206 | 26.060.927 | 63.723.133 | 29.821.155 | 20.319.435 | 50.140.590 |

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

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Financial Statements

At 31 December 2008 and 2007

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

II. INCOME STATEMENTS

| INCOME AND EXPENSE ITEMS | Note (Section Five) | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|------------------------|--------------------|--------------------|
| I. INTEREST INCOME | III-a | 7.023.786 | 6.059.185 |
| 1.1 Interest on Loans | III-a-1 | 5.206.590 | 4.070.672 |
| 1.2 Interest Received from Reserve Requirements | | 217.121 | 189.066 |
| 1.3 Interest Received from Banks | III-a-2 | 67.070 | 85.958 |
| 1.4 Interest Received from Money Market Transactions | | 40.792 | 10.271 |
| 1.5 Interest Received from Marketable Securities Portfolio | III-a-3 | 1.475.269 | 1.631.977 |
| 1.5.1 Trading Financial Assets | | 17.298 | 20.230 |
| 1.5.2 Financial Assets at Fair Value through Profit or (Loss) | | - | - |
| 1.5.3 Available-for-sale Financial Assets | | 48.437 | 28.579 |
| 1.5.4 Held to Maturity Investments | | 1.409.534 | 1.583.168 |
| 1.6 Financial Lease Income | | - | - |
| 1.7 Other Interest Income | | 16.944 | 71.241 |
| II. INTEREST EXPENSE | III-b | (4.608.669) | (3.936.467) |
| 2.1 Interest on Deposits | III-b-3 | (4.039.528) | (3.303.943) |
| 2.2 Interest on Funds Borrowed | III-b-1 | (472.600) | (390.007) |
| 2.3 Interest Expense on Money Market Transactions | | (94.337) | (236.430) |
| 2.4 Interest on Securities Issued | | - | - |
| 2.5 Other Interest Expenses | | (2.204) | (6.087) |
| III. NET INTEREST INCOME (I + II) | | 2.415.117 | 2.122.718 |
| IV. NET FEES AND COMMISSIONS INCOME | | 1.262.736 | 973.785 |
| 4.1 Fees and Commissions Received | | 1.552.002 | 1.230.032 |
| 4.1.1 Non-cash Loans | | 151.400 | 129.827 |
| 4.1.2 Other | | 1.400.602 | 1.100.205 |
| 4.2 Fees and Commissions Paid | | (289.266) | (256.247) |
| 4.2.1 Non-cash Loans | | (85) | (70) |
| 4.2.2 Other | | (289.181) | (256.177) |
| V. DIVIDEND INCOME | III-c | 205.969 | 38.617 |
| VI. TRADING INCOME/(LOSS) (Net) | III-d | (5.164) | 73.083 |
| 6.1 Trading Gains/(Losses) on Securities | | 304.234 | (200.876) |
| 6.2 Foreign Exchange Gains/(Losses) | | (309.398) | 273.959 |
| VII. OTHER OPERATING INCOME | III-e | 367.180 | 218.812 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 4.245.838 | 3.427.015 |
| IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | III-f | (552.583) | (420.140) |
| X. OTHER OPERATING EXPENSES (-) | III-g | (2.358.590) | (2.154.010) |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 1.334.665 | 852.865 |
| XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER | | - | - |
| XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD | | - | - |
| XIV. INCOME/(LOSS) ON NET MONETARY POSITION | | - | - |
| XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV) | III-h | 1.334.665 | 852.865 |
| XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±) | III-i | (292.064) | (143.680) |
| 16.1 Current Tax Provision | | (207.854) | (217.406) |
| 16.2 Deferred Tax Provision | | (84.210) | 73.726 |
| XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI) | | 1.042.601 | 709.185 |
| 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 partners) | | - | - |
| 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 partners) | | - | - |
| 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) | III-j | 1.042.601 | 709.185 |
| Earnings/(Loss) per share | | 0,0030 | 0,0022 |

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

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Financial Statements

At 31 December 2008 and 2007

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

III. OFF-BALANCE SHEET COMMITMENTS

| | Note (Section five) | (31/12/2008) | | | (31/12/2007) | | |
|---|------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| | | YTL | FC | Total | YTL | FC | Total |
| A. OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 26.640.877 | 22.759.301 | 49.400.178 | 22.155.591 | 14.192.776 | 36.348.367 |
| I. GUARANTEES AND WARRANTIES | IV-a-2,3 | 6.041.331 | 10.268.520 | 16.309.851 | 5.797.524 | 7.953.203 | 13.750.727 |
| 1.1 Letters of Guarantee | | 6.037.727 | 6.980.118 | 13.017.845 | 5.772.747 | 5.062.683 | 10.835.430 |
| 1.1.1 Guarantees Subject to State Tender Law | | 440.708 | 533.824 | 974.532 | 437.494 | 409.529 | 847.023 |
| 1.1.2 Guarantees Given for Foreign Trade Operations | | 662.959 | 6.446.294 | 7.109.253 | 650.971 | 4.653.154 | 5.304.125 |
| 1.1.3 Other Letters of Guarantee | | 4.934.060 | - | 4.934.060 | 4.684.282 | - | 4.684.282 |
| 1.2 Bank Acceptances | | - | 211.367 | 211.367 | - | 184.493 | 184.493 |
| 1.2.1 Import Letter of Acceptance | | - | 211.367 | 211.367 | - | 184.493 | 184.493 |
| 1.2.2 Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3 Letters of Credit | | 547 | 2.635.375 | 2.635.922 | 787 | 2.009.776 | 2.010.563 |
| 1.3.1 Documentary Letters of Credit | | 547 | 2.635.375 | 2.635.922 | 787 | 2.009.776 | 2.010.563 |
| 1.3.2 Other Letters of Credit | | - | - | - | - | - | - |
| 1.4 Prefinancing Given as Guarantee | | 143 | 2.017 | 2.160 | 143 | 1.553 | 1.696 |
| 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 | | 2.914 | 250.224 | 253.138 | 23.847 | 548.393 | 572.240 |
| 1.9 Other Collaterals | | - | 189.419 | 189.419 | - | 146.305 | 146.305 |
| II. COMMITMENTS | IV-a-1 | 14.710.049 | 1.055.723 | 15.765.772 | 13.330.953 | 852.372 | 14.183.325 |
| 2.1 Irrevocable Commitments | | 14.710.049 | 1.055.723 | 15.765.772 | 13.330.953 | 852.372 | 14.183.325 |
| 2.1.1 Asset Purchase and Sale Commitments | | - | 446.310 | 446.310 | - | 431.565 | 431.565 |
| 2.1.2 Deposit Purchase and Sales Commitments | | 62.765 | 58.976 | 121.741 | - | - | - |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4 Loan Granting Commitments | | 1.914.608 | 542.492 | 2.457.100 | 1.482.180 | 420.760 | 1.902.940 |
| 2.1.5 Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6 Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.7 Commitments for Cheques | | 1.391.826 | - | 1.391.826 | 1.359.423 | - | 1.359.423 |
| 2.1.8 Tax and Fund Liabilities from Export Commitments | | 40.495 | - | 40.495 | 39.945 | - | 39.945 |
| 2.1.9 Commitments for Credit Card Limits | | 11.244.536 | - | 11.244.536 | 10.449.281 | - | 10.449.281 |
| 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 | | 55.819 | 7.945 | 63.764 | 124 | 47 | 171 |
| 2.2 Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1 Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2 Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | IV-c,d | 5.889.497 | 11.435.058 | 17.324.555 | 3.027.114 | 5.387.201 | 8.414.315 |
| 3.1 Hedging Derivative Financial Instruments | | - | - | - | 119.763 | 102.004 | 221.767 |
| 3.1.1 Transactions for Fair Value Hedge | | - | - | - | 119.763 | 102.004 | 221.767 |
| 3.1.2 Transactions for Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3 Transactions for Foreign Net Investment Hedge | | - | - | - | - | - | - |
| 3.2 Trading Transactions | | 5.889.497 | 11.435.058 | 17.324.555 | 2.907.351 | 5.285.197 | 8.192.548 |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions | | 1.256.956 | 2.828.652 | 4.085.608 | 955.130 | 1.235.526 | 2.190.656 |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy | | 542.322 | 1.496.768 | 2.039.090 | 375.653 | 713.805 | 1.089.458 |
| 3.2.1.2 Forward Foreign Currency Transactions-Sell | | 714.634 | 1.331.884 | 2.046.518 | 579.477 | 521.721 | 1.101.198 |
| 3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates | | 4.197.395 | 7.958.836 | 12.156.231 | 1.069.229 | 2.923.019 | 3.992.248 |
| 3.2.2.1 Foreign Currency Swap-Buy | | 3.185.007 | 674.435 | 3.859.442 | 305.407 | 956.634 | 1.262.041 |
| 3.2.2.2 Foreign Currency Swap-Sell | | 291.016 | 3.295.374 | 3.586.390 | 40.000 | 1.222.741 | 1.262.741 |
| 3.2.2.3 Interest Rate Swap-Buy | | 33.375 | 2.362.490 | 2.395.865 | 33.375 | 646.700 | 680.075 |
| 3.2.2.4 Interest Rate Swap-Sell | | 687.997 | 1.626.537 | 2.314.534 | 690.447 | 96.944 | 787.391 |
| 3.2.3 Foreign Currency, Interest rate and Securities Options | | 435.146 | 642.300 | 1.077.446 | 882.981 | 1.124.248 | 2.007.229 |
| 3.2.3.1 Foreign Currency Options-Buy | | 118.700 | 265.772 | 384.472 | 431.680 | 568.325 | 1.000.005 |
| 3.2.3.2 Foreign Currency Options-Sell | | 156.254 | 229.088 | 385.342 | 445.729 | 555.923 | 1.001.652 |
| 3.2.3.3 Interest Rate Options-Buy | | - | 147.440 | 147.440 | - | - | - |
| 3.2.3.4 Interest Rate Options-Sell | | 119.000 | - | 119.000 | - | - | - |
| 3.2.3.5 Securities Options-Buy | | 17.816 | - | 17.816 | 3.240 | - | 3.240 |
| 3.2.3.6 Securities Options-Sell | | 23.376 | - | 23.376 | 2.332 | - | 2.332 |
| 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 | | - | - | - | - | - | - |
| 3.2.5.1 Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2 Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6 Other | | - | 5.270 | 5.270 | 11 | 2.404 | 2.415 |
| B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 74.252.218 | 14.512.155 | 88.764.373 | 71.401.397 | 9.219.570 | 80.620.967 |
| IV. ITEMS HELD IN CUSTODY | | 50.797.768 | 1.469.385 | 52.267.153 | 53.411.780 | 999.643 | 54.411.423 |
| 4.1 Customer Fund and Portfolio Balances | | - | 106 | 106 | - | 2.603 | 2.603 |
| 4.2 Investment Securities Held in Custody | | 44.107.219 | 1.220.900 | 45.328.119 | 45.505.901 | 791.271 | 46.297.172 |
| 4.3 Checks Received for Collection | | 5.305.825 | 36.725 | 5.342.550 | 4.797.997 | 26.350 | 4.824.347 |
| 4.4 Commercial Notes Received for Collection | | 1.384.724 | 190.029 | 1.574.753 | 3.106.718 | 154.172 | 3.260.890 |
| 4.5 Other Assets Received for Collection | | - | 21.625 | 21.625 | - | 25.247 | 25.247 |
| 4.6 Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7 Other Items Under Custody | | - | - | - | - | - | - |
| 4.8 Custodians | | - | - | - | 1.164 | - | 1.164 |
| V. PLEDGES RECEIVED | | 22.453.712 | 12.365.927 | 34.819.639 | 16.985.999 | 7.413.664 | 24.399.663 |
| 5.1 Marketable Securities | | 183.456 | 184 | 183.640 | 342.775 | 434 | 343.209 |
| 5.2 Guarantee Notes | | 330.692 | 352.168 | 682.860 | 304.997 | 223.708 | 528.705 |
| 5.3 Commodity | | 11.280 | - | 11.280 | 7.609 | - | 7.609 |
| 5.4 Warranty | | - | - | - | - | - | - |
| 5.5 Immovable | | 14.200.107 | 8.152.065 | 22.352.172 | 10.769.129 | 5.275.952 | 16.045.081 |
| 5.6 Other Pledged Items | | 7.728.177 | 3.858.803 | 11.586.980 | 5.561.240 | 1.911.476 | 7.472.716 |
| 5.7 Pledged Items-Depository | | - | 2.707 | 2.707 | 249 | 2.094 | 2.343 |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | 1.000.738 | 676.843 | 1.677.581 | 1.003.618 | 806.263 | 1.809.881 |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | 100.893.095 | 37.271.456 | 138.164.551 | 93.556.988 | 23.412.346 | 116.969.334 |

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

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Financial Statements

At 31 December 2008 and 2007

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

| INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY | | (31/12/2008) | (31/12/2007) |
|---|---|--------------|--------------|
| I. | ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS | 1.679 | 14.082 |
| II. | PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES | - | - |
| III. | INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. | CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS | 12.843 | (7.101) |
| V. | PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences) | - | - |
| VI. | PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of 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 | (1.844) | (2.010) |
| IX. | DEFERRED TAX RELATED TO VALUATION DIFFERENCES | (3.430) | (660) |
| X. | NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX) | 9.248 | 4.311 |
| XI. | CURRENT YEAR PROFIT/LOSS | 24.799 | 8.363 |
| 11.1 | Net change in fair value of marketable securities (transfer to profit-loss) | 24.799 | 8.363 |
| 11.2 | Reclassification of cash flow hedge transactions and presentation of the related under income statement | - | - |
| 11.3 | Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement | - | - |
| 11.4 | Other | - | - |
| XII. | TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI) | (15.551) | (4.052) |

Convenience Translation of Publicly Announced Unconsolidated
Financial Statements Originally Issued in Turkish, See Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Statement of Changes In Shareholders' Equity at 31 December 2007

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | 31 December 2007 | 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 | PPE and Intangible Assets Revaluation Fund | Bonus Shares From Investment in Associates and Subsidiaries | Hedging Transactions Funds | Held for Resale/ Discontinued Operations Revaluation Fund | Total Shareholders' Equity |
|--|------------------|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|--|--|--|--|--|----------------------------------|--|----------------------------------|
| I. Period Opening Balance | | | 3,142,818 | - | 45,781 | - | 17,159 | - | 326,025 | - | 513,908 | (670,545) | 50,017 | - | - | - | - | 3,425,163 |
| 2.1 Changes in Accounting Policies according to TAS 8 | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effects of Errors | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. New Balance (I+II) | | | 3,142,818 | - | 45,781 | - | 17,159 | - | 326,025 | - | 513,908 | (670,545) | 50,017 | - | - | - | - | 3,425,163 |
| Changes in the Period | | | | | | | | | | | | | | | | | | |
| IV. Increase/Decrease due to the Merger | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Marketable Securities Valuation Differences | | | - | - | - | - | - | - | - | - | - | - | (2,042) | - | - | - | - | (2,042) |
| VI. Hedging Transactions Funds (Effective Parts) | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.1 Cash Flow Hedge | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.2 Foreign Investment Hedge | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Property and Equipment Revaluation Differences | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Intangible Fixed Assets Revaluation Differences | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Foreign Exchange Differences | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Changes due to the Disposal of Assets | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Changes due to the Reclassification of Assets | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Capital Increase | | | 284,233 | - | - | - | - | - | - | - | - | (6,632) | - | - | - | - | - | 277,601 |
| 14.1 Cash Increase | | III-3 | 277,601 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 277,601 |
| 14.2 Internal Resources | | | 6,632 | - | - | - | - | - | - | - | - | (6,632) | - | - | - | - | - | - |
| XV. Share Premium | | II-4-3 | - | - | 495,852 | - | - | - | - | - | - | - | - | - | - | - | - | 495,852 |
| XVI. Share Cancellation Profits | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Paid in-capital Adjustment Difference | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Other | | | - | - | - | - | - | - | - | (2,010) | - | - | - | - | - | - | - | (2,010) |
| XIX. Current Year Income or Loss | | | - | - | - | - | - | - | - | 709,185 | 709,185 | - | - | - | - | - | - | 709,185 |
| XX. Profit Distribution | | | - | - | - | - | - | - | - | 7,308 | (513,908) | 506,600 | - | - | - | - | - | - |
| 20.1 Dividend Paid | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.2 Transfers to Reserves | | | - | - | - | - | - | - | - | 7,308 | (513,908) | 506,600 | - | - | - | - | - | - |
| 20.3 Other | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Period End Balance (III+IV+V+...+XVIII+XIX+XX) | | | 3,427,051 | - | 541,633 | - | 17,159 | - | 326,025 | 5,298 | 709,185 | (170,577) | 47,975 | - | - | - | - | 4,903,749 |

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

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Statement of Changes In Shareholders' Equity at 31 December 2008

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | 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/ Net Income/ (Loss) | Prior Period Net Income/ Net Income/ (Loss) | Marketable Securities Value Increase Fund | PPE and Intangible Assets Revaluation Fund | Shares From Investment in Associates and Subsidiaries | Bonus Shares From Investment in Associates and Subsidiaries | Hedging Transactions Funds | Discontinued Operations Revaluation Fund | Held for Resale/ Operations Revaluation Fund | Total Shareholders' Equity |
|--|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|---|--|---|--|---|--|----------------------------------|---|--|----------------------------------|
| I. 31 December 2008 | | 3,427,051 | - | 541,633 | - | 17,159 | - | 326,025 | 5,298 | 709,185 | (170,577) | 47,975 | - | - | - | - | - | - | 4,903,749 |
| Prior Period End Balance | | | | | | | | | | | | | | | | | | | |
| Changes in the Period | | | | | | | | | | | | | | | | | | | |
| II. Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | (13,707) | - | - | - | - | - | - | (13,707) |
| IV. Hedging Transactions Funds (Effective Parts) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.1 Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 Foreign Investment Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Valuation Differences due to Revaluation of Property and Equipment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Valuation Differences due to Revaluation of Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Changes due to the Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Changes due to the Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Capital Increase | II-I-3 | 920,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 920,000 |
| 12.1 Cash Increase | | 920,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 920,000 |
| 12.2 Internal Resources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Share Premium | | - | - | 2,248 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,248 |
| XIV. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Paid in-capital Adjustment Difference | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Other | | - | - | - | - | - | - | - | (1,844) | - | - | - | - | - | - | - | - | - | (1,844) |
| XVII. Current Year Income or Loss | | - | - | - | - | - | - | - | 1,042,601 | - | - | - | - | - | - | - | - | - | 1,042,601 |
| XVIII. Profit Distribution | | - | - | - | - | 26,930 | - | 496,619 | 15,059 | (709,185) | 170,577 | - | - | - | - | - | - | - | - |
| 18.1 Dividend Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.2 Transfers to Reserves | | - | - | - | - | 26,930 | - | 496,619 | 15,059 | (709,185) | 170,577 | - | - | - | - | - | - | - | - |
| 18.3 Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Period End Balance (I+II-III+...-XVI+XVII-XVIII) | | 4,347,051 | - | 543,881 | - | 44,089 | - | 822,644 | 18,513 | 1,042,601 | - | 34,268 | - | - | - | - | - | - | 6,853,047 |

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

YAPI VE KREDİ BANKASI A.Ş.

Unconsolidated Statements of Cash Flows

At 31 December 2008 and 2007

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

VI. STATEMENT OF CASH FLOWS

| | Notes (Section Five) | (31/12/2008) | (31/12/2007) |
|---|-------------------------|--------------|--------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | (261.738) | 1.996.307 |
| 1.1.1 Interest received | | 6.638.440 | 6.141.326 |
| 1.1.2 Interest paid | | (4.476.232) | (3.913.935) |
| 1.1.3 Dividend received | | 205.969 | 38.617 |
| 1.1.4 Fees and commissions received | | 1.541.251 | 1.230.032 |
| 1.1.5 Other income | | 425.290 | (24.977) |
| 1.1.6 Collections from previously written-off loans and other receivables | | 837.602 | 510.580 |
| 1.1.7 Payments to personnel and service suppliers | | (873.717) | (788.343) |
| 1.1.8 Taxes paid | | (378.215) | (179.846) |
| 1.1.9 Other | | (4.182.126) | (1.017.147) |
| 1.2 Changes in operating assets and liabilities | | 1.581.450 | (6.370.736) |
| 1.2.1 Net (increase)/decrease in trading securities | | (63.947) | 170.211 |
| 1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets | | - | - |
| 1.2.3 Net decrease/(increase) in banks | | 1.332.948 | (2.315) |
| 1.2.4 Net (increase) in loans | | (10.000.272) | (5.951.026) |
| 1.2.5 Net (increase)/decrease in other assets | | (1.450.664) | 8.660 |
| 1.2.6 Net (decrease) in bank deposits | | (1.469.336) | (1.496.936) |
| 1.2.7 Net increase in other deposits | | 9.533.285 | 940.486 |
| 1.2.8 Net increase/(decrease) in funds borrowed | | 2.793.432 | (156.422) |
| 1.2.9 Net increase/(decrease) in payables | | - | - |
| 1.2.10 Net increase in other liabilities | | 906.004 | 116.606 |
| I. Net cash provided from banking operations | | 1.319.712 | (4.374.429) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from investing activities | | (250.569) | 3.101.177 |
| 2.1 Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships) | | (389.683) | (26.985) |
| 2.2 Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships) | | - | 24.500 |
| 2.3 Purchases of property and equipment | | (212.873) | (169.242) |
| 2.4 Disposals of property and equipment | | 164.290 | 512.624 |
| 2.5 Cash paid for purchase of investments available-for-sale | | (670.013) | (122.431) |
| 2.6 Cash obtained from sale of investments available-for-sale | | - | - |
| 2.7 Cash paid for purchase of investment securities | | (365.947) | (2.668.918) |
| 2.8 Cash obtained from sale of investment securities | | 1.125.894 | 5.409.464 |
| 2.9 Other | | 97.763 | 142.165 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash provided from financing activities | | 906.593 | (4.805) |
| 3.1 Cash obtained from funds borrowed and securities issued | | - | - |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | - | - |
| 3.3 Issued capital instruments | | 922.248 | - |
| 3.4 Dividends paid | | - | - |
| 3.5 Payments for finance leases | | (15.655) | (4.805) |
| 3.6 Other | | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | | - | - |
| V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV) | | 1.975.736 | (1.278.057) |
| VI. Cash and cash equivalents at beginning of the period | VI-a | 1.684.288 | 2.962.345 |
| VII. Cash and cash equivalents at end of the period | VI-a | 3.660.024 | 1.684.288 |

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

YAPI VE KREDİ BANKASI A.Ş.

Profit Appropriation Statements

At 31 December 2008 and 2007

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

VII. PROFIT APPROPRIATION STATEMENT⁽¹⁾

| | (31/12/2008) | (31/12/2007) |
|---|------------------|----------------|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 Current Year Income | 1.334.665 | 852.865 |
| 1.2 Taxes And Duties Payable (-) | (292.064) | (143.680) |
| 1.2.1 Corporate Tax (Income tax) | (207.854) | (217.406) |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties | (84.210) | 73.726 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 1.042.601 | 709.185 |
| 1.3 Prior Year Losses (-) | - | (170.577) |
| 1.4 First Legal Reserves (-) | - | (26.930) |
| 1.5 Other Statutory Reserves (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)+(1.3+1.4+1.5)] | 1.042.601 | 511.678 |
| 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 | - | 496.619 |
| 1.13 Other Reserves | - | - |
| 1.14 Special Funds | - | 15.059 |
| 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 | 0,0030 | 0,0022 |
| 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. On 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 2008 has not been prepared by the Board of Directors, only net profit related to the year 2008, 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 YTL43.456 thousand which are not going to be distributed and are going to be held in reserves according to the article 5.e of Corporate Tax Law No. 5520.

Convenience Translation of Publicly Announced Unconsolidated
Financial Statements Originally Issued in Turkish, See Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2008

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

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 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "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 10 February 2007 and "Draft Communiqués Regarding the Change in the Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published as of 22 September 2007.

The unconsolidated financial statements have been prepared in YTL, under the historical cost convention as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets and liabilities carried at fair value.

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, suitable corrections are made and the effects of these corrections are reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

Additional paragraph for convenience translation into English:

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

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

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

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for foreign currency investments, subsidiaries and non-performing loans valuation differences. 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.

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III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES:

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

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 one exists. To comply with the current period evaluation policies, the effect of the related change has been reflected to the previous period's financial statements.

The Bank has no joint ventures as of 31 December 2008 and 2007.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-valued at their fair values. 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 relation between hedge items and hedged balances, together with the risk management policies and the strategies on hedging transactions. Besides, the Bank regularly documents the hedge effectiveness of fair value hedges.

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. If the underlying hedge does not conform to the hedge accounting requirements, the corrections in the hedged item for which the effective interest rate is considered, is discounted within the time to maturity and recognised under the profit and loss accounts.

Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, 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 "trading derivative financial assets" and if the fair value difference is negative, it is disclosed under "trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement. Differences in the fair value of fair value hedge derivative instruments are accounted under "trading income/loss" 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.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

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. The Bank ceases accrued 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 recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded using the effective interest method. Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person 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". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". 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.

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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 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 recognised at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at amortised cost using the effective interest method. 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 not 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 assets that are not classified under loans and receivables and are held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortised cost" using the "effective interest method" after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

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 the contradiction of classification principles.

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, service or goods to debtors. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised 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 1 November 2006. and the "Communiqué regarding the changes in 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. 27119 dated 23 January 2009. 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 of the factors listed above and principles of TAS 39. As of 31 March 2008, as a result of the studies performed, the Bank revised the general loan loss provisions by considering new loss detection periods, which were formerly set as 1 year, differentiating them by segment/type of products. 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 the previous years, the recovery amount is classified under "other operating income". If a receivable is collected which is provisioned in the same year, it is deducted from the "provisions for loan losses and other receivables". Uncollectible receivables are written-off after all the legal procedures are finalised.

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 value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. "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 value increase fund", until there is a permanent decline in the fair values of such assets or they are disposed of. 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.

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VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

The principles for the accounting of provisions for loans 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 "fair value difference 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 ("Reverse Repo") to resell 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:

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 1 November 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.

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

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 value decreases.

When the book value of an other intangible asset exceeds the recoverable amount, the related asset is meant to be impaired. Some indicators of a possible loss out of impairment can be identified. If any of these indicators exists, the Bank develops a recoverable amount expectation. If not, there is no need to forecast 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 years |
| Other intangible assets | 5 years |

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 value decrease.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The expected useful lives 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 the diminution in value is charged to the income statement.

Property and equipment has 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 revenue.

Expenditures for the repair and renewal 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:

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a "lessor".

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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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. Provision for contingent liabilities arisen from past events should be 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, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the consolidated 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 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 reserve for the future probable obligation of the Bank arising from this liability.

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 dated 1 November 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 published date of the article.

Law article related to the transfer was cancelled (pursuant application by the President on 2 November 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article stopped 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 15 December 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 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA and SDIF representing the Fund and one member representing the Fund members. This committee 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 the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds. In accordance with the New Law, the social rights and payments of Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will be provided by the Fund and the employers of the Fund members.

The main opposition party has applied to the Constitutional Court at 19 June 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.

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XVII. EXPLANATIONS ON TAXATION:

a. Current tax:

"Corporate Tax Law" ("New Tax Law") No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No.26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate 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 all 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 the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

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:

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity.

No dividend payments were announced after the balance sheet date.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the "off-balance sheet commitments".

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2008 and 2007, the Bank has no government grants.

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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 Turkish Commercial Code ("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.

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Net Income/(Loss) to be Appropriated to Ordinary Shareholders | 1.042.601 | 709.185 |
| Weighted Average Number of Issued Ordinary Shares(Thousand) | 346.538.433 | 320.573.075 |
| Earnings Per Share (Disclosed in full YTL) | 0,0030 | 0,0022 |

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

During 2008, no bonus shares were issued (2007: 663.154.590).

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 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 interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXVI. EXPLANATIONS ON OPERATING SEGMENTS:

Information about operating segments which are determined in line with "Turkish Accounting Standard about Segment Reporting" ("TAS 14") 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 31 December 2007, to conform to changes in presentation in the 31 December 2008 financials.

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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 15,74% (2007: 13,67%).

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 1 November 2006 and "Regulation Regarding the Change in the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" published as of 10 October 2007 and 22 March 2008 (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) | 19.121.396 | 2.959.633 | 6.605.695 | 32.739.539 | 234.386 | 2.444 |
| Cash | 668.650 | 372 | - | - | - | - |
| Matured marketable securities | - | - | - | - | - | - |
| The Central Bank of the Republic of Turkey | 2.205.330 | - | - | - | - | - |
| Domestic, foreign banks, head offices and branches abroad | - | 2.127.703 | - | 33.657 | - | - |
| Interbank money market placements | 40.000 | - | - | - | - | - |
| Receivables from reverse repurchase transactions | - | - | - | - | - | - |
| Reserve requirements with the Central Bank of the Republic of Turkey | 1.655.594 | - | - | - | - | - |
| Loans | 1.989.724 | 744.034 | 6.457.595 | 27.753.011 | 234.386 | 2.444 |
| Non-performing receivables (Net) | - | - | - | 644.169 | - | - |
| Lease receivables | - | - | - | - | - | - |
| Available-for-sale financial assets | 676.185 | 47.846 | - | 221.639 | - | - |
| Held-to-maturity investments | 11.096.290 | - | - | - | - | - |
| Receivables from the disposal of assets | - | - | - | 14.351 | - | - |
| Miscellaneous receivables | - | 94 | - | 190.653 | - | - |
| Interest and income accruals | 592.334 | 20.132 | 148.100 | 637.326 | - | - |
| Investments in associates, subsidiaries and joint ventures (Net) | - | - | - | 1.783.383 | - | - |
| Fixed assets | - | - | - | 1.231.008 | - | - |
| Other assets | 197.289 | 19.452 | - | 230.342 | - | - |
| Off-balance sheet items | 403.024 | 964.865 | 338.559 | 10.420.342 | - | - |
| Non-cash loans and commitments | 403.024 | 662.452 | 338.559 | 10.383.205 | - | - |
| Derivative financial instruments | - | 302.413 | - | 37.137 | - | - |
| Non-risk weighted accounts | - | - | - | - | - | - |
| Total Risk Weighted Assets | 19.524.420 | 3.924.498 | 6.944.254 | 43.159.881 | 234.386 | 2.444 |

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

d. Summary information about capital adequacy ratio ("CAR"):

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Amount subject to credit risk (ASCR) | 47.773.374 | 38.688.000 |
| Amount subject to market risk (ASMR) | 290.150 | 331.825 |
| Amount subject to operational risk (ASOR) | 4.839.316 | 3.640.891 |
| Shareholders' equity | 8.329.495 | 5.831.740 |
| Shareholders' equity/(ASCR+ASMR+ASOR) *100 | 15,74 | 13,67 |

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e. Information about shareholders' equity items:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| CORE CAPITAL | | |
| Paid-in capital | 4.347.051 | 3.427.051 |
| Nominal capital | 4.347.051 | 3.427.051 |
| Capital commitments (-) | - | - |
| Inflation adjustment to share capital | - | - |
| Share premium | 543.881 | 541.633 |
| Share cancellation profits | - | - |
| Legal reserves | 44.089 | 17.159 |
| First legal reserve (Turkish Commercial Code 466/1) | 44.089 | 17.159 |
| Second legal reserve (Turkish Commercial Code 466/2) | - | - |
| Other legal reserve per special legislation | - | - |
| Status reserves | - | - |
| Extraordinary reserves | 822.644 | 326.025 |
| Reserves allocated by the General Assembly | 822.644 | 326.025 |
| Retained earnings | - | - |
| Accumulated loss | - | - |
| Foreign currency share capital exchange difference | - | - |
| Inflation adjustment of legal reserves, status reserves and extraordinary reserves | - | - |
| Profit | 1.042.601 | 709.185 |
| Current period net profit | 1.042.601 | 709.185 |
| Prior periods profit | - | - |
| Provisions for possible risks (up to 25% of core capital) | 60.172 | 83.040 |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital | 18.513 | 5.298 |
| Primary subordinated loans (up to 15% of core capital) | - | - |
| Uncovered portion of loss with reserves (-) | - | (170.577) |
| Current period loss (net) | - | - |
| Prior periods loss | - | (170.577) |
| Limit exceeding amount regarding the third clause of the article 56 of the Law (-) | - | - |
| Total Core Capital | 6.878.951 | 4.938.814 |

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| SUPPLEMENTARY CAPITAL | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| General provisions | 655.432 | 533.259 |
| 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 | 2.172.900 | 1.742.336 |
| 45% of Marketable Securities valuation fund | 15.420 | 21.589 |
| From investments in associates and subsidiaries | - | - |
| Available-for-Sale financial assets | 15.420 | 21.589 |
| Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves) | - | - |
| Total Supplementary Capital | 2.843.752 | 2.297.184 |
| TIER III CAPITAL | - | - |
| CAPITAL | 9.722.703 | 7.235.998 |
| DEDUCTIONS FROM THE CAPITAL⁽¹⁾ | 1.393.208 | 1.404.258 |
| Special costs | - | 26.217 |
| Prepaid expenses | 166.355 | 116.258 |
| Intangible Assets | 1.151.072 | 1.187.125 |
| Deferred tax asset amount exceeding 10% of core capital | - | - |
| Investments in Unconsolidated Financial Institutions (Domestic, foreign) and Banks in which 10% or more equity interest exercised | 75.486 | 74.204 |
| 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 | - | - |
| 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 | 295 | 454 |
| Loans extended as contradictory to the articles 50 and 51 of the Law | - | - |
| The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date. | - | - |
| Other | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 8.329.495 | 5.831.740 |

⁽¹⁾ According to the temporary article 1. of the "Regulation Regarding Capital Adequacy"; "Special Costs", "Prepaid Expenses", "Intangible Assets" and "Amount of deferred tax asset exceeding 10% of core capital" will be considered as "Deductions from the Capital" until 1 January 2009. After this date, aforementioned amounts to be deducted from core capital.

II. EXPLANATIONS ON CREDIT RISK:

a. Credit risk is the loss or the risk of the Bank in case a counterparty cannot fulfill 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.

As a part of internal scoring system, the loan proposals received from branches are not accepted by the system unless they include detailed financial information of the companies. All rated corporate and commercial loan customers (excluding construction companies and financial institutions) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management-Risk Monitoring Department.

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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 by the Bank's internal rating system are disclosed below:

| | 31 December 2008 | 31 December 2007 |
|----------------------|------------------|------------------|
| Above average (1-4) | 32,7% | 20,2% |
| Average (5+-6) | 48,3% | 53,6% |
| Below Average (7+-9) | 19,0% | 26,2% |

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 Regulation on provisions, if the cash risk of a customer 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 accordingly to the regulation on provisions considering the Bank's credit risk policies. Accordingly, the financial position and commercial operations of related customers monitored and their principle and interest payments are followed up with a 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 22% (2007: 21%).

2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 44% (2007: 43%).

3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 22% of total cash loans and non-cash loans (2007: 23%).

g. The Bank provided a general loan loss provision amounting to 655.432YTL thousand (2007: YTL665.894 thousand).

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⁾ | |
|---|--|------------------------|---|------------------------|---|------------------------|----------------------------|------------------------|---|------------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Loans concentration according to the type of borrowers | | | | | | | | | | |
| Private Sector | 22.075.711 | 16.329.423 | 608.677 | 520.976 | 11.107 | 8.227 | 339.030 | 396.314 | 16.611.002 | 15.679.992 |
| Public Sector | 1.380.437 | 791.487 | - | - | 12.488.774 | 12.421.504 | 40.358 | - | 2.471.665 | 618.805 |
| Banks | - | - | 624.876 | 53.259 | 271.828 | 47.323 | 2.489.895 | 765.107 | 1.674.414 | 1.159.897 |
| Individual Customers | 13.983.251 | 10.813.742 | - | - | - | - | 847 | 727 | 11.318.542 | 10.475.358 |
| Share certificates | - | - | - | - | 22.886 | 28.936 | 1.858.866 | 1.467.904 | - | - |
| Total | 37.439.399 | 27.934.652 | 1.233.553 | 574.235 | 12.794.595 | 12.505.990 | 4.728.996 | 2.630.052 | 32.075.623 | 27.934.052 |
| Information according to geographical concentration | | | | | | | | | | |
| Domestic | 37.093.937 | 27.702.793 | 921.678 | 555.914 | 12.532.612 | 12.388.872 | 1.841.702 | 1.710.620 | 30.380.760 | 26.833.938 |
| European Union Countries | 230.128 | 2.870 | 299.304 | 4.124 | 147.683 | 50.048 | 1.903.826 | 528.131 | 1.067.383 | 558.471 |
| OECD Countries (3) | 26.234 | - | - | 8.516 | - | - | 264.672 | 59.139 | 335.121 | 298.831 |
| Off-shore banking regions | - | 171.530 | - | - | 76.298 | - | 90 | 85 | 6.996 | 84 |
| USA, Canada | 184 | 6.813 | - | - | 38.002 | 67.070 | 570.725 | 237.126 | 34.479 | 42.645 |
| Other Countries | 88.916 | 50.646 | 12.571 | 5.681 | - | - | 147.981 | 94.951 | 250.884 | 200.083 |
| Total | 37.439.399 | 27.934.652 | 1.233.553 | 574.235 | 12.794.595 | 12.505.990 | 4.728.996 | 2.630.052 | 32.075.623 | 27.934.052 |

⁽¹⁾ Contains Trading Financial 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:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Balance sheet items that are exposed to credit risk: | | |
| Bank placements | 2.164.469 | 730.975 |
| Loans and advances to customers | 38.672.952 | 28.508.881 |
| -Credit cards | 7.632.866 | 6.700.602 |
| -Consumer loans | 6.350.385 | 4.113.140 |
| -Corporate, commercial and other loans | 24.689.701 | 17.695.139 |
| Trading Securities | 666.825 | 228.942 |
| -Government Securities | 242.706 | 183.140 |
| -Other marketable securities | 35.545 | - |
| -Derivative financial instruments | 388.574 | 45.802 |
| Investment Securities | 12.516.344 | 12.322.850 |
| -Government Debt Securities | 12.246.068 | 12.238.364 |
| -Share certificates | 22.886 | 28.936 |
| -Other marketable securities | 247.390 | 55.550 |
| Other assets | 715.687 | 619.316 |
| Credit risk exposures relating to off-balance sheet items: | | |
| Financial guarantees | 15.653.767 | 12.845.993 |
| Loan commitments and other credit related liabilities | 656.084 | 904.734 |

j. Loans and other receivables past due:

| 31 December 2008 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|-------------------------|--|-----------------------|---------------------|------------------|
| Past due up to 30 days | 520.891 | 388.553 | 496.932 | 1.406.376 |
| Past due 30-60 days | 165.170 | 197.596 | 275.626 | 638.392 |
| Past due 60-90 days | 40.346 | 53.017 | 119.282 | 212.645 |
| Total | 726.407 | 639.166 | 891.840 | 2.257.413 |
| 31 December 2007 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
| Past due up to 30 days | 88.162 | 120.931 | 252.597 | 461.690 |
| Past due 30-60 days | 60.934 | 70.995 | 101.323 | 233.252 |
| Past due 60-90 days | 53.486 | 24.223 | 8.316 | 86.025 |
| Total | 202.582 | 216.149 | 362.236 | 780.967 |

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

31 December 2008

| Moody's Credit Rating Model | Financial Assets At Fair Value Through Profit Or Loss (Net) | Available-for-sale Financial Assets (Net) | Held to Maturity Investments (Net) | Total |
|-----------------------------|---|--|---------------------------------------|-------------------|
| Aaa | - | 16.173 | - | 16.173 |
| Aa | - | 147.683 | - | 147.683 |
| A | - | - | - | - |
| Baa | 35.364 | 40.934 | - | 76.298 |
| Ba3 ⁽¹⁾ | 242.706 | 700.886 | 11.529.009 | 12.472.601 |
| Unrated | 181 | 58.773 | - | 58.954 |
| Total | 278.251 | 964.449 | 11.529.009 | 12.771.709 |

31 December 2007

| Moody's Credit Rating Model | Financial Assets At Fair Value Through Profit Or Loss (Net) | Available-for-sale Financial Assets (Net) | Held to Maturity Investments (Net) | Total |
|-----------------------------|---|--|---------------------------------------|-------------------|
| Aaa | - | 11.875 | 40.327 | 52.202 |
| Aa | - | - | 49.917 | 49.917 |
| A | - | - | - | - |
| Baa | - | - | - | - |
| Ba3 ⁽¹⁾ | 183.140 | 183.503 | 11.952.742 | 12.319.385 |
| Unrated | - | 55.550 | - | 55.550 |
| Total | 183.140 | 250.928 | 12.042.986 | 12.477.054 |

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

l. Information according to geographical concentration:

| | Assets | Liabilities ⁽²⁾ | Non-Cash Loans | Capital Expenditures | Net profit ⁽³⁾ |
|---|-------------------|----------------------------|-------------------|-------------------------|---------------------------|
| 31 December 2008 | | | | | |
| Domestic | 58.520.773 | 47.426.897 | 14.614.988 | 212.873 | 1.042.601 |
| European Union Countries | 2.256.834 | 8.524.872 | 1.067.383 | - | - |
| OECD Countries ⁽¹⁾ | 247.350 | 401.451 | 335.121 | - | - |
| Off-shore banking regions | 77.801 | 22 | 6.996 | - | - |
| USA, Canada | 609.159 | 76.354 | 34.479 | - | - |
| Other Countries | 152.347 | 440.490 | 250.884 | - | - |
| Subsidiaries, Investments and Joint Ventures | 1.858.869 | - | - | - | - |
| Unallocated Assets/Liabilities | - | - | - | - | - |
| Total | 63.723.133 | 56.870.086 | 16.309.851 | 212.873 | 1.042.601 |
| 31 December 2007 | | | | | |
| Domestic | 47.409.901 | 39.129.181 | 12.650.613 | 169.242 | 709.185 |
| European Union Countries | 510.475 | 5.194.150 | 558.471 | - | - |
| OECD Countries ⁽¹⁾ | 37.811 | 815.395 | 298.831 | - | - |
| Off-shore banking regions | 175.170 | 1.211 | 84 | - | - |
| USA, Canada | 398.179 | 5.632 | 42.645 | - | - |
| Other Countries | 141.150 | 91.272 | 200.083 | - | - |
| Subsidiaries, Investments and Joint Ventures | 1.467.904 | - | - | - | - |
| Unallocated Assets/Liabilities | - | - | - | - | - |
| Total | 50.140.590 | 45.236.841 | 13.750.727 | 169.242 | 709.185 |

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

⁽²⁾ Shareholders' Equity is not included.

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

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m. Sectoral concentrations for cash loans:

| | 31 December 2008 | | | | 31 December 2007 | | | |
|--------------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|------------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | 410.199 | 1,66 | 160.955 | 1,21 | 401.405 | 2,09 | 129.134 | 1,45 |
| Farming and Raising Livestock | 328.387 | 1,33 | 129.842 | 0,97 | 314.365 | 1,63 | 107.944 | 1,21 |
| Forestry | 68.300 | 0,28 | 6.378 | 0,05 | 64.769 | 0,34 | 4.534 | 0,05 |
| Fishing | 13.512 | 0,05 | 24.735 | 0,19 | 22.271 | 0,12 | 16.656 | 0,19 |
| Manufacturing | 4.571.070 | 18,53 | 7.052.321 | 52,77 | 4.083.455 | 21,24 | 4.603.713 | 51,53 |
| Mining | 109.180 | 0,44 | 354.700 | 2,65 | 109.069 | 0,57 | 151.717 | 1,70 |
| Production | 4.369.276 | 17,71 | 5.841.044 | 43,71 | 3.928.481 | 20,43 | 4.116.548 | 46,07 |
| Electric, Gas and Water | 92.614 | 0,38 | 856.577 | 6,41 | 45.905 | 0,24 | 335.448 | 3,76 |
| Construction | 893.721 | 3,62 | 1.079.266 | 8,08 | 887.036 | 4,61 | 434.725 | 4,87 |
| Services | 2.990.729 | 12,12 | 3.144.983 | 23,54 | 2.890.028 | 15,03 | 2.314.070 | 25,90 |
| Wholesale and Retail Trade | 1.457.709 | 5,91 | 421.036 | 3,15 | 1.384.656 | 7,20 | 305.236 | 3,42 |
| Hotel Food and Beverage Services | 170.680 | 0,69 | 551.347 | 4,13 | 187.475 | 0,97 | 397.406 | 4,45 |
| Transportation and Telecommunication | 527.678 | 2,14 | 1.526.875 | 11,42 | 542.016 | 2,83 | 1.267.028 | 14,17 |
| Financial Institutions | 460.779 | 1,87 | 460.899 | 3,45 | 398.008 | 2,07 | 157.906 | 1,77 |
| Real Estate and Leasing Services | 131.356 | 0,53 | 96.436 | 0,72 | 117.193 | 0,61 | 108.631 | 1,22 |
| Self Employment Services | - | - | - | - | - | - | - | - |
| Education Services | 22.909 | 0,09 | 3.436 | 0,03 | 27.683 | 0,14 | 163 | 0,00 |
| Health and Social Services | 219.618 | 0,89 | 84.954 | 0,64 | 232.997 | 1,21 | 77.700 | 0,87 |
| Other | 15.800.344 | 64,07 | 1.925.195 | 14,40 | 10.966.635 | 57,03 | 1.451.684 | 16,25 |
| Total | 24.666.063 | 100,00 | 13.362.720 | 100,00 | 19.228.559 | 100,00 | 8.933.326 | 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. Notwithstanding, the Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on-and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Asset and Liability Committee. The below table represents the details of market risk calculation as of 31 December 2008 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 1 November 2006, namely the "Calculation of Market Risk with Standard Method".

a. Information on Market Risk:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| (I) Capital to be Employed for General Market Risk-Standard Method | 18.608 | 16.277 |
| (II) Capital to be Employed for Specific Risk-Standard Method | 2.564 | 397 |
| (III) Capital to be Employed for Currency Risk-Standard Method | 1.916 | 3.802 |
| (IV) Capital to be Employed for Commodity Risk-Standard Method | 123 | - |
| (V) Capital to be Employed for Exchange Risk-Standard Method | - | - |
| (VI) Capital to be Employed for Market Risk Due to Options-Standard Method | 1 | 6.070 |
| (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) | 23.212 | 26.546 |
| (IX) Amount Subject to Market Risk 12,5x(VIII) or (12,5xVII) | 290.150 | 331.825 |

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b. Average Market Risk Table of Calculated Market Risk At the Month Ends:

| | 31 December 2008 | | | 31 December 2007 | | |
|------------------------------|------------------|---------|---------|------------------|---------|---------|
| | Average | Maximum | Minimum | Average | Maximum | Minimum |
| Interest Rate Risk | 16.754 | 23.153 | 19.177 | 14.332 | 16.856 | 7.253 |
| Share Premium Risk | 4.236 | 2.364 | 1.995 | 343 | 160 | - |
| Currency Risk | 8.998 | 11.959 | 1.917 | 8.395 | 21.739 | 3.475 |
| Commodity Risk | 45 | 1 | 123 | - | - | - |
| Exchange Risk | - | - | - | - | - | - |
| Option Risk | - | - | - | - | - | - |
| Total Amount Subject to Risk | 375.413 | 468.463 | 290.150 | 288.375 | 484.438 | 134.100 |

IV. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2007, 2006 and 2005 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 1 June 2007, published in the Official Gazette No. 26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of 30 September 2008, the total amount subject to operational risk is YTL4.839.316 thousand (31 December 2007: YTL3.640.891 thousand) and the amount of the related capital requirement is YTL387.145 thousand (31 December 2007: YTL291.271 thousand).

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 exposed currency risk within the related legal limits and the following of exchange position realized is followed on a daily/momentary basis. Notwithstanding, even the internal exchange position limit is the minimal required in terms of when compared to the related legal limit, during the year internal position limits are not exceeded. As a tool of currency risk management, futures such as swap and forward are used to abstain from risk whenever needed. In order to guard against extreme volatility during the year Stress tests are applied. All these applications signalizes the sensitivity of the Bank Management regarding the currency risk, meaning minimum influence from the exchange rate fluctuations caused by the recent global crisis.

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:

| | USD | EUR | Yen |
|--------------------------------|------------|------------|------------|
| Balance Sheet Evaluation Rate: | YTL1,47440 | YTL2,08720 | YTL0,01631 |
| 30 December 2008 bid rate | YTL1,46880 | YTL2,09800 | YTL0,01623 |
| 29 December 2008 bid rate | YTL1,45960 | YTL2,05430 | YTL0,01611 |
| 26 December 2008 bid rate | YTL1,46970 | YTL2,05910 | YTL0,01622 |
| 25 December 2008 bid rate | YTL1,47340 | YTL2,06220 | YTL0,01626 |
| 24 December 2008 bid rate | YTL1,47730 | YTL2,06630 | YTL0,01636 |

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 : YTL1,50304
Euro : YTL2,01596
Yen : YTL0,01644

As of 31 December 2007;

| | USD | EUR | Yen |
|--------------------------------|-------------|-------------|-------------|
| Balance Sheet Evaluation Rate: | YTL 1,13550 | YTL 1,66740 | YTL 0,01002 |

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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, the specific provision for non cash loans, derivative financial instruments and prepaid expenses 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 the sum of 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 |
|---|------------------|--------------------|-----------------|------------------|--------------------|
| 31 December 2008 | | | | | |
| Assets | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 2.575.477 | 82.940 | 130 | 5.405 | 2.663.952 |
| Banks | 918.783 | 1.035.217 | 6.622 | 175.610 | 2.136.232 |
| Financial Assets at Fair Value Through Profit or Loss | 82.541 | 115.549 | - | - | 198.090 |
| Interbank Money Market Placements | - | - | - | - | - |
| Available-for-Sale Financial Assets | 13.688 | 576.829 | - | - | 590.517 |
| Loans ⁽¹⁾ | 4.725.725 | 10.132.884 | 85.358 | 384.079 | 15.328.046 |
| Investments in Associates, Subsidiaries and Joint Ventures | 275.967 | 113.181 | - | 43.404 | 432.552 |
| Held-to-Maturity Investments | 427.184 | 5.407.601 | - | - | 5.834.785 |
| Hedging Derivative Financial Assets | - | - | - | - | - |
| Tangible Assets | - | - | - | - | - |
| Intangible Assets | - | - | - | - | - |
| Other Assets | 49.312 | 127.497 | - | 76.493 | 253.302 |
| Total Assets | 9.068.677 | 17.591.698 | 92.110 | 684.991 | 27.437.476 |
| Liabilities | | | | | |
| Bank Deposits | 22.460 | 92.156 | 101 | 148.813 | 263.530 |
| Foreign Currency Deposits | 4.661.340 | 11.711.921 | 14.616 | 358.040 | 16.745.917 |
| Funds From Interbank Money Market | 43.924 | 192.785 | - | - | 236.709 |
| Funds Borrowed From Other Financial Institutions | 1.822.161 | 3.173.581 | 4.583 | 552 | 5.000.877 |
| Marketable Securities Issued | - | - | - | - | - |
| Miscellaneous Payables | 99.095 | 128.463 | 75 | 13.577 | 241.210 |
| Hedging Derivative Financial Liabilities | - | - | - | - | - |
| Other Liabilities | 2.768.176 | 470.523 | 17 | 1.097 | 3.239.813 |
| Total Liabilities | 9.417.156 | 15.769.429 | 19.392 | 522.079 | 25.728.056 |
| Net On-balance Sheet Position | (348.479) | 1.822.269 | 72.718 | 162.912 | 1.709.420 |
| Net Off-balance Sheet Position | 409.891 | (1.713.691) | (69.893) | (162.341) | (1.536.034) |
| Financial Derivative Assets | 983.185 | 3.799.780 | 139.604 | 26.943 | 4.949.512 |
| Financial Derivative Liabilities | 573.294 | 5.513.471 | 209.497 | 189.284 | 6.485.546 |
| Non-Cash Loans | 3.678.414 | 6.013.556 | 400.447 | 176.103 | 10.268.520 |
| 31 December 2007 | | | | | |
| Total Assets | 6.253.065 | 12.807.918 | 30.463 | 376.171 | 19.467.617 |
| Total Liabilities | 6.921.406 | 12.619.540 | 10.596 | 456.554 | 20.008.096 |
| Net On-balance Sheet Position | (668.341) | 188.378 | 19.867 | (80.383) | (540.479) |
| Net Off-balance Sheet Position | 703.468 | (196.072) | (21.878) | 104.612 | 590.130 |
| Financial Derivative Assets | 985.773 | 1.761.524 | 5.794 | 235.573 | 2.988.664 |
| Financial Derivative Liabilities | 282.305 | 1.957.596 | 27.672 | 130.961 | 2.398.534 |
| Non-Cash Loans | 2.614.749 | 4.918.273 | 270.066 | 150.115 | 7.953.203 |

⁽¹⁾ Includes FX indexed loans amounting to YTL1.965.326 thousand (2007: YTL1.084.894 thousand) which have been disclosed as YTL in the financial statements.

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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 Asset and Liability Committee ("ALCO"). By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within the current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are closely monitored.

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

| 31 December 2008 | 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 | 1.715.713 | - | - | - | - | 2.802.930 | 4.518.643 |
| Banks | 844.610 | 193.854 | 6.407 | - | - | 1.119.598 | 2.164.469 |
| Financial Assets at Fair Value Through Profit/Loss | 97.311 | 112.816 | 331.359 | 84.738 | 40.601 | - | 666.825 |
| Interbank Money Market Placements | 40.358 | - | - | - | - | - | 40.358 |
| Available-for-Sale Financial Assets | 47.858 | 266.891 | 115.547 | 177.253 | 356.900 | 22.886 | 987.335 |
| Loans | 9.222.304 | 4.257.635 | 10.229.636 | 9.195.776 | 5.123.432 | 644.169 | 38.672.952 |
| Held-to-Maturity Investments | 899.153 | 3.737.343 | 1.133.205 | 1.778.975 | 3.980.333 | - | 11.529.009 |
| Other Assets | 130.584 | - | - | - | - | 5.012.958 | 5.143.542 |
| Total Assets | 12.997.891 | 8.568.539 | 11.816.154 | 11.236.742 | 9.501.266 | 9.602.541 | 63.723.133 |
| Liabilities | | | | | | | |
| Bank Deposits | 96.656 | 146.487 | 1.115 | - | - | 234.850 | 479.108 |
| Other Deposits | 30.268.366 | 4.691.796 | 732.403 | 12.091 | - | 5.521.565 | 41.226.221 |
| Funds From Interbank Money Market | 274.640 | 853 | 111.449 | - | - | - | 386.942 |
| Miscellaneous Payables | 1.982.154 | - | - | - | - | 594.185 | 2.576.339 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 385.942 | 4.064.901 | 567.940 | 949.139 | 195.914 | - | 6.163.836 |
| Other Liabilities and Shareholders' Equity | 118.319 | 1.124.865 | 1.185.859 | 1.605 | - | 10.460.039 | 12.890.687 |
| Total Liabilities | 33.126.077 | 10.028.902 | 2.598.766 | 962.835 | 195.914 | 16.810.639 | 63.723.133 |
| Balance Sheet Long Position | - | - | 9.217.388 | 10.273.907 | 9.305.352 | - | 28.796.647 |
| Balance Sheet Short Position | (20.128.186) | (1.460.363) | - | - | - | (7.208.098) | (28.796.647) |
| Off-balance Sheet Long Position | 46.683 | 43.423 | 279.252 | - | - | - | 369.358 |
| Off-balance Sheet Short Position | - | - | - | (449) | - | - | (449) |
| Total Position | (20.081.503) | (1.416.940) | 9.496.640 | 10.273.458 | 9.305.352 | (7.208.098) | 368.909 |

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| 31 December 2007 | 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 | 1.433.091 | - | - | - | - | 2.255.574 | 3.688.665 |
| Banks | 253.199 | 102.572 | 6.273 | - | - | 368.931 | 730.975 |
| Financial Assets at Fair Value Through Profit/Loss | 33.184 | 32.985 | 34.449 | 101.655 | 26.669 | - | 228.942 |
| Interbank Money Market Placements | - | - | - | - | - | - | - |
| Available-for-Sale Financial Assets | 47.513 | 3.816 | 5.840 | 166.656 | 27.103 | 28.936 | 279.864 |
| Loans | 7.063.232 | 3.365.101 | 7.923.353 | 6.485.701 | 3.324.498 | 346.996 | 28.508.881 |
| Held-to-Maturity Investments | 1.150.245 | 4.021.609 | 1.783.185 | 1.213.323 | 3.874.624 | - | 12.042.986 |
| Other Assets | 161.583 | 72 | 529 | 874 | - | 4.497.219 | 4.660.277 |
| Total Assets | 10.142.047 | 7.526.155 | 9.753.629 | 7.968.209 | 7.252.894 | 7.497.656 | 50.140.590 |
| Liabilities | | | | | | | |
| Bank Deposits | 306.927 | 108.277 | 12.063 | - | - | 101.162 | 528.429 |
| Other Deposits | 22.765.554 | 2.090.180 | 1.575.450 | 21.977 | - | 5.184.363 | 31.637.524 |
| Funds From Interbank Money Market | 1.609.630 | 71.593 | 96.391 | - | - | - | 1.777.614 |
| Miscellaneous Payables | 2.139.396 | 7.703 | 2.546 | - | - | 59.247 | 2.208.892 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 35.517 | 4.009.529 | 143.099 | 47.856 | - | - | 4.236.001 |
| Other Liabilities and Shareholders' Equity | 48.263 | 898.443 | 1.068.190 | 984 | - | 7.736.250 | 9.752.130 |
| Total Liabilities | 26.905.287 | 7.185.725 | 2.897.739 | 70.817 | - | 13.081.022 | 50.140.590 |
| Balance Sheet Long Position | - | 340.430 | 6.855.890 | 7.897.392 | 7.252.894 | - | 22.346.606 |
| Balance Sheet Short Position | (16.763.240) | - | - | - | - | (5.583.366) | (22.346.606) |
| Off-balance Sheet Long Position | - | - | - | - | - | - | - |
| Off-balance Sheet Short Position | (11.797) | (33.902) | (86.037) | (6.517) | - | - | (138.253) |
| Total Position | (16.775.037) | 306.528 | 6.769.853 | 7.890.875 | 7.252.894 | (5.583.366) | (138.253) |

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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.

| 31 December 2008 | EURO | USD | Yen | YTL |
|---|-------------|------------|------------|------------|
| Assets | % | % | % | % |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 1,17 | 0,68 | - | 8,64 |
| Banks | 0,78 | 0,84 | - | 14,23 |
| Financial Assets at Fair Value Through Profit/Loss | 6,81 | 8,15 | - | 20,29 |
| Interbank Money Market Placements | - | - | - | 19,39 |
| Available-for-sale Financial Assets | 9,63 | 5,79 | - | 19,92 |
| Loans | 7,31 | 5,79 | 4,06 | 24,22 |
| Held-to-maturity Investments | 5,68 | 7,30 | - | 20,09 |
| Liabilities | | | | |
| Bank Deposits | 0,02 | 0,02 | - | 7,82 |
| Other Deposits | 3,25 | 4,48 | 0,01 | 20,30 |
| Funds From Interbank Money Market | 7,15 | 5,00 | - | 16,27 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 5,58 | 3,07 | 2,23 | 14,59 |
| 31 December 2007 | EURO | USD | Yen | YTL |
| Assets | % | % | % | % |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 1,78 | 1,10 | - | 9,73 |
| Banks | 0,81 | 2,65 | - | 17,84 |
| Financial Assets at Fair Value Through Profit/Loss | 7,22 | 8,57 | - | 17,01 |
| Interbank Money Market Placements | - | - | - | - |
| Available-for-sale Financial Assets | 9,98 | 5,57 | - | 16,41 |
| Loans | 6,01 | 6,76 | 3,24 | 19,38 |
| Held-to-maturity Investments | 5,34 | 7,45 | - | 18,96 |
| Liabilities | | | | |
| Bank Deposits | 0,54 | 4,27 | - | 14,24 |
| Other Deposits | 2,15 | 3,94 | 0,02 | 16,33 |
| Funds From Interbank Money Market | 6,36 | 7,43 | - | 17,37 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 6,40 | 5,49 | 1,87 | 15,26 |

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. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held. In order to meet an instant cash necessity it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the deposits. During the monthly meetings of the ALCO, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

The mismatching of payments, asset and liabilities with interest rates is followed via daily and monthly liquidity gap reports and any effects of incompliance investigated.

Subordinated loans with a maturity of 10 years have been provided in order to extend the short-term funding structure in the banking sector. The liquidity risk according to the mismatching of assets and liabilities is decreased with the placement of these loans in the short-term derivatives and liquid treasury bills.

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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 |
|---|--------------------|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|
| 31 December 2008 | | | | | | | | |
| Assets | | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 2.802.930 | 1.715.713 | - | - | - | - | - | 4.518.643 |
| Banks | 1.119.598 | 844.610 | 193.854 | 6.407 | - | - | - | 2.164.469 |
| Financial Assets at Fair Value Through Profit or Loss | - | 83.525 | 14.914 | 354.645 | 135.427 | 78.314 | - | 666.825 |
| Interbank Money Market Placements | - | 40.358 | - | - | - | - | - | 40.358 |
| Available-for-sale Financial Assets | 47.846 | 12 | 9.233 | 115.547 | 393.977 | 397.834 | 22.886 | 987.335 |
| Loans | - | 8.269.401 | 4.072.535 | 9.889.185 | 9.588.301 | 6.209.361 | 644.169 | 38.672.952 |
| Held-to-maturity Investments | - | - | 31.630 | 387.822 | 5.473.285 | 5.636.272 | - | 11.529.009 |
| Other Assets ⁽¹⁾ | 321.220 | 204.574 | 2.392 | 25.922 | - | - | 4.589.434 | 5.143.542 |
| Total Assets | 4.291.594 | 11.158.193 | 4.324.558 | 10.779.528 | 15.590.990 | 12.321.781 | 5.256.489 | 63.723.133 |
| Liabilities | | | | | | | | |
| Bank Deposits | 234.850 | 96.656 | 146.487 | 1.115 | - | - | - | 479.108 |
| Other Deposits | 5.521.565 | 30.268.366 | 4.691.796 | 732.403 | 12.091 | - | - | 41.226.221 |
| Funds Borrowed From Other Financial Institutions | - | 385.942 | 618.805 | 2.047.739 | 2.525.792 | 585.558 | - | 6.163.836 |
| Funds From Interbank Money Market | - | 274.640 | 853 | 111.449 | - | - | - | 386.942 |
| Marketable Securities Issued | - | - | - | - | - | - | - | - |
| Miscellaneous Payables | 199.858 | 2.376.481 | - | - | - | - | - | 2.576.339 |
| Other Liabilities ⁽²⁾ | 138.036 | 1.889.257 | 223.692 | 207.772 | 973.865 | 2.431.146 | 7.026.919 | 12.890.687 |
| Total Liabilities | 6.094.309 | 35.291.342 | 5.681.633 | 3.100.478 | 3.511.748 | 3.016.704 | 7.026.919 | 63.723.133 |
| Net Liquidity Gap | (1.802.715) | (24.133.149) | (1.357.075) | 7.679.050 | 12.079.242 | 9.305.077 | (1.770.430) | - |
| 31 December 2007 | | | | | | | | |
| Total Assets | 2.901.442 | 8.170.736 | 3.653.738 | 9.534.308 | 12.076.280 | 9.471.464 | 4.332.622 | 50.140.590 |
| Total Liabilities | 5.439.104 | 28.106.076 | 3.082.541 | 3.808.298 | 2.050.737 | 2.568.747 | 5.085.087 | 50.140.590 |
| Net Liquidity Gap | (2.537.662) | (19.935.340) | 571.197 | 5.726.010 | 10.025.543 | 6.902.717 | (752.465) | - |

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

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

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Breakdown of financial liabilities according to their remaining contractual maturities:

| 31 December 2008 | Demand and Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years |
|--|-----------------------------|------------------|------------------|------------------|------------------|
| Liabilities | | | | | |
| Deposit | 36.279.862 | 4.910.289 | 761.893 | 13.588 | - |
| Funds Borrowed From Other Financial Institutions | 391.147 | 677.189 | 2.307.534 | 2.768.844 | 1.115.647 |
| Funds From Interbank Money Market | 275.205 | 870 | 113.880 | - | - |
| Total | 36.946.214 | 5.588.348 | 3.183.307 | 2.782.432 | 1.115.647 |

| 31 December 2007 | Demand and Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years |
|--|-----------------------------|------------------|------------------|------------------|----------------|
| Liabilities | | | | | |
| Deposit | 28.550.548 | 2.294.738 | 1.623.396 | 37.563 | - |
| Funds Borrowed From Other Financial Institutions | 37.127 | 636.396 | 1.997.137 | 1.379.594 | 856.069 |
| Funds From Interbank Money Market | 1.616.616 | 73.166 | 99.295 | - | - |
| Total | 30.204.291 | 3.004.300 | 3.719.828 | 1.417.157 | 856.069 |

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 Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

| | Carrying Value | | Fair Value | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Financial Assets | 53.394.123 | 41.562.706 | 53.285.339 | 41.801.296 |
| Due From Interbank Money Market | 40.358 | - | 40.744 | - |
| Banks | 2.164.469 | 730.975 | 2.168.213 | 731.022 |
| Available-for-sale Financial Assets | 987.335 | 279.864 | 987.335 | 279.864 |
| Held-to-maturity Investments | 11.529.009 | 12.042.986 | 11.355.415 | 12.228.769 |
| Loans | 38.672.952 | 28.508.881 | 38.733.632 | 28.561.641 |
| Financial Liabilities | 50.445.504 | 38.610.846 | 50.536.256 | 38.626.190 |
| Bank deposits | 479.108 | 528.429 | 480.006 | 529.431 |
| Other deposits | 41.226.221 | 31.637.524 | 41.226.221 | 31.637.524 |
| Funds Borrowed From Other Financial Institutions | 6.163.836 | 4.236.001 | 6.253.690 | 4.250.343 |
| Marketable Securities Issued | - | - | - | - |
| Miscellaneous Payables | 2.576.339 | 2.208.892 | 2.576.339 | 2.208.892 |

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 fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value approaches to the fair value.

The expected fair value of the other deposits is determined by adding the cost and the interest expense rediscouts.

IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES:

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

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X. EXPLANATIONS ON OPERATING SEGMENTS:

The Bank manages its banking operations through four main commercial business units: retail banking, corporate banking, private banking and credit cards.

Retail banking provides products and services to individual customers and small and medium enterprises. Products and services include general purpose loans, car loans, mortgage, deposits, investment accounts, life and non-life insurance products, payroll services, ATMs, telephone banking, internet banking and mobile banking.

Corporate banking is organised into two segments, namely commercial banking, which serves mid-sized company clients, and corporate banking, which serves large-sized multinational company clients. Corporate and commercial banking activities include 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.

Private banking serves affluent, high net worth and ultra high net worth customers of the Group and delivers investment products to the Group. Activities include time deposits, fiduciary deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private banking services are enhanced by investment advisory and portfolio management services provided by the Group's portfolio management and brokerage subsidiaries.

The credit cards operations covers the management of products for the member stores as well as the sales and marketing operations for different types of customers. The clubs and programs under the umbrella brand of World include Gold Club, Platinum Club, Crystal Club, Travel Club (Travel Program and VIP Travel Program) Play Club (Young Employees Program and Student Program), Business Club (Corporate Program, Trio Program, Company Program and SME Program), Share Program and Communication Program.

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:

| | Retail Banking | Corporate Banking | Private Banking | Credit Cards | Other | Total Operations of the Bank |
|---|-------------------|----------------------|--------------------|------------------|--------------------|---------------------------------|
| 31 December 2008 | | | | | | |
| Operating revenue | 1.327.669 | 886.554 | 127.409 | 1.001.738 | 696.499 | 4.039.869 |
| Unallocated costs | | | | | (2.911.173) | (2.911.173) |
| Net Operating Profit | 1.327.669 | 886.554 | 127.409 | 1.001.738 | (2.214.674) | 1.128.696 |
| Dividend income | | | | | | 205.969 |
| Profit before tax | | | | | | 1.334.665 |
| Tax expense | | | | | | 292.064 |
| Net Profit | | | | | | 1.042.601 |
| Segment assets | 10.397.262 | 19.425.679 | 120.513 | 7.970.632 | 23.950.178 | 61.864.264 |
| Investments in associates, subsidiaries and joint ventures | | | | | 1.858.869 | 1.858.869 |
| Total Assets | 10.397.262 | 19.425.679 | 120.513 | 7.970.632 | 25.809.047 | 63.723.133 |
| Segment liabilities | 17.105.710 | 14.959.444 | 8.380.277 | 2.261.743 | 14.162.912 | 56.870.086 |
| Shareholders' equity | | | | | 6.853.047 | 6.853.047 |
| Total liabilities | 17.105.710 | 14.959.444 | 8.380.277 | 2.261.743 | 21.015.959 | 63.723.133 |
| 31 December 2007 | | | | | | |
| Operating revenue | 1.040.771 | 712.866 | 92.605 | 959.579 | 582.577 | 3.388.398 |
| Unallocated costs | | | | | (2.574.150) | (2.574.150) |
| Net Operating Profit | 1.040.771 | 712.866 | 92.605 | 959.579 | (1.991.573) | 814.248 |
| Dividend income | | | | | | 38.617 |
| Profit before tax | | | | | | 852.865 |
| Tax expense | | | | | | 143.680 |
| Net Profit | | | | | | 709.185 |
| Segment assets | 7.150.159 | 13.844.266 | 85.068 | 6.742.468 | 20.850.725 | 48.672.686 |
| Investments in associates, subsidiaries and joint ventures | | | | | 1.467.904 | 1.467.904 |
| Total Assets | 7.150.159 | 13.844.266 | 85.068 | 6.742.468 | 22.318.629 | 50.140.590 |
| Segment liabilities | 14.427.192 | 12.308.058 | 5.757.375 | 470.106 | 12.274.110 | 45.236.841 |
| Shareholders' equity | | | | | 4.903.749 | 4.903.749 |
| Total liabilities | 14.427.192 | 12.308.058 | 5.757.375 | 470.106 | 17.177.859 | 50.140.590 |

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

| | 31 December 2008 | | 31 December 2007 | |
|--------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Cash | 425.081 | 172.147 | 307.931 | 130.758 |
| The CBRT | 1.429.610 | 2.491.433 | 1.332.660 | 1.916.237 |
| Other | - | 372 | - | 1.079 |
| Total | 1.854.691 | 2.663.952 | 1.640.591 | 2.048.074 |

2. Information on the account of the CBRT:

| | 31 December 2008 | | 31 December 2007 | |
|---|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Demand Unrestricted Amount ⁽¹⁾ | 1.429.610 | 827.908 | 1.332.660 | 521.735 |
| Time Unrestricted Amount | - | - | - | - |
| Reserve Requirement | - | 1.663.525 | - | 1.394.502 |
| Total | 1.429.610 | 2.491.433 | 1.332.660 | 1.916.237 |

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, issued by the CBRT and "Changes in Communiqué Regarding the Reserve Requirements" published in the Official Gazette No. 27075 dated 5 December 2008, the banks operating in Turkey are supposed to place reserves in the CBRT for their YTL liabilities by 6% and for their foreign currency liabilities by 9% as USD and/or EUR. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. In accordance with the communiqué numbered 2008/7 interest payments on the foreign currency denominated reserve requirements have terminated as of 11 December 2008. As of 31 December 2008 the corresponding interest rate for YTL is 12,56%.

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

1. As of 31 December 2008, financial assets at fair value through profit and loss subject to repo transactions amount to YTL106.454 thousand (2007: YTL102.027 thousand), and the Bank has no financial assets at fair value through profit and loss those given as collateral/blocked amount (2007: YTL1 thousand).

2. Positive differences related to trading derivative financial assets:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| Forward Transactions | 65.483 | 3.053 | 18.806 | 4.854 |
| Swap Transactions | 312.186 | 6.005 | 16.601 | 4.480 |
| Futures Transactions | - | - | - | - |
| Options | 19 | 1.828 | - | 1.061 |
| Other | - | - | - | - |
| Total | 377.688 | 10.886 | 35.407 | 10.395 |

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c. Information on banks:

1. Information on banks:

| | 31 December 2008 | | 31 December 2007 | |
|-----------------------------------|------------------|------------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Banks | 28.237 | 2.136.232 | 47.846 | 683.129 |
| Domestic | 18.042 | 11.593 | 31.277 | 11.751 |
| Foreign | 10.195 | 2.124.639 | 16.569 | 671.378 |
| Head Quarters and Branches Abroad | - | - | - | - |
| Other Financial Institutions | - | - | - | - |
| Total | 28.237 | 2.136.232 | 47.846 | 683.129 |

2. Information on foreign banks account:

| | Unrestricted Amount | | Restricted Amount | |
|-------------------------------|---------------------|------------------|-------------------|------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| EU Countries | 1.314.128 | 417.227 | - | - |
| USA, Canada | 570.730 | 237.126 | - | - |
| OECD Countries ⁽¹⁾ | 215.892 | 15.736 | - | - |
| Off-shore Banking Regions | 90 | 85 | - | - |
| Other | 33.994 | 17.773 | - | - |
| Total | 2.134.834 | 687.947 | - | - |

⁽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 31 December 2008, available-for-sale financial assets given as collateral/blocked amount to YTL233.402 thousand (2007: YTL12.767 thousand). There are no available-for-sale financial assets subject to repo transactions (2007: None).

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

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Debt Securities | 928.302 | 204.316 |
| Quoted on Stock Exchange ⁽¹⁾ | 728.768 | 196.067 |
| Not Quoted | 199.534 | 8.249 |
| Share Certificates | 64.688 | 70.738 |
| Quoted on Stock Exchange | - | - |
| Not Quoted | 64.688 | 70.738 |
| Impairment Provision (-) | (53.501) | (42.491) |
| Other ⁽²⁾ | 47.846 | 47.301 |
| Total | 987.335 | 279.864 |

⁽¹⁾ As of 31 December 2008, Eurobonds amounting to YTL340.743 thousand (2007: YTL35.448 thousand) have been classified under debt securities quoted on stock exchange even though they are not publicly traded.

⁽²⁾ As of 31 December 2008, other available-for-sale financial assets include mutual funds amounting to YTL47.846 thousand (2007: YTL47.301 thousand).

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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 Bank:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|----------------|------------------|----------------|
| | Cash | Non-cash | Cash | Non-cash |
| Direct Loans Granted to Shareholders | - | - | - | - |
| Corporate Shareholders | - | - | - | - |
| Real Person Shareholders | - | - | - | - |
| Indirect Loans Granted to Shareholders | 447.967 | 633.294 | 352.826 | 679.098 |
| Loans Granted to Employees | 63.456 | - | 56.355 | - |
| Total | 511.423 | 633.294 | 409.181 | 679.098 |

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

| Cash Loans | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring | |
|-----------------------------------|---|--------------------------------|---|--------------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Non-Specialised Loans | 36.569.934 | - | 1.444.930 | 13.919 |
| Discount and Purchase Notes | 318.978 | - | 7.324 | - |
| Export Loans | 3.178.001 | - | 116.262 | - |
| Import Loans | - | - | - | - |
| Loans Granted To Financial Sector | 921.678 | - | - | - |
| Foreign Loans | 606.426 | - | - | - |
| Consumer Loans | 5.951.238 | - | 250.613 | - |
| Credit Cards | 7.050.502 | - | 394.908 | - |
| Precious Metal Loans | 253.198 | - | - | - |
| Other | 18.289.913 | - | 675.823 | 13.919 |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Total | 36.569.934 | - | 1.444.930 | 13.919 |

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 | 20.148.702 | - | 1.136.189 | - |
| Non-specialised Loans | 20.148.702 | - | 1.136.189 | - |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium And Long-Term Loans and Other Receivables | 16.421.232 | - | 308.741 | 13.919 |
| Non-Specialised Loans | 16.421.232 | - | 308.741 | 13.919 |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |

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

| 31 December 2008 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|-----------------------------|--|------------------|------------------|-------------------|
| Standart loans | 23.568.194 | 5.951.238 | 7.050.502 | 36.569.934 |
| Watch listed | 813.328 | 250.613 | 394.908 | 1.458.849 |
| Loans under legal follow-up | 973.373 | 245.837 | 493.820 | 1.713.030 |
| Specific Provisions (-) | (665.194) | (97.303) | (306.364) | (1.068.861) |
| Total | 24.689.701 | 6.350.385 | 7.632.866 | 38.672.952 |

| 31 December 2007 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|-----------------------------|--|------------------|------------------|-------------------|
| Standart loans | 17.357.209 | 3.837.318 | 6.234.999 | 27.429.526 |
| Watch listed | 142.432 | 227.691 | 362.236 | 732.359 |
| Loans under legal follow-up | 1.233.126 | 100.893 | 405.236 | 1.739.255 |
| Specific Provisions (-) | (1.037.628) | (52.762) | (301.869) | (1.392.259) |
| Total | 17.695.139 | 4.113.140 | 6.700.602 | 28.508.881 |

(ii) Fair value of collaterals (Loans and advances given to customers):

| 31 December 2008 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|-----------------------------|--|----------------|--------------|----------------|
| Watch listed | 301.121 | 190.007 | - | 491.128 |
| Loans under legal follow-up | 252.701 | 77.044 | - | 329.745 |
| Total | 553.822 | 267.051 | - | 820.873 |

| 31 December 2007 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|-----------------------------|--|----------------|--------------|----------------|
| Watch Listed | 39.634 | 114.244 | - | 153.878 |
| Loans under legal follow-up | 246.077 | 25.993 | - | 272.070 |
| Total | 285.711 | 140.237 | - | 425.948 |

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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-YTL | 176.438 | 5.538.333 | 5.714.771 |
| Real estate loans | 6.150 | 2.859.900 | 2.866.050 |
| Automotive loans | 24.376 | 571.430 | 595.806 |
| Consumer loans | 5.682 | 121.264 | 126.946 |
| Other | 140.230 | 1.985.739 | 2.125.969 |
| Consumer Loans-FC Indexed | 8.055 | 363.400 | 371.455 |
| Real estate loans | 5.319 | 308.528 | 313.847 |
| Automotive loans | 645 | 29.933 | 30.578 |
| Consumer loans | 144 | 3.283 | 3.427 |
| Other | 1.947 | 21.656 | 23.603 |
| Consumer Loans-FC | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Individual Credit Cards-YTL | 7.241.221 | 10.949 | 7.252.170 |
| With installments | 3.010.649 | 10.949 | 3.021.598 |
| Without installments | 4.230.572 | - | 4.230.572 |
| Individual Credit Cards-FC | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| Personnel Loans-YTL | 5.825 | 20.193 | 26.018 |
| Real estate loans | 22 | 1.763 | 1.785 |
| Automotive loans | 157 | 876 | 1.033 |
| Consumer loans | 11 | 118 | 129 |
| Other | 5.635 | 17.436 | 23.071 |
| Personnel Loans-FC Indexed | 22 | 182 | 204 |
| Real estate loans | - | 95 | 95 |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | 22 | 87 | 109 |
| Personnel Loans-FC | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Personnel Credit Cards-YTL | 36.391 | 11 | 36.402 |
| With installments | 18.659 | 11 | 18.670 |
| Without installments | 17.732 | - | 17.732 |
| Personnel Credit Cards-FC | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| Credit Deposit Account-YTL (Real Person) ⁽¹⁾ | 89.403 | - | 89.403 |
| Credit Deposit Account-FC (Real Person) | - | - | - |
| Total | 7.557.355 | 5.933.068 | 13.490.423 |

⁽¹⁾ YTL832 thousand of the credit deposit account belongs to the credits used by personnel.

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

| | Short-term | Medium and long-term | Total |
|--|----------------|----------------------|------------------|
| Commercial Installments Loans-YTL | 372.295 | 2.329.018 | 2.701.313 |
| Business Loans | 2.605 | 303.197 | 305.802 |
| Automotive Loans | 70.675 | 1.168.527 | 1.239.202 |
| Consumer Loans | - | 49 | 49 |
| Other | 299.015 | 857.245 | 1.156.260 |
| Commercial Installments Loans-FC Indexed | 34.085 | 294.994 | 329.079 |
| Business Loans | 190 | 22.709 | 22.899 |
| Automotive Loans | 3.610 | 140.088 | 143.698 |
| Consumer Loans | - | - | - |
| Other | 30.285 | 132.197 | 162.482 |
| Commercial Installments Loans-FC | - | - | - |
| Business Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Corporate Credit Cards-YTL | 156.827 | 11 | 156.838 |
| With installment | 26.947 | 11 | 26.958 |
| Without installment | 129.880 | - | 129.880 |
| Corporate Credit Cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Credit Deposit Account-YTL (Legal Person) | 156.645 | - | 156.645 |
| Credit Deposit Account-FC (Legal Person) | - | - | - |
| Total | 719.852 | 2.624.023 | 3.343.875 |

7. Loans according to types of borrowers:

| | 31 December 2008 | 31 December 2007 |
|--------------|-------------------|-------------------|
| Public | 1.380.437 | 791.487 |
| Private | 36.648.346 | 27.370.398 |
| Total | 38.028.783 | 28.161.885 |

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

| | 31 December 2008 | 31 December 2007 |
|----------------|-------------------|-------------------|
| Domestic loans | 37.422.357 | 27.904.507 |
| Foreign loans | 606.426 | 257.378 |
| Total | 38.028.783 | 28.161.885 |

9. Loans granted to investments in associates and subsidiaries:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Direct loans granted to investments in associates and subsidiaries | 172.412 | 67.986 |
| Indirect loans granted to investments in associates and subsidiaries | - | - |
| Total | 172.412 | 67.986 |

10. Specific provisions provided against loans:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Loans and other receivables with limited collectibility | 76.484 | 30.108 |
| Loans and other receivables with doubtful collectibility | 220.661 | 120.683 |
| Uncollectible loans and other receivables | 771.716 | 1.241.468 |
| Total | 1.068.861 | 1.392.259 |

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10 (i). Provisions related to loans:

| | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|--|--|----------------|----------------|------------------|
| 2008 | | | | |
| 1 January | 1.037.628 | 52.762 | 301.869 | 1.392.259 |
| Allowance for impairment | 241.843 | 195.427 | 360.999 | 798.269 |
| Amount recovered during the period | (118.951) | (148.536) | (171.159) | (438.646) |
| Loans written off during the period as uncollectible | (495.326) | (2.350) | (185.345) | (683.021) |
| 31 December | 665.194 | 97.303 | 306.364 | 1.068.861 |
| | | | | |
| 2007 | | | | |
| 1 January | 1.065.133 | 22.044 | 314.840 | 1.402.017 |
| Allowance for impairment | 127.319 | 66.344 | 242.630 | 436.293 |
| Amount recovered during the period | (62.221) | (34.867) | (75.391) | (172.479) |
| Loans written off during the period as uncollectible | (92.603) | (759) | (180.210) | (273.572) |
| 31 December | 1.037.628 | 52.762 | 301.869 | 1.392.259 |

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

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

| | III. Group Loans and other receivables with limited collectability | IV. Group Loans and other receivables with doubtful collectability | V. Group Uncollectible loans and other receivables |
|--|---|---|--|
| 31 December 2008 | | | |
| (Gross amounts before specific reserves) | - | 547 | 8.927 |
| Restructured loans and other receivables | - | 547 | 8.927 |
| Rescheduled loans and other receivables | - | - | - |
| 31 December 2007 | | | |
| (Gross amounts before the specific reserves) | 303 | 576 | 185.107 |
| Restructured loans and other receivables | 303 | 576 | 185.107 |
| Rescheduled loans and other receivables | - | - | - |

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

| | III. Group Loans and other receivables with limited collectability | IV. Group Loans and other receivables with doubtful collectability | V. Group Uncollectible loans and other receivables |
|---|---|---|--|
| 31 December 2007 | 159.977 | 212.840 | 1.366.438 |
| Additions (+) | 1.296.115 | 149.231 | 57.310 |
| Transfers from other categories of non-performing loans (+) | - | 675.883 | 479.103 |
| Transfer to other categories of non-performing loans (-) | (675.883) | (479.103) | (8.258) |
| Collections (-) | (378.960) | (134.359) | (324.283) |
| Write-offs(-) | - | (297) | (682.724) |
| Corporate and Commercial Loans | - | (291) | (495.035) |
| Consumer Loans | - | (6) | (2.344) |
| Credit Cards | - | - | (185.345) |
| Other | - | - | - |
| 31 December 2008 | 401.249 | 424.195 | 887.586 |
| Special Provision (-) | (76.484) | (220.661) | (771.716) |
| Net Balance on Balance Sheet | 324.765 | 203.534 | 115.870 |

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As of 28 March 2008, the Bank sold out a non-performing loan portfolio amounting to YTL429.229 thousand selected out of its commercial, corporate and SME problematic loan stocks via adjudication as of 7 March 2008. The corresponding portfolio has eventuated as YTL421.167 thousand after deduction of amounts for which sales transactions were realised except the real estate having right of repurchase. As of the date of the sale, the Bank has recognised provision amounting to YTL376.395 thousand for the related loans stock.

As of 28 March 2008, the portion amounting to YTL2.203 thousand out of the total amount of YTL60.500 thousand is kept as the value for the real estate with right to repurchase and the remaining portion amounting to YTL58.297 thousand is collected. After the deduction of mentioned amounts, the portfolio amounting to YTL362.468 thousand has been included in the table above in "write-offs" line.

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

| | III. Group Loans and other receivables with limited collectability | IV. Group Loans and other receivables with doubtful collectability | V. Group Uncollectible loans and other receivables |
|-------------------------------------|---|---|--|
| 31 December 2008 | | | |
| Period end balance | - | 32.746 | 2.273 |
| Specific provision (-) | - | (29.471) | (2.273) |
| Net Balance on-balance sheet | - | 3.275 | - |
| 31 December 2007 | | | |
| Period end balance | - | - | 2.416 |
| Specific provision (-) | - | - | (2.359) |
| Net Balance on-balance sheet | - | - | 57 |

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

| | III. Group Loans and other receivables with limited collectability | IV. Group Loans and other receivables with doubtful collectability | V. Group Uncollectible loans and other receivables |
|--|---|---|--|
| 31 December 2008 (Net) | 324.765 | 203.534 | 115.870 |
| Loans granted to real persons and corporate entities (Gross) | 401.249 | 391.449 | 802.600 |
| Specific provision amount (-) | (76.484) | (191.190) | (686.730) |
| Loans granted to real persons and corporate entities (Net) | 324.765 | 200.259 | 115.870 |
| Banks (Gross) | - | - | - |
| Specific provision amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans and receivables (Gross) | - | 32.746 | 84.986 |
| Specific provision amount (-) | - | (29.471) | (84.986) |
| Other loans and receivables (Net) | - | 3.275 | - |
| 31 December 2007 (Net) | 129.869 | 92.157 | 124.970 |
| Loans granted to real persons and corporate entities (Gross) | 159.977 | 212.840 | 1.281.452 |
| Specific provision amount (-) | (30.108) | (120.683) | (1.156.482) |
| Loans granted to real persons and corporate entities (Net) | 129.869 | 92.157 | 124.970 |
| Banks (Gross) | - | - | - |
| Specific provision amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans and receivables (Gross) | - | - | 84.986 |
| Specific provision amount (-) | - | - | (84.986) |
| Other loans and receivables (Net) | - | - | - |

12. Policy followed-up for the collection of uncollectible loans and other receivables:

The loans and receivables classified as "Uncollectible loans and other receivables" in accordance with the provisioning communiqué, are liquidated through restructuring and/or the collection of collaterals by will or legal procedures as other follow-up accounts (i.e. the "Loans and other receivables with limited collectability" and "Loans and other receivables with doubtful collectability"). The policy of the Bank regarding the write-off of the loans under legal follow up is as write-off the ones that is proved as uncollectible by legal follow-up.

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f. Information on held-to-maturity investments:

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

| | 31 December 2008 | 31 December 2007 |
|--------------------------------------|-------------------|-------------------|
| Government Bond | 11.529.009 | 11.952.742 |
| Treasury Bill | - | - |
| Other debt securities ⁽¹⁾ | - | 90.244 |
| Total | 11.529.009 | 12.042.986 |

⁽¹⁾ Other debt securities represent the debt securities that are issued by foreign countries.

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

| | 31 December 2008 | 31 December 2007 |
|---|-------------------|-------------------|
| Debt Securities | 11.573.300 | 12.070.661 |
| Quoted to Stock Exchange ⁽¹⁾ | 11.573.300 | 11.921.396 |
| Not Quoted | - | 149.265 |
| Impairment Provision (-) | (44.291) | (27.675) |
| Total | 11.529.009 | 12.042.986 |

⁽¹⁾ Eurobonds amounting to YTL4.974.422 thousand have been classified under debt securities quoted on stock exchange even though they are not publicly traded. (2007: YTL4.682.818 thousand).

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

| | 31 December 2008 | 31 December 2007 |
|---|-------------------|-------------------|
| Beginning balance | 12.042.986 | 15.879.899 |
| FC differences on monetary assets | 1.342.689 | (981.293) |
| Purchases during year | 404.365 | 2.886.776 |
| Disposals through sales and redemptions | (2.244.415) | (5.718.209) |
| Impairment provision (-) | (16.616) | (24.187) |
| Period end balance | 11.529.009 | 12.042.986 |

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

As of 31 December 2008, held-to-maturity investments given as collateral amount to YTL1.948.317 thousand (2007:YTL1.324.464 thousand). Held-to-maturity investments subject to repo transactions amount to YTL354.910 thousand (2007: YTL1.764.891 thousand).

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g. Information on investments in associates (Net):

1. General information on unconsolidated investments in associates:

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

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

| No | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Market value |
|----|--------------|-------------------------|-----------------------|-----------------|--|-------------------------------|-----------------------------|--------------|
| 1 | 2.467.414 | 130.011 | 5.839 | 94.504 | 7.679 | 11.593 | 10.113 | - |
| 2 | 26.049 | 19.265 | 1.837 | 2.950 | 6 | 6.559 | 3.457 | - |
| 3 | 15.271 | 12.004 | 4.544 | 1.665 | - | 1.139 | 1.228 | - |

Financial statement information disclosed above shows 31 December 2008 results.

⁽¹⁾ Financial statement information is disclosed in thousands of CHF. As of 31 December 2008, the evaluation rate for CHF is YTL1,3942 (2007: YTL1,0016).

3. Movement of unconsolidated investments in associates:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Balance at the beginning of the period | 46.062 | 46.932 |
| Movements during the period | 1.282 | (870) |
| Purchases | - | - |
| Transfers | 1.282 | - |
| Bonus shares obtained | - | - |
| Dividends from current year income | - | - |
| Sales | - | - |
| Revaluation (decrease)/increase | - | - |
| Impairment provision | - | (870) |
| Balance at the end of the period | 47.344 | 46.062 |
| Capital Commitments | - | - |
| Share percentage at the end of the period (%) | - | - |

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

| | 31 December 2008 | 31 December 2007 |
|-----------------------------|------------------|------------------|
| Banks | 43.404 | 43.404 |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | - | - |
| Other Financial Investments | 3.940 | 2.658 |
| Total Financial Investments | 47.344 | 46.062 |

5. Valuation of unconsolidated investments in associates:

| | 31 December 2008 | 31 December 2007 |
|------------------------------|------------------|------------------|
| Valuation with cost | 47.344 | 46.062 |
| Valuation with fair value | - | - |
| Valuation with equity method | - | - |
| Total | 47.344 | 46.062 |

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

h. Information on subsidiaries (Net):

1. Information on subsidiaries:

| No | Description | Address (City/Country) | Bank's share percentage if different voting percentage (%) | Bank's risk group share percentage (%) |
|----|---|---------------------------|---|---|
| 1 | Yapı Kredi Portföy Yönetimi A.Ş. (Yapı Kredi Portföy) | 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-Koray Gayrimenkul Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | 30,45 | 30,45 |
| 10 | Yapı Kredi Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | 11,09 | 56,07 |
| 11 | Enternasyonal Turizm Yatırım A.Ş. | Istanbul/Turkey | 99,96 | 99,99 |
| 12 | Yapı Kredi Azerbaycan ⁽³⁾ | Baku/Azerbaijan | 99,80 | 100,00 |
| 13 | Yapı Kredi Nederland N.V. ⁽¹⁾ | Amsterdam/The Netherlands | 67,24 | 100,00 |

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

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

⁽³⁾ Financial statement information is expressed in AZM thousands in Note 2. As of 31 December 2008, the evaluation rate for AZM is YTL1,8407 (2007: YTL1,3432).

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

| No | Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Market value ⁽¹⁾ |
|----|-----------------|-------------------------|-----------------------|--------------------|--|-------------------------------|-----------------------------|--------------------------------|
| 1 | 79.646 | 70.732 | 660 | 10.231 | 3.227 | 47.206 | 44.669 | - |
| 2 | 45.507 | 45.480 | - | 11 | - | (5.387) | 2.410 | - |
| 3 | 310.476 | 232.762 | 17.059 | 29.738 | 19.391 | 52.094 | 48.768 | - |
| 4 | 9.661 | 7.604 | 193 | 80 | - | 759 | 806 | - |
| 5 | 1.095.349 | 86.357 | 717 | 128.053 | - | 19.037 | 19.766 | - |
| 6 | 200.450 | 44.823 | 6.406 | 16.090 | 2.707 | 355 | 5.723 | - |
| 7 | 736.856 | 307.271 | 22.119 | 46.561 | 21.195 | 54.384 | 25.357 | 353.600 |
| 8 | 2.836.039 | 616.169 | 1.133 | 300.148 | - | 132.798 | 131.876 | 522.500 |
| 9 | 151.538 | 98.769 | 3.200 | 13.085 | 308 | (11.755) | 11.358 | 24.400 |
| 10 | 54.698 | 53.879 | 28 | 3.034 | 3.034 | (6.123) | 13.341 | 15.100 |
| 11 | 37.134 | 12.875 | 4.095 | 49 | - | 1.361 | (20.954) | - |
| 12 | 104.495 | 38.443 | 3.063 | 7.739 | 3.449 | 5.292 | 4.082 | - |
| 13 | 1.605.418 | 156.269 | 386 | 109.277 | 37.912 | 14.535 | 13.211 | - |

Financial statement information disclosed above shows 31 December 2008 results.

⁽¹⁾ Calculated with the ISE market prices as of 31 December 2008 considering the total number of shares.

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3. Movement schedule of subsidiaries:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Balance at the beginning of the period | 1.421.842 | 791.219 |
| Movements during the period | 389.683 | 630.623 |
| Purchases ⁽¹⁾ | 389.683 | 804.103 |
| Transfers | - | (54.299) |
| Bonus shares obtained | - | - |
| Dividends from current year income | - | - |
| Sales | - | (24.500) |
| Revaluation (decrease)/increase | - | - |
| Impairment provision | - | (94.681) |
| Balance at the end of the period | 1.811.525 | 1.421.842 |
| Capital commitments | - | - |
| Share percentage at the end of the period (%) | - | - |

⁽¹⁾ Nominal share capital amount of YTL34.897.132,53 (35,28% of the capital), owned by KFS in Yapı Kredi Yatırım Menkul Değerler A.Ş. have been purchased by the Bank in return for USD158.754.689,63 and the cost of the share purchase has been paid to KFS as YTL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.

The nominal share capital amount of EUR32.672.880,00 (67,24% of the capital), owned by KFS in Yapı Kredi NV has been purchased by the Bank in return for EUR97.502.661,71 and the cost of the share purchase has been paid to KFS as YTL165.063 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

In addition, the Parent Bank has participated in the capital increase of its foreign subsidiary, Yapı Kredi Bank Azerbaijan Closed Joint Stock Company, where the share of the Bank is 99,80% amounting to YTL 36.003 thousand.

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

| Subsidiaries | 31 December 2008 | 31 December 2007 |
|------------------------------|------------------|------------------|
| Banks | 278.244 | 77.178 |
| Insurance Companies | 148.019 | 148.019 |
| Factoring Companies | 183.325 | 183.325 |
| Leasing Companies | 722.491 | 722.491 |
| Finance Companies | - | - |
| Other Financial Subsidiaries | 477.146 | 288.529 |
| Total Financial Subsidiaries | 1.809.225 | 1.419.542 |

5. Subsidiaries quoted to stock exchange:

| | 31 December 2008 | 31 December 2007 |
|------------------------------------|------------------|------------------|
| Quoted to domestic stock exchanges | 904.240 | 904.240 |
| Quoted to foreign stock exchanges | - | - |

i. Information on hedging derivative financial assets:

| | 31 December 2008 | | 31 December 2007 | |
|------------------------------|------------------|----|------------------|-----|
| | YTL | FC | YTL | FC |
| Fair Value Hedge | - | - | 1.018 | 666 |
| Cash Flow Hedge | - | - | - | - |
| Foreign Net Investment Hedge | - | - | - | - |
| Total | - | - | 1.018 | 666 |

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j. Information on property and equipment: (Net)

| | Immovables | Leased Fixed Assets | Vehicles | Other Tangible Fixed Assets | Total |
|---|--------------------|------------------------|----------------|--------------------------------|--------------------|
| 31 December 2007 | | | | | |
| Cost | 2.238.581 | 270.231 | 4.788 | 576.578 | 3.090.178 |
| Accumulated depreciation (-) | (1.386.711) | (137.961) | (4.445) | (492.975) | (2.022.092) |
| Net book value | 851.870 | 132.270 | 343 | 83.603 | 1.068.086 |
| 31 December 2008 | | | | | |
| Net book value at beginning of the Period | 851.870 | 132.270 | 343 | 83.603 | 1.068.086 |
| Additions | 835 | 33.167 | 320 | 145.004 | 179.326 |
| Transfers from intangible assets | - | - | - | 30.524 | 30.524 |
| Disposals (-), net | (25.724) | (971) | (12) | (17.454) | (44.161) |
| Reversal of impairment, net | 28.553 | - | - | - | 28.553 |
| Impairment (-) | (1.895) | - | - | - | (1.895) |
| Depreciation (-) | (44.633) | (37.792) | (311) | (35.021) | (117.757) |
| Net book value at beginning of the Period | 809.006 | 126.674 | 340 | 206.656 | 1.142.676 |
| Cost at the end of the period | 2.191.845 | 301.624 | 4.909 | 717.586 | 3.215.964 |
| Accumulated depreciation at the period end (-) | (1.382.839) | (174.950) | (4.569) | (510.930) | (2.073.288) |
| 31 December 2008 | 809.006 | 126.674 | 340 | 206.656 | 1.142.676 |

As of 31 December 2008, the Bank had total provision for impairment on immovables amounting to YTL600.445 thousand (2007: YTL627.103 thousand) for the property and equipment.

k. Information on intangible assets:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Balance at the beginning of the period | 1.187.125 | 1.152.548 |
| Additions during the Period | 33.547 | 65.981 |
| Unused and Disposed Items (-) | (289) | (707) |
| Transfers | (30.524) | - |
| Impairment Charges on Income Statement (-) | - | - |
| Amortisation Expenses (-) | (38.787) | (30.697) |
| Balance at the end of the period | 1.151.072 | 1.187.125 |

Koçbank acquired 57,42% of the shares of Yapı Kredi Bank's as of 28 September 2005. As a result of the acquisition transaction, the cost of the acquisition exceeding the fair value of acquired identifiable assets, liabilities and commitments is accounted as goodwill which amounts to YTL979.493 thousand.

Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 December 2008, the net book value of these intangible assets amounts to YTL110.083 thousand (2007: YTL126.391 thousand).

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I. Information on deferred tax asset:

| | 31 December 2008 | | 31 December 2007 | |
|---|------------------|------------------|------------------|-----------------|
| | Tax Base | Deferred Tax | Tax Base | Deferred Tax |
| Reserves for employment termination benefit | 138.307 | 27.661 | 126.225 | 25.245 |
| Provision for the actuarial deficit of the pension fund | 774.366 | 154.873 | 604.278 | 120.856 |
| Trading derivative financial liabilities | 202.106 | 40.421 | 191.587 | 38.317 |
| Subsidiaries, investment in associates and share certificates | 119.094 | 23.819 | 132.472 | 26.494 |
| Other | 214.181 | 42.838 | 175.481 | 35.097 |
| Total deferred tax asset | 1.448.054 | 289.612 | 1.230.043 | 246.009 |
| Trading derivative financial assets | (388.574) | (77.715) | (45.802) | (9.160) |
| Valuation difference of securities portfolio | (29.704) | (5.941) | (48.213) | (9.642) |
| Property, equipment and intangibles, net | (294.547) | (33.832) | (226.991) | (18.669) |
| Other | (1.884) | (377) | (3.693) | (739) |
| Total deferred tax liability | (714.709) | (117.865) | (324.699) | (38.210) |
| Deferred Tax Asset, net | 733.345 | 171.747 | 905.344 | 207.799 |

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Balance at the beginning of the period | 108.363 | 180.447 |
| Additions | 59.620 | 73.884 |
| Disposals (-), net ⁽¹⁾ | (120.129) | (341.202) |
| Impairment reversal | 44.579 | 223.385 |
| Impairment (-) | (515) | (11.204) |
| Depreciation (-) | (3.586) | (16.947) |
| Net Book Value at the end of the period | 88.332 | 108.363 |
| Cost at the end of the period | 96.741 | 126.922 |
| Depreciation at the end of the period (-) | (8.409) | (18.559) |
| Net Book Value at the end of the period | 88.332 | 108.363 |

⁽¹⁾ By the decision of the board of directors at 3 October 2007; shares of Yapı Kredi Bank (Deutschland), which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV, amounting to YTL54.298 thousand is reclassified under assets held for sale according to the sale agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note I of this section 6, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

As of 31 December 2008, the Bank booked impairment provision on assets held for resale with an amount of YTL19.440 thousand (2007:YTL63.502 thousand).

n. Information on other assets:

As of 31 December 2008, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

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

1 (i). 31 December 2008:

| | Demand | Up to 1 Month | 1-3 months | 3-6 months | 6 months- 1 year | 1 year and over | Total |
|--------------------------------|------------------|-------------------|-------------------|------------------|---------------------|--------------------|-------------------|
| Saving Deposits | 1.043.963 | 3.170.548 | 11.323.811 | 146.823 | 30.531 | 61.535 | 15.777.211 |
| Foreign Currency Deposits | 2.886.468 | 5.920.008 | 6.391.203 | 676.108 | 165.502 | 562.436 | 16.601.725 |
| Residents in Turkey | 2.796.741 | 5.802.897 | 5.891.909 | 637.966 | 151.402 | 492.943 | 15.773.858 |
| Residents Abroad | 89.727 | 117.111 | 499.294 | 38.142 | 14.100 | 69.493 | 827.867 |
| Public Sector Deposits | 250.889 | 63.322 | 98.567 | 336 | 661 | 307 | 414.082 |
| Commercial Deposits | 1.190.299 | 2.250.655 | 3.956.410 | 455.238 | 34.570 | 11.015 | 7.898.187 |
| Other Institutions Deposits | 20.134 | 33.702 | 336.288 | 234 | 103 | 365 | 390.826 |
| Gold Vault | 129.812 | 10.285 | 223 | 595 | 940 | 2.335 | 144.190 |
| Bank Deposits | 234.850 | 54.567 | 43.084 | - | 145.492 | 1.115 | 479.108 |
| The CBRT | 85.483 | - | - | - | - | - | 85.483 |
| Domestic Banks | 7.572 | 41.267 | 8.120 | - | - | - | 56.959 |
| Foreign Banks | 43.053 | 13.300 | 34.964 | - | 145.492 | 1.115 | 237.924 |
| Special Financial Institutions | 98.742 | - | - | - | - | - | 98.742 |
| Other | - | - | - | - | - | - | - |
| Total | 5.756.415 | 11.503.087 | 22.149.586 | 1.279.334 | 377.799 | 639.108 | 41.705.329 |

1 (ii). 31 December 2007:

| | Demand | Up to 1 Month | 1-3 months | 3-6 months | 6 months- 1 year | 1 year and over | Total |
|--------------------------------|------------------|-------------------|-------------------|------------------|---------------------|--------------------|-------------------|
| Saving Deposits | 930.436 | 2.913.831 | 7.136.187 | 176.172 | 29.122 | 63.605 | 11.249.353 |
| Foreign Currency Deposits | 2.773.702 | 4.843.571 | 3.143.355 | 687.897 | 186.509 | 1.137.875 | 12.772.909 |
| Residents in Turkey | 2.695.687 | 4.439.224 | 3.031.222 | 660.202 | 166.576 | 1.041.101 | 12.034.012 |
| Residents Abroad | 78.015 | 404.347 | 112.133 | 27.695 | 19.933 | 96.774 | 738.897 |
| Public Sector Deposits | 221.383 | 55.564 | 13.811 | 3.979 | 109.652 | 542 | 404.931 |
| Commercial Deposits | 1.177.592 | 3.145.445 | 2.234.202 | 282.095 | 12.659 | 101.394 | 6.953.387 |
| Other Institutions Deposits | 15.872 | 21.298 | 139.642 | 333 | 107 | 271 | 177.523 |
| Gold Vault | 65.378 | 10.126 | 375 | 283 | 624 | 2.635 | 79.421 |
| Bank Deposits | 101.162 | 305.643 | 126 | 1.848 | 116.438 | 3.212 | 528.429 |
| The CBRT | 72 | - | - | - | - | - | 72 |
| Domestic Banks | 6.633 | 263.722 | - | - | 3.153 | - | 273.508 |
| Foreign Banks | 53.653 | 41.921 | 126 | 1.848 | 113.285 | 3.212 | 214.045 |
| Special Financial Institutions | 40.804 | - | - | - | - | - | 40.804 |
| Other | - | - | - | - | - | - | - |
| Total | 5.285.525 | 11.295.478 | 12.667.698 | 1.152.607 | 455.111 | 1.309.534 | 32.165.953 |

⁽¹⁾ The Bank has no cumulative deposits and deposits with 7 days notifications.

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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:

| Saving Deposits | Under the guarantee of deposit insurance | | Exceeding limit of the deposit insurance | |
|---|---|------------------|---|------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Saving Deposits | 7.804.232 | 5.996.775 | 7.911.087 | 5.228.946 |
| Foreign Currency Savings Deposit | 2.553.090 | 2.837.947 | 5.637.303 | 4.712.030 |
| Other Deposits in the Form of Savings deposits | 7.237 | 5.793 | 123.113 | 64.590 |
| 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 the saving deposits insurance fund:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Saving Deposits in Foreign Branches | - | - |
| Saving Deposits in Off-shore Banking Regions | 142.047 | 83.319 |
| Total | 142.047 | 83.319 |

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| 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 | 18.747 | 19.825 |
| 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 | 142.047 | 83.319 |

b. Information on trading derivative financial liabilities:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------|------------------|---------------|------------------|--------------|
| | YTL | FC | YTL | FC |
| Forward Transactions | 69.595 | 931 | 24.528 | 5.522 |
| Swap Transactions | 107.785 | 23.274 | 160.558 | - |
| Futures Transactions | - | - | - | - |
| Options | 4 | 517 | - | 979 |
| Other | - | - | - | - |
| Total | 177.384 | 24.722 | 185.086 | 6.501 |

c. Information on borrowings:

1. Information on borrowings:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| The CBRT Borrowings | - | - | - | - |
| From Domestic Banks and Institutions | 216.788 | 125.668 | 178.941 | 116.453 |
| From Foreign Banks, Institutions and Funds | 946.171 | 4.875.209 | 326 | 3.940.281 |
| Total | 1.162.959 | 5.000.877 | 179.267 | 4.056.734 |

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2. Information on maturity structure of borrowings:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Short-term | 266.592 | 939.805 | 179.267 | 1.376.738 |
| Medium and Long-term | 896.367 | 4.061.072 | - | 2.679.996 |
| Total | 1.162.959 | 5.000.877 | 179.267 | 4.056.734 |

3. Repayment schedule of securitisation credits:

The Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to equivalent of YTL1.966.298 thousand using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

| | 31 December 2008 | 31 December 2007 |
|--------------------------|------------------|------------------|
| 2010 | 369.495 | 289.196 |
| 2011 | 399.927 | 312.977 |
| 2012 | 399.927 | 312.977 |
| 2013 | 399.927 | 312.977 |
| 2014 | 357.538 | 280.332 |
| 2015 | 30.431 | 23.781 |
| Interest Expense Accrual | 9.053 | 10.369 |
| Total | 1.966.298 | 1.542.609 |

d. Information on miscellaneous payables:

As of 31 December 2008, miscellaneous payables do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

e. Information on financial leasing agreements:

| | 31 December 2008 | | 31 December 2007 | |
|-------------------|------------------|--------------|------------------|---------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 8.313 | 7.937 | 24.483 | 23.581 |
| Between 1-4 years | 40 | 2 | 57 | 13 |
| More than 4 years | - | - | - | - |
| Total | 8.353 | 7.939 | 24.540 | 23.594 |

f. Information on hedging derivative financial liabilities:

| | 31 December 2008 | | 31 December 2007 | |
|------------------------------|------------------|----------|------------------|----------|
| | YTL | FC | YTL | FC |
| Fair Value Hedge | - | - | 27.786 | - |
| Cash Flow Hedge | - | - | - | - |
| Foreign Net Investment Hedge | - | - | - | - |
| Total | - | - | 27.786 | - |

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g. Information on provisions:

1. Information on general provisions:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Provisions for Group I loans and receivables | 444.508 | 528.050 |
| Provisions for Group II loans and receivables | 71.419 | 42.466 |
| Provisions for non cash loans | 111.410 | 81.623 |
| Other | 28.095 | 13.755 |
| Total | 655.432 | 665.894 |

2. Information on reserve for employment termination benefits:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated over today's possible liability of the Bank 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.

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Discount rate (%) | 6,26 | 5,71 |
| The Rate Used Related to Retirement Expectation (%) | 95,53 | 96,20 |

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 maximum liability is revised semi-annually, the maximum amount of YTL 2.260,05 (1 January 2008: 2.087,92 YTL) effective from 1 January 2009 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Prior period ending balance | 88.549 | 94.345 |
| Provisions recognised during the period | 12.512 | 11.198 |
| Paid during the period | (16.036) | (16.994) |
| Balance at the end of the period | 85.025 | 88.549 |

In addition, the Bank has accounted for unused vacation rights provision amounting to YTL53.282 thousand as of 31 December 2008 (2007: YTL37.676 thousand).

3. Other provisions:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Pension fund provision | 774.366 | 604.278 |
| Tax risk provision ⁽¹⁾ | 40.273 | 72.043 |
| Non-cash loan provision | 62.288 | 50.249 |
| Provisions on credit cards and promotion campaigns related to banking services | 56.674 | 36.014 |
| Provision on export commitment estimated liability | 40.495 | 39.945 |
| Legal risk provision ⁽¹⁾ | 19.899 | 10.997 |
| Other | 160.305 | 151.779 |
| Total | 1.154.300 | 965.305 |

⁽¹⁾ Considered as provisions for possible risks.

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i) Pension Fund provision:

As of 31 December 2008, the Bank provided provision amounting to YTL774.366 thousand for the technical deficit based on the report prepared by a registered actuary as of 30 November 2008 in accordance with the technical interest rate of 9.8% determined by the New Law and CSO 1980 mortality table. In the financial statements of the Bank prepared as of 31 December 2007, the provision for the technical deficit calculated as of 31 December 2006 in accordance with the decision of the Council of Ministers numbered 2006/11345 published in the Official Gazette No.26377 dated 15 December 2006 using a technical interest rate 10,24% amounts to YTL604.278 thousand.

| | 31 December 2008 | 31 December 2007 |
|-------------------------|------------------|------------------|
| Income statement charge | 170.088 | 120.996 |

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Present value of funded obligations | 1.063.181 | 774.820 |
| -Pension benefits transferable to SSI | 1.036.138 | 708.438 |
| -Post employment medical benefits transferable to SSI | 27.043 | 66.382 |
| Fair value of plan assets | (288.815) | (170.542) |
| Provision for the actuarial deficit of the pension fund | 774.366 | 604.278 |

The principal actuarial assumptions used were as follows:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Discount rate | | |
| -Pension benefits transferable to SSI | 9,80% | 10,24% |
| -Post employment medical benefits transferable to SSI | 9,80% | 10,24% |

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

Plan assets are comprised as follows:

| | 31 December 2008 | | 31 December 2007 | |
|-------------------------------------|------------------|------------|------------------|------------|
| | Amount | % | Amount | % |
| Government bonds and treasury bills | 144.207 | 50 | 53.924 | 32 |
| Premises and equipment | 94.596 | 33 | 97.631 | 57 |
| Bank placements | 17.240 | 6 | 12.099 | 7 |
| Short term receivables | 7.662 | 3 | 1.080 | 1 |
| Other | 25.110 | 8 | 5.808 | 3 |
| Total | 288.815 | 100 | 170.542 | 100 |

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

As of 31 December 2008, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL10.498 thousand (2007: YTL99.986 thousand).

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h. Information on taxes payable:

(i) Information on taxes payable:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Corporate Tax Payable | - | 3.103 |
| Taxation of Marketable Securities | 106.717 | 84.246 |
| Property Tax | 997 | 1.051 |
| Banking Insurance Transaction Tax (BITT) | 39.835 | 28.033 |
| Foreign Exchange Transaction Tax | - | 3.167 |
| Value Added Tax Payable | 2.155 | 2.738 |
| Other | 16.518 | 13.580 |
| Total | 166.222 | 135.918 |

(ii) Information on premium payables:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Social Security Premiums-Employee | - | - |
| Social Security Premiums-Employer | - | - |
| Bank Pension Fund Premiums-Employee | - | - |
| Bank Pension Fund Premiums-Employer | - | - |
| Pension Fund Deposit and Provisions-Employee | 1.936 | - |
| Pension Fund Deposit and Provisions-Employer | 2.207 | - |
| Unemployment Insurance-Employee | 423 | 380 |
| Unemployment Insurance-Employer | 847 | 760 |
| Other | - | - |
| Total | 5.413 | 1.140 |

i. Information on subordinated loans:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| From Domestic Banks | - | - | - | - |
| From Other Domestic Institutions | - | - | - | - |
| From Foreign Banks | - | 2.220.601 | - | 1.772.914 |
| From Other Foreign Institutions | - | - | - | - |
| Total | - | 2.220.601 | - | 1.772.914 |

At 30 March 2006, Yapı Kredi obtained a subordinated loan amounting to EUR500 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 28 April 2006 amounting to EUR350 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 with decrees from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on 25 June 2007 amounting to EUR200 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 3 April 2006, 2 May 2006 and 19 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

j. Information on shareholders' equity:

1. Presentation of paid-in capital (as nominal; inflation unadjusted balances):

| | 31 December 2008 | 31 December 2007 |
|-----------------|------------------|------------------|
| Common Stock | 4.347.051 | 3.427.051 |
| Preferred Stock | - | - |

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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 (As nominal; inflation unadjusted balances):

The Bank's paid-in-capital is amounting to YTL4.347.051 thousand and in accordance with the decision taken in the Ordinary General Assembly at 7 April 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is YTL5.000.000 thousand.

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

| Increase Date | Increase Amount | Cash | Profit Reserve Regarding Increase | Capital Reserve Regarding Increase |
|------------------|-----------------|---------|--------------------------------------|---------------------------------------|
| 15 December 2008 | 920.000 | 920.000 | - | - |

In 2008, the Bank increased its issued capital by YTL920.000.000 from YTL3.427.051.284 to YTL4.347.051.284 all in cash within the Bank's registered capital ceiling of YTL5.000.000.000 (2007: With the transfer of KFS's shares in Yapı Kredi Factoring, Yapı Kredi Leasing and Yapı Kredi Azerbaijan Closed Joint Stock Company to the Bank; the Bank's issued capital is increased by YTL 277.601 thousand, as of 31 October 2007. The difference between the fair value of the transferred shares and the increase in capital amounted YTL 495.852 thousand is recorded under the account of share premium).

4. Information on transfers from revaluation funds 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 privileges given to shares representing the capital by considering the banks income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

7. Privilege on the corporate stock: None.

k. Information on marketable securities value increase fund:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | - | - | - | - |
| Valuation Difference | 11.543 | 22.725 | 4.748 | 43.227 |
| Foreign Currency Difference | - | - | - | - |
| Total | 11.543 | 22.725 | 4.748 | 43.227 |

III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Short-term Loans | 3.048.339 | 291.733 | 2.649.827 | 185.840 |
| Medium/Long-term Loans | 1.376.199 | 403.684 | 834.934 | 317.110 |
| Interest on Loans Under Follow-up | 80.483 | 6.152 | 82.655 | 306 |
| Premiums Received from Resource Utilisation Support Fund | - | - | - | - |
| Total⁽¹⁾ | 4.505.021 | 701.569 | 3.567.416 | 503.256 |

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

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2. Information on interest income on banks:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------------------|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| From the CBRT | - | - | - | - |
| From Domestic Banks | 8.351 | 3.876 | 4.900 | 3.169 |
| From Foreign Banks | 6.074 | 48.769 | 5.468 | 72.421 |
| Headquarters and Branches Abroad | - | - | - | - |
| Total | 14.425 | 52.645 | 10.368 | 75.590 |

3. Information on interest income on marketable securities:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| From Trading Financial Assets | 3.124 | 14.174 | 2.860 | 17.370 |
| From Financial Assets At Fair Value Through Profit or Loss | - | - | - | - |
| From Available-for-sale Financial Assets | 34.129 | 14.308 | 21.273 | 7.306 |
| From Held-to-maturity investments | 1.025.831 | 383.703 | 1.102.465 | 480.703 |
| Total | 1.063.084 | 412.185 | 1.126.598 | 505.379 |

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Interests Received From Investments in Associates and Subsidiaries | 6.529 | 11.108 |

b. Information on interest expense:

1. Information on interest expense on borrowings:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Banks | 79.668 | 354.756 | 33.664 | 257.262 |
| The CBRT | 2 | - | 1 | - |
| Domestic Banks | 27.330 | 6.025 | 26.080 | 8.791 |
| Foreign Banks | 52.336 | 348.731 | 7.583 | 248.471 |
| Headquarters and Branches Abroad | - | - | - | - |
| Other Institutions | - | 38.176 | - | 99.081 |
| Total ⁽¹⁾ | 79.668 | 392.932 | 33.664 | 356.343 |

⁽¹⁾ Includes fees and commissions related to borrowings.

2. Information on interest expense given to investments in associates and subsidiaries:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Interests paid to Investments in Associates and Subsidiaries | 40.099 | 18.751 |

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3. Maturity structure of the interest expense on deposits:

| Account Name | Time Deposit | | | | | | | Total | 31 December 2007 |
|----------------------------------|----------------|---------------|---------------|---------------|--------------|------------------|--------------------|-----------|------------------|
| | Demand Deposit | Up to 1 Month | Up to 3 Month | Up to 6 Month | Up to 1 Year | More Than 1 year | Cumulative Deposit | | |
| YTL | | | | | | | | | |
| Bank Deposit | 2.265 | 8.054 | 6.470 | - | - | 151 | - | 16.940 | 14.528 |
| Saving Deposit | 1.855 | 513.446 | 1.661.638 | 23.469 | 3.721 | 8.939 | - | 2.213.068 | 1.785.132 |
| Public Sector Deposit | - | 3.159 | 5.689 | 641 | 5.280 | 80 | - | 14.849 | 29.051 |
| Commercial Deposit | 24.572 | 413.185 | 683.129 | 49.412 | 5.201 | 9.122 | - | 1.184.621 | 997.288 |
| Other Deposit | 1 | 17.790 | 49.922 | 86 | 15 | 45 | - | 67.859 | 35.544 |
| Deposit With 7 Days Notification | - | - | - | - | - | - | - | - | - |
| Total | 28.693 | 955.634 | 2.406.848 | 73.608 | 14.217 | 18.337 | - | 3.497.337 | 2.861.543 |
| FC | | | | | | | | | |
| Foreign Currency Deposit | 7.253 | 236.558 | 213.649 | 33.171 | 6.273 | 39.400 | - | 536.304 | 438.894 |
| Bank Deposit | - | 49 | - | - | 5.647 | - | - | 5.696 | 3.375 |
| Deposit With 7 Days Notification | - | - | - | - | - | - | - | - | - |
| Gold Vault | - | 69 | 4 | 5 | 11 | 102 | - | 191 | 131 |
| Total | 7.253 | 236.676 | 213.653 | 33.176 | 11.931 | 39.502 | - | 542.191 | 442.400 |
| Grand Total | 35.946 | 1.192.310 | 2.620.501 | 106.784 | 26.148 | 57.839 | - | 4.039.528 | 3.303.943 |

c. Information on dividend income:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Trading Financial Assets | - | - |
| Financial Assets at Fair Value Through Profit or Loss | - | - |
| Available-for-Sale Financial Assets | 38.298 | 825 |
| Subsidiaries and associates | 167.671 | 37.792 |
| Total | 205.969 | 38.617 |

d. Information on trading loss/income (Net):

| | 31 December 2008 | 31 December 2007 |
|---|---------------------|--------------------|
| Income | 10.870.296 | 8.220.072 |
| Income from Capital Market Transactions | 5.365.761 | 4.138.547 |
| Derivative Financial Transactions | 5.311.578 | 4.106.289 |
| Other | 54.183 | 32.258 |
| Foreign Exchange Gains | 5.504.535 | 4.081.525 |
| Loss(-) | (10.875.460) | (8.146.989) |
| Loss from Capital Market Transactions | (5.061.527) | (4.339.423) |
| Derivative Financial Transactions | (5.042.387) | (4.305.892) |
| Other | (19.140) | (33.531) |
| Foreign Exchange Loss | (5.813.933) | (3.807.566) |
| Net Gain/Loss | (5.164) | 73.083 |

e. Information on other operating income:

Other operating income mainly consists of collections from provisions recorded as expense in the previous years and income from sales of fixed assets due to reversal of impairments charged in previous years.

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f. Provision expenses related to loans and other receivables of the Bank:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Specific provisions for loans and other receivables | 378.512 | 232.576 |
| III. Group Loans and Receivables | 46.376 | 10.070 |
| IV. Group Loans and Receivables | 99.979 | 18.969 |
| V. Group Loans and Receivables | 232.157 | 203.537 |
| General Provision Expenses | 133.357 | 44.742 |
| Provision Expense for Possible Risks | 40.714 | 38.673 |
| Marketable Securities Impairment Expenses | - | - |
| Financial Assets at Fair Value Through Profit or Loss | - | - |
| Available-for-Sale Financial Assets | - | - |
| Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease | - | 95.551 |
| Investments in Associates | - | 870 |
| Subsidiaries | - | 94.681 |
| Joint Ventures | - | - |
| Held-to-maturity Investments | - | - |
| Other | - | 8.598 |
| Total | 552.583 | 420.140 |

g. Information related to other operational expenses:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Personnel Expenses | 873.717 | 788.343 |
| Reserve For Employee Termination Benefits | 913 | 157 |
| Provision Expense for Pension Fund | 170.088 | 120.996 |
| Impairment Expenses of Fixed Assets | 1.895 | 27.820 |
| Depreciation Expenses of Fixed Assets | 117.757 | 122.884 |
| Impairment Expenses of Intangible Assets | - | - |
| Goodwill Impairment Expenses | - | - |
| Amortisation Expenses of Intangible Assets | 38.787 | 30.697 |
| Impairment Expenses of Equity Participations for which Equity Method Applied | - | - |
| Impairment Expenses of Assets Held For Resale | 515 | 5.639 |
| Depreciation Expenses of Assets Held for Resale | 3.586 | 16.947 |
| Impairment Expenses of Fixed Assets Held for Sale | - | 5.565 |
| Other Operating Expenses | 747.466 | 744.654 |
| Operational Lease Expenses | 87.213 | 59.510 |
| Maintenance Expenses | 33.184 | 25.655 |
| Advertising Expenses | 85.009 | 116.428 |
| Other Expense | 542.060 | 543.061 |
| Loss on Sales of Assets | 606 | 33.906 |
| Other | 403.260 | 256.402 |
| Total | 2.358.590 | 2.154.010 |

h. Explanations on profit and loss from continuing operations before tax:

Profit and loss before tax consists of net interest income amounting to YTL 2.415.117 thousand (2007: YTL2.122.718 thousand), net fee and commission income amounting to YTL1.262.736 thousand (2007: YTL973.785 thousand) and total other operating expense amounting YTL2.358.590 thousand (2007: YTL2.154.010 thousand).

i. Provision for taxes on income from continuing operations:

As of 31 December 2008, the Bank has current tax expense amounting to YTL207.854 thousand (2007: YTL217.406 thousand) and deferred tax income amounting to YTL84.210 thousand (2007: YTL73.726 thousand deferred tax expense).

The Bank made an agreement with local tax authorities in relation to the corporate tax declarations for the periods 2003/2005 and gave up the legal process against Boğaziçi Kurumlar Vergi Dairesi according to Law Numbered 5736 which came into force on 27 February 2008 and published in the Official Gazette numbered 26800. In relation to the agreement, a payment amounting to YTL49.064 thousand was made to the related tax office and has been accounted under deferred tax expense account.

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

1) The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions (other than provision expense for the actuarial deficit of the Pension Fund amounting to YTL170 million, tax expense amounting to YTL49 million related to the compromise with the tax office and provision reversal income amounting to YTL185 million related with the revised general loan loss provision calculation) 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 consequent periods: None

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

IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Information on off balance sheet commitments:

1. The amount and type of non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments:

| | 31 December 2008 | 31 December 2007 |
|------------------------------------|-------------------|-------------------|
| Commitments on credit cards limits | 11.244.536 | 10.449.281 |
| Loan granting commitments | 2.457.100 | 1.902.940 |
| Commitments for cheque books | 1.391.826 | 1.359.423 |
| Total | 15.093.462 | 13.711.644 |

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".

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

| | 31 December 2008 | 31 December 2007 |
|----------------------------------|------------------|------------------|
| Bank acceptance loans | 211.367 | 184.493 |
| Letter of credits | 2.635.922 | 2.010.563 |
| Other guarantees and collaterals | 444.717 | 720.241 |
| Total | 3.292.006 | 2.915.297 |

2 (ii). Revocable, irrevocable guarantees, contingencies and other similar commitments:

| | 31 December 2008 | 31 December 2007 |
|---------------------------------------|-------------------|-------------------|
| Temporary letter of guarantees | 565.241 | 638.848 |
| Definite letter of guarantees | 9.215.573 | 7.778.742 |
| Advance letter of guarantees | 2.244.072 | 1.539.381 |
| Letter of guarantees given to customs | 599.021 | 579.354 |
| Other letter of guarantees | 393.938 | 299.105 |
| Total | 13.017.845 | 10.835.430 |

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

| | 31 December 2008 | 31 December 2007 |
|--|-------------------|-------------------|
| Non-cash Loans Given Against Cash Loans | 249.928 | 180.627 |
| With Original Maturity of 1 Year or Less Than 1 Year | 69.564 | 28.046 |
| With Original Maturity of More Than 1 Year | 180.364 | 152.581 |
| Other Non-cash Loans | 16.059.923 | 13.570.100 |
| Total | 16.309.851 | 13.750.727 |

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

| | 31 December 2008 | | | | 31 December 2007 | | | |
|--------------------------------------|------------------|---------------|-------------------|---------------|------------------|---------------|------------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | 78.450 | 1,30 | 163.120 | 1,58 | 62.854 | 1,08 | 141.387 | 1,79 |
| Farming and Raising Livestock | 53.093 | 0,88 | 154.492 | 1,50 | 42.028 | 0,72 | 131.632 | 1,66 |
| Forestry | 19.613 | 0,32 | 7.369 | 0,07 | 15.672 | 0,27 | 9.298 | 0,12 |
| Fishing | 5.744 | 0,10 | 1.259 | 0,01 | 5.154 | 0,09 | 457 | 0,01 |
| Manufacturing | 2.426.845 | 40,16 | 4.481.042 | 43,64 | 2.332.805 | 40,24 | 3.626.331 | 45,60 |
| Mining | 116.861 | 1,93 | 91.652 | 0,89 | 110.087 | 1,90 | 86.120 | 1,08 |
| Production | 2.060.256 | 34,10 | 3.857.760 | 37,57 | 2.105.265 | 36,31 | 3.253.455 | 40,91 |
| Electric, Gas and Water | 249.728 | 4,13 | 531.630 | 5,18 | 117.453 | 2,03 | 286.756 | 3,61 |
| Construction | 1.610.566 | 26,66 | 2.774.448 | 27,02 | 1.509.655 | 26,04 | 1.752.787 | 22,04 |
| Services | 1.804.141 | 29,87 | 1.875.687 | 18,26 | 1.823.460 | 31,45 | 1.911.885 | 24,04 |
| Wholesale and Retail Trade | 894.521 | 14,81 | 312.625 | 3,04 | 898.417 | 15,50 | 320.201 | 4,03 |
| Hotel, Food and Beverage Services | 68.778 | 1,14 | 83.354 | 0,81 | 65.138 | 1,12 | 73.944 | 0,93 |
| Transportation and Telecommunication | 238.312 | 3,94 | 324.751 | 3,16 | 272.424 | 4,70 | 369.086 | 4,64 |
| Financial Institutions | 358.538 | 5,93 | 630.361 | 6,14 | 394.968 | 6,81 | 727.448 | 9,15 |
| Real Estate and Leasing Services | 92.220 | 1,53 | 168.488 | 1,64 | 67.599 | 1,17 | 95.376 | 1,20 |
| Self-Employment Services | - | - | - | - | - | - | - | - |
| Education Services | 10.017 | 0,17 | 2.894 | 0,03 | 5.946 | 0,10 | 1.918 | 0,02 |
| Health and Social Services | 141.755 | 2,35 | 353.214 | 3,44 | 118.968 | 2,05 | 323.912 | 4,07 |
| Other | 121.329 | 2,01 | 974.223 | 9,50 | 68.750 | 1,19 | 520.813 | 6,53 |
| Total | 6.041.331 | 100,00 | 10.268.520 | 100,00 | 5.797.524 | 100,00 | 7.953.203 | 100,00 |

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

| 31 December 2008 | | Group I | | Group II | |
|-------------------------------------|------------------|------------------|---------------|----------------|--|
| | YTL | FC | YTL | FC | |
| Non-cash Loans | | | | | |
| Letters of Guarantee | 5.940.501 | 6.723.077 | 97.226 | 257.041 | |
| Bank Acceptances | - | 211.367 | - | - | |
| Letters of Credit | 547 | 2.620.571 | - | 14.804 | |
| Endorsements | - | - | - | - | |
| Underwriting Commitments | - | - | - | - | |
| Factoring Guarantees | - | - | - | - | |
| Other Commitments and Contingencies | 3.057 | 415.122 | - | 26.538 | |
| Total | 5.944.105 | 9.970.137 | 97.226 | 298.383 | |

| 31 December 2007 | | Group I | | Group II | |
|-------------------------------------|------------------|------------------|---------------|---------------|--|
| | YTL | FC | YTL | FC | |
| Non-cash Loans | | | | | |
| Letters of Guarantee | 5.720.757 | 5.025.767 | 51.990 | 36.916 | |
| Bank Acceptances | - | 180.488 | - | 4.005 | |
| Letters of Credit | 787 | 2.008.977 | - | 799 | |
| Endorsements | - | - | - | - | |
| Underwriting Commitments | - | - | - | - | |
| Factoring Guarantees | - | - | - | - | |
| Other Commitments and Contingencies | 15.492 | 696.251 | 8.498 | - | |
| Total | 5.737.036 | 7.911.483 | 60.488 | 41.720 | |

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

| 31 December 2008 ⁽¹⁾ | Indefinite | Up to 1 year | 1-5 Years | Above 5 years | Total |
|---------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit | 1.418.078 | 758.646 | 459.198 | - | 2.635.922 |
| Letter of Guarantee | 7.081.551 | 1.920.125 | 3.313.023 | 703.146 | 13.017.845 |
| Bank Acceptances | 211.367 | - | - | - | 211.367 |
| Other | 27.379 | 34.442 | 327.493 | 55.403 | 444.717 |
| Total | 8.738.375 | 2.713.213 | 4.099.714 | 758.549 | 16.309.851 |

| 31 December 2007 ⁽¹⁾ | Indefinite | Up to 1 year | 1-5 Years | Above 5 years | Total |
|---------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit | 426 | 1.849.707 | 160.430 | - | 2.010.563 |
| Letter of Guarantee | 6.211.978 | 1.416.866 | 2.874.887 | 331.699 | 10.835.430 |
| Bank Acceptances | 184.493 | - | - | - | 184.493 |
| Other | 48.395 | 200.298 | 335.950 | 135.598 | 720.241 |
| Total | 6.445.292 | 3.466.871 | 3.371.267 | 467.297 | 13.750.727 |

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

b. Information on derivative financial instruments:

| | 31 December 2008 | 31 December 2007 |
|--|-------------------|------------------|
| Types of Trading Transactions | | |
| Foreign currency related derivative transactions (I) | 12.301.254 | 6.717.095 |
| FC trading forward transactions | 4.085.608 | 2.190.656 |
| Trading swap transactions | 7.445.832 | 2.524.782 |
| Futures transactions | - | - |
| Trading option transactions | 769.814 | 2.001.657 |
| Interest related derivative transactions (II) | 4.976.839 | 1.467.466 |
| Forward interest rate agreements | - | - |
| Interest rate swaps | 4.710.399 | 1.467.466 |
| Interest rate options | 266.440 | - |
| Interest rate futures | - | - |
| Other trading derivative transactions (III) | 46.462 | 7.987 |
| A. Total trading derivative transactions (I+II+III) | 17.324.555 | 8.192.548 |
| Types of hedging transactions | | |
| Fair value hedges | - | 221.767 |
| Cash flow hedges | - | - |
| Foreign currency investment hedges | - | - |
| B. Total hedging related derivatives | - | 221.767 |
| Total derivative transactions (A+B) | 17.324.555 | 8.414.315 |

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

| 31 December 2008 | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years | Total |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|---------------|--------------------|
| Derivatives held for trading | | | | | | |
| Foreign exchange derivatives | (12.189) | (18.100) | 460.224 | (471) | - | 429.464 |
| -Inflow | 3.166.327 | 519.636 | 2.770.731 | 41.602 | - | 6.498.296 |
| -Outflow | (3.178.516) | (537.736) | (2.310.507) | (42.073) | - | (6.068.832) |
| Interest rate derivatives | 283.180 | 1.864.850 | (144.966) | (1.963.344) | - | 39.720 |
| -Inflow | 499.929 | 1.871.994 | 163.571 | 17.638 | - | 2.553.132 |
| -Outflow | (216.749) | (7.144) | (308.537) | (1.980.982) | - | (2.513.412) |
| Derivatives held for hedging | | | | | | |
| Foreign exchange derivatives | - | - | - | - | - | - |
| -Inflow | - | - | - | - | - | - |
| -Outflow | - | - | - | - | - | - |
| Interest rate derivatives | - | - | - | - | - | - |
| -Inflow | - | - | - | - | - | - |
| -Outflow | - | - | - | - | - | - |
| Total inflow | 3.666.256 | 2.391.630 | 2.934.302 | 59.240 | - | 9.051.428 |
| Total outflow | (3.395.265) | (544.880) | (2.619.044) | (2.023.055) | - | (8.582.244) |

| 31 December 2007 | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years | Total |
|-------------------------------------|--------------------|--------------------|------------------|------------------|-----------------|--------------------|
| Derivatives held for trading | | | | | | |
| Foreign exchange derivatives | 37.929 | 27.903 | (5.781) | (6.311) | - | 53.740 |
| -Inflow | 2.763.439 | 975.836 | 616.360 | 73.322 | - | 4.428.957 |
| -Outflow | (2.725.510) | (947.933) | (622.141) | (79.633) | - | (4.375.217) |
| Interest rate derivatives | 225.862 | 120.317 | 10.525 | (606.452) | - | (249.748) |
| -Inflow | 225.862 | 294.941 | 104.471 | 45.953 | 13.326 | 684.553 |
| -Outflow | - | (174.624) | (93.946) | (652.405) | (13.326) | (934.301) |
| Derivatives held for hedging | | | | | | |
| Foreign exchange derivatives | - | - | - | - | - | - |
| -Inflow | - | - | - | - | - | - |
| -Outflow | - | - | - | - | - | - |
| Interest rate derivatives | (3.343) | 33.965 | (75.492) | - | - | (44.870) |
| -Inflow | 26.227 | 62.550 | 13.894 | - | - | 102.671 |
| -Outflow | (29.570) | (28.585) | (89.386) | - | - | (147.541) |
| Total inflow | 3.015.528 | 1.333.327 | 734.725 | 119.275 | 13.326 | 5.216.181 |
| Total outflow | (2.755.080) | (1.151.142) | (805.473) | (732.038) | (13.326) | (5.457.059) |

d. Information on contingent liabilities:

Outstanding legal cases against the Bank have been considered as contingent liabilities and an YTL19.899 thousand (2007: YTL10.997 thousand) provision against these legal cases has been accounted for in the financial statements under the "Other provisions" account.

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

The Bank's activities of saving and depositing in the name of real and legal persons are not considered as material.

V. EXPLANATIONS AND NOTES RELATED TO 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 profit and loss statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

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c. Information on increase/decrease amounts result from the merger:

None.

d. Information on share issue premium:

Explained in details in Note II.j.3 of Section Five.

VI. EXPLANATIONS AND NOTES RELATED TO 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"; interbank money market 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:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Cash | 1.330.660 | 1.394.615 |
| Cash and Effectives | 439.768 | 435.711 |
| Demand Deposits in Banks | 890.892 | 958.904 |
| Cash Equivalents | 353.628 | 1.567.730 |
| Interbank Money Market | - | - |
| Deposits in Bank | 353.628 | 1.567.730 |
| Total Cash and Cash Equivalents | 1.684.288 | 2.962.345 |

The total amount from the operations occurring in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Cash | 2.545.161 | 1.330.660 |
| Cash and Effectives | 597.600 | 439.768 |
| Demand Deposits in Banks | 1.947.561 | 890.892 |
| Cash equivalents | 1.114.863 | 353.628 |
| Interbank Money Market | 40.000 | - |
| Time Deposits in Banks | 1.074.863 | 353.628 |
| Total Cash and Cash Equivalents | 3.660.024 | 1.684.288 |

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

None.

c. The effects of the change in foreign exchange rates on cash and cash equivalents:

None.

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VII. EXPLANATIONS AND NOTES RELATED TO BANK'S MERGER, TRANSFERS AND COMPANIES ACQUIRED BY BANKS

On 28 September 2005, the final version of the Share Purchase Agreement was signed between Çukurova Holding, various Çukurova Companies, Mehmet Emin Karamahmet and Koç Finansal Hizmetler A.Ş., Koçbank N.V., Koçbank regarding the sale of 57,42% of the shares of the Bank. With the signing of the agreement, the Share Purchase Agreement which was agreed on 8 May 2005 officially became valid. According to the agreement on 28 September 2005, 44,52% of the shares of Yapı Kredi owned by Çukurova companies amounting to a nominal YTL335.015 thousand and 12,90% of the shares of Yapı Kredi owned by SDIF amounting to a nominal YTL97.032 thousand were transferred to Koçbank.

Moreover, Koçbank purchased a further 9,09% of Yapı Kredi shares traded on the ISE and 0,79% of the shares under a foreign mutual fund in Yapı Kredi's available-for-sale financial assets portfolio during April 2006 and as a result, the ownership of the Bank increased to 67,31%. The Bank recognised the difference between the acquisition cost and net asset acquired amount directly in the account of "Prior Years' Income/Losses" under Equity, as it was considered as a transaction with minorities.

In addition, the approval of the BRSA with regard to the merger of Koçbank and Yapı Kredi through the transfer of Koçbank with all of its rights, receivables, liabilities and obligations to Yapı Kredi and the consequential dissolution of Koçbank without liquidation; and the transfer of all Koçbank's rights, receivables, liabilities and obligations to Yapı Kredi in accordance with article 19 of the Banking Act and other relevant legislation was published in the Official Gazette dated 1 October 2006. Due to the merger and the consequential dissolution of Koçbank without liquidation, the record of Koçbank was erased from the trade registry as of 2 October 2006. The new capital of Yapı Kredi was registered with the Istanbul Commercial Registrar on 2 October 2006. Yapı Kredi's current capital has increased from YTL1.896.662.493,80 to YTL3.142.818.454,10 and a distribution of the increased portion amounting to YTL1.246.155.960,30 has been made to the shareholders of the Bank, starting from 10 October 2006. The shareholders of the Bank have the right to purchase 0,5313538 units of Ykr1 nominal valued shares in exchange for each Ykr1 nominal valued Bank share.

After the merger, the share of KFS, which owned 99,78% shares of Koçbank, became 80,18% in the merged Bank.

VIII. 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. 31 December 2008:

| Banks' Risk Group ^{(1), (2)} | Associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Bank | | Other real and legal persons that have been included in the risk group | |
|---|---|----------|--|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | 67.986 | 110.549 | 358.699 | 679.098 | 211 | - |
| Balance at the End of the Period | 172.412 | 41.885 | 658.001 | 633.294 | 76.526 | - |
| Interest and Commission Income Received | 6.529 | 467 | 82.683 | 2.581 | 10 | - |

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

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

31 December 2007:

| Banks' Risk Group ^{(1), (2)} | Associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Bank | | Other real and legal persons that have been included in the risk group | |
|---|---|----------|--|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | 24.145 | 85.916 | 379.620 | 731.475 | - | - |
| Balance at the End of the Period | 67.986 | 110.549 | 358.699 | 679.098 | 211 | - |
| Interest and Commission Income Received | 11.108 | 857 | 50.044 | 2.064 | - | - |

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

⁽²⁾ The information in table above includes banks as well as loans.

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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 | |
|---------------------------------------|--|---------------------|---|---------------------|---|---------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Deposit | | | | | | |
| Beginning of the Period | 156.132 | 145.912 | 2.890.090 | 3.134.323 | 19.825 | - |
| End of the Period | 218.984 | 156.132 | 4.737.595 | 2.890.090 | 18.747 | 19.825 |
| Interest Expense on Deposits | 40.099 | 18.751 | 428.090 | 310.134 | 592 | - |

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

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

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

| Banks' Risk Group ^{(1), (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 | |
|---|--|---------------------|---|---------------------|---|---------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Transactions at Fair Value Through Profit or Loss ⁽²⁾ | | | | | | |
| Beginning of the Period ⁽³⁾ | 844.729 | 1.472 | 261.295 | 213.997 | - | - |
| End of the Period ⁽³⁾ | 659.622 | 844.729 | 711.872 | 261.295 | - | - |
| Total Profit/(Loss) | (6.031) | 12.753 | (7.127) | 55 | - | - |
| Transactions for hedging purposes | | | | | | |
| Beginning of the Period | - | - | - | - | - | - |
| End of the Period | - | - | - | - | - | - |
| Total Profit/(Loss) | - | - | - | - | - | - |

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

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

⁽³⁾ The balances at the beginning and end of the periods are disclosed as the total of purchase 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.

2. Type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

| Total Risk Group | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Loans | 567.716 | 399.561 |
| Banks | 262.925 | 27.335 |
| Marketable Securities | 76.298 | - |
| Interest Income Received | 89.222 | 61.152 |
| Non-Cash Loans | 675.179 | 789.647 |
| Commission Income Received | 3.048 | 2.921 |
| Deposit | 4.202.808 | 2.830.730 |
| Borrowings | 772.518 | 215.492 |
| Interest Expense Paid | 468.781 | 328.885 |
| Trading Transactions | 1.371.494 | 1.106.024 |
| Trading Transactions (Loss)/Income, net | (13.158) | 12.808 |

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3. Information regarding benefits provided to the Bank's key management:

Salaries paid to the Bank's key management amount to YTL25.822 thousand (2007: YTL34.684 thousand) as of 31 December 2008.

IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

| | Number | Employee number | | |
|---------------------------------|--------|-----------------|--------------------------|-------------------------|
| Domestic Branch | 860 | 14.790 | | |
| | | | Country of Incorporation | |
| Foreign Rep. Office | - | - | - | |
| | | | Total Asset | Statutory Share capital |
| Foreign Branch | - | - | - | - |
| Off-Shore Banking Region Branch | 1 | 5 | 1-Bahrain | 11.478.559 |

X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1) According to The Council of Ministers's sentence dated 4 April 2007 and numbered 2007/11963, currency unit of Turkish Republic amended from Yeni Türk Lirası ("YTL") to Türk Lirası ("TL") as of 1 January 2009.
- 2) With the Bank's board resolution dated 30 January 2009 it is approved the changes in the head quarter's organisation structure and the assignments in the top management level.
In that scope;
 - i) Establishment of an executive committee consist of Tayfun Bayazit as the chairman, Alessandro M. Decio as the vice chairman and Nazan Somer, Erhan Özçelik, Mert Güvenen, Cihangir Kavuncu, Massimiliano Fossati, Marco Cravario as members,
 - ii) Assignment of Alessandro M. Decio as the attorney of CEO who is formerly COO,
 - iii) According to the new organisation's structure, the assignment and replacement procedure of vice chairman which is proposed by the chairman is changed and explained below,
 - a) The assignment of Nazan Somer as the vice president of the Credit Cards and Consumer Lending and retail banking who is still the vice president of Credit Cards and Consumer Lending,
 - b) The acceptance of the resignation of Hamit Aydoğan from the vice presidency of Corporate Banking,
 - c) The assignment of Mert Güvenen as the vice president of the Commercial and Corporate Banking and Foreign Participatings who is formerly the vice president of Commercial Banking,
 - d) The assignment of Erhan Özçelik as the vice president of Private Banking and Subsidiaries, Portolio Management and Investment Services Operations who is formerly the vice president of Private Banking and Foreign Operations Management,
 - e) The assignment of Massimiliano Fossati as the vice president of Risk Management who is formerly the vice president of Corporate and Commercial Credits,
 - f) The assignment of Güray Alpkaya as the vice president of Corporate and Commercial Credit Sales who is formerly the vice president of Risk Management,
 - g) The assignment of Feza Tan as the vice president of Corporate and Commercial Credits who is formerly the head of Corporate and Commercial Credit Allocation Group,
 - h) The assignment of Yüksel Rizeli as the Executive Director of Operations and Information Technologies Coordination who is formerly the Executive Director of Operations.
- 3) In the Bank's Board of Directors meetings at 28 January 2009, it was decided to assign Füsün Akkal Bozok in lieu of Ahmet Ashaboğlu by Audit Committee and selected Ranieri De Marchis as a member of Credit committee in lieu of Dr. Bülent Bulgurlu.

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

As of 29 February 2008, the shares of Yapı Kredi Bank Deutschland, which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV has been sold to Avenue Europe Investments Singapore Pte Ltd. for net assets + EUR250 thousand and EUR4.742 thousand after capital decrease has been deposited to the Bank's account. The effect of this sale to the unconsolidated financial statements is YTL2.512 thousand profit.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the period ended 31 December 2008 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The independent auditor's report dated 6 March 2009 is presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

2008 Dividend Distribution Table

Yapı ve Kredi Bankası A.Ş. 2008 Dividend Distribution Table (YTL)

| | |
|--|------------------|
| 1. Paid-in Capital | 4.347.051.284,00 |
| 2. Legal Reserves (per Legal Book) | 44.089.620,00 |
| Information on whether Articles of Association has any privilege regarding profit distribution | None |
| | per Legal Book |
| 3. Gross Profit | 1.334.663.443,00 |
| 4. Reserve for Taxes (-) | 292.063.362,00 |
| 5. Net Profit (=) | 1.042.600.081,00 |
| 6. Prior Years' Losses (-) | 0,00 |
| 7. 1st Legal reserves (-) | 52.130.004,05 |
| 8 NET DISTRIBUTABLE PROFIT (=) | 990.470.076,95 |
| 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 (75% of the profit from the sales of real properties and share stocks on the basis of clause 5.e of the the Corpate Tax Law 5520) | 43.455.950,05 |
| 19. EXTRAORDINARY RESERVES | 947.014.126,90 |
| 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 (YTL) | DIVIDEND TO 1 YTL NOMINAL VALUE SHARE | |
|-------|-----------------------------|--|--------------|
| | | AMOUNT (YTL) | RATIO (%) |
| GROSS | 0,00 | 0,0000 | 0,00 |
| NET | 0,00 | 0,0000 | 0,00 |

THE RATIO OF DISTRIBUTED PROFIT SHARE TO CHARITIES ADDED NET DISTRIBUTABLE PERIOD PROFIT

PROFIT SHARE AMOUNT DISTRIBUTED TO SHAREHOLDERS

THE RATIO OF DISTRIBUTED PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS TO CHARITIES ADDED NET DISTRIBUTABLE PERIOD PROFIT(%)

Summary Financial Highlights

Summary Financial Highlights for the period between 2004-2008

(Based on unconsolidated BRSA financials, in thousand YTL)

| | 2008 | 2007 | 2006 | 2005* | 2004* |
|------------------------|------------|------------|------------|-------------|------------|
| Total Assets | 63.723.133 | 50.140.590 | 49.016.638 | 23.839.660 | 24.624.008 |
| Deposits | 41.705.329 | 32.165.953 | 31.127.271 | 17.079.186 | 14.293.241 |
| Loans | 38.672.952 | 28.508.881 | 22.504.146 | 11.420.852 | 10.055.975 |
| Shareholder's Equity | 6.853.047 | 4.903.749 | 3.425.163 | 1.578.615 | 4.639.658 |
| Net Profit / (Loss) | 1.042.601 | 709.185 | 513.908 | (1.543.010) | (58.871) |
| Total Personnel Number | 14.795 | 14.249 | 13.478 | 10.211 | 10.579 |
| Total Branch Number | 861 | 676 | 608 | 416 | 420 |

* 2004 and 2005 figures are based on Yapi Kredi's pre-merger stand-alone financial statements.

Information on Risk Management Policies

As a risk management policy, Yapı Kredi adopted the principle of every employee's 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 asset and liability committee. In accordance with this directive, any breach of limits and policies were reported to the Bank's management and the asset and liability committee in a timely manner.

The credit policy directive reflecting the Bank's approach to risk taking was updated, approved by the Board of Directors and became operational in 2008. 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 2009 in the credit risk management area will continue to be focused on properly assessing potential risks, calculating the cost of credit risk for each customer segment, all in compliance with Basel II principles.


The main strategies to be followed throughout 2009 are:

- Effective implementation of the credit policy directive to reinforce a common risk management approach throughout the Bank
- Orientation of the Bank's loan book towards those sectors with lower credit risk
- Avoid excessive concentration in Group exposures while strictly obeying statutory limits
- Focus on customers with high credit ratings
- Avoid transactions bearing high credit risk and reputation risk
- Measurement of cost of risk by business segments while applying general provisioning in line with cost of risk
- Employment of more selective approaches in lending practices while focus on collection of non-performing loans
- Improvement of credit risk models in compliance with the advanced methods of Basel II

The function of the market risk department is to measure the impacts 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. In the market risk policies, which are revised every year in light of the budget and expectations, the risks the Bank is exposed to are defined in detail and the processes regarding the management of these risks as well as the job descriptions of the related units are stipulated. It includes measurement methods to be employed on the basis of related risks 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 asset and liability committee has an active role in the risk management process.

Yapı Kredi's goal is to implement advanced measurement approaches of Basel II and related measurement systems in operational risk management. As part of the Basel II Operational Risk Project, the Bank has been collecting data on internal operational risks for the last five years. Data on internal losses are being collected from various departments and branches using web-based systems. Key risk indicators and scenario analysis studies for measuring and managing the impacts of unrealised potential operational risks were completed in 2008. A risk-based insurance management approach was used for minimising the main operational risks that the Bank is exposed to. Potential risk evaluations were made before launching new products and services, and the findings were shared with related departments so that necessary measures could be taken. Besides, the Business Continuity Management (BCM) Project undertaken with a specialised consulting company was completed in 2008 and the new web-based, Basel II-compliant BCM software was put in operation. The business continuity management policy was approved by the Board of Directors.



The background of the page is an abstract composition of orange and purple splatters and brushstrokes. The orange is a vibrant, slightly muted yellow-orange, while the purple is a deep, dark violet. The splatters are of various sizes and shapes, creating a dynamic and textured effect. The text is positioned in the upper right corner, overlaid on the orange background.

Part IV

Consolidated Financial Information



**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
No:48 B Blok Kat 9 Akaretler
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**CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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 at 31 December 2008 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the Responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the consolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' 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 of 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

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

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

Zeynep Uras, SMMM

Istanbul, 6 March 2009

Convenience Translation of Publicly Announced Consolidated Financial Statements and Independent Auditor's Report Originally Issued in Turkish, See in Note I. of Section Three

The Consolidated Financial Report of Yapı ve Kredi Bankası A.Ş. as of 31 December 2008

Yapı ve Kredi Bankası A.Ş.
Head Quarters
Yapı Kredi Plaza D Blok
Levent 34330 İstanbul
Phone: (0212) 339 70 00
Fax: (0212) 339 60 00
www.yapikredi.com.tr

E-Mail: financialreports@yapikredi.com.tr

The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **Section one** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **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 AUDIT REPORT

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

| Subsidiaries | Associates |
|--|---|
| 1. Yapı Kredi Sigorta A.Ş. | 1. Banque de Commerce et de Placements S.A. |
| 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 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. Stichting Custody Services YKB | |
| 12. Yapı Kredi Bank Azerbaijan CISC | |
| 13. Yapı Kredi Invest LLC | |

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

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of New Turkish Lira ("YTL")**, 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 and Keeping Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendix and interpretations on these, and are audited.

Dr. Bülent BULGURLU
Chairman of the
Board of Directors

Tayfun BAYAZIT
Member of the
Board of Directors and
General Manager

Marco CRAVARIO
Chief Financial Officer

M. Gökmen UÇAR
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Herbert HANGEL
Member of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

Name-Surname/Title : M. Serkan Keskin/Head of Consolidation and International Reporting
Telephone Number : 0212 339 72 73
Fax Number : 0212 339 61 05

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Convenience Translation of Publicly Announced Consolidated
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YAPI VE KREDİ BANKASI A.Ş.

Notes to Consolidated Financial Statements

At 31 December 2008

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

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 on 9 September 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 shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 31 December 2008 18,20% shares of the Bank are publicly traded (2007: 18,21%). The Bank's publicly traded shares are traded in ISE and the representatives of these shares, Global Depository Receipts, are quoted to London Stock Exchange. 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 22 October 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 the shares of the Bank from the ISE and the shares of an investment fund. During the same year, all rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been realised.

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 | 2 October 2006 | Yapı Kredi |
| Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing") | Koç Leasing | 25 December 2006 | Yapı Kredi Leasing |
| Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring") | Koç Faktoring | 29 December 2006 | Yapı Kredi Faktoring |
| Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy") | Koç Portföy | 29 December 2006 | Yapı Kredi Portföy |
| Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul") | Koç Yatırım | 12 January 2007 | Yapı Kredi Menkul |
| Yapı Kredi Nederland N.V. ("Yapı Kredi NV") | Koçbank Nederland N.V. | 2 July 2007 | Yapı Kredi NV |

After the merger and the share transfer procedures, the share of KFS in YKB has increased to 81,79%. As of 15 December 2008, with the completion of capital increase by YTL920.000.000, KFS owns the 81,80% shares of the Bank.

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS:

As of 31 December 2008, 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 | Education Level |
|------------------------------------|-------------------------|-----------------|
| Bülent BULGURLU | Chairman | PhD |
| Federico GHIZZONI | Vice Chairman | Undergraduate |
| Tayfun BAYAZIT | Chief Executive Officer | Graduate |
| Alessandro M. DECIO ⁽¹⁾ | Chief Operating Officer | Graduate |
| Ahmet F. ASHABOĞLU | Member | Undergraduate |
| Fusun Akkal BOZOK | Member | PhD |
| Herbert HANGEL | Member | Graduate |
| Ranieri De MARCHIS | Member | Undergraduate |
| Aykut Ümit TAFTALI | Member | Undergraduate |
| Stephan WINKELMEIER | Member | Undergraduate |

Convenience Translation of Publicly Announced Consolidated
Financial Statements Originally Issued in Turkish, See in Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Notes to Consolidated Financial Statements

At 31 December 2008

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

General Manager and Vice General Managers:

| Name | Responsibility | Education Level |
|---|---|-----------------|
| Tayfun BAYAZIT | General Manager | Graduate |
| Mehmet Güray ALPKAYA ⁽¹⁾ | Risk Management | Graduate |
| Hamit AYDOĞAN ⁽²⁾ | Corporate Banking Management | Undergraduate |
| Marco CRAVARIO | Financial Planning, Administration and Control Management | Graduate |
| Mehmet Murat ERMERT | Corporate Identity and Communication Management | Undergraduate |
| Massimiliano FOSSATI ⁽¹⁾ | Corporate and Commercial Credit Management | Graduate |
| Mert GÜVENEN ⁽¹⁾ | Commercial Banking Management | Graduate |
| Süleyman Cihangir KAVUNCU | Human Resources Management | Graduate |
| Fahri ÖBEK | Information Technology Management | Graduate |
| Erhan ÖZÇELİK ⁽¹⁾ | Private Banking and Foreign Operations Management | Undergraduate |
| Mehmet Erkan ÖZDEMİR | Compliance Officer | Undergraduate |
| Muzaffer ÖZTÜRK (ad interim) ⁽¹⁾ | Retail Sales Management | Undergraduate |
| Stefano PERAZZINI | Internal Audit | Undergraduate |
| Luca RUBAGA | Organisation Management, Logistics and Cost Management | Undergraduate |
| Cemal Aybars SANAL | Legal Activities Management | Undergraduate |
| Zeynep Nazan SOMER ⁽¹⁾ | Credit Cards and Consumer Lending Management | Undergraduate |
| Selim Hakkı TEZEL | Consumer and SME Lending Management | Undergraduate |
| Mert YAZICIOĞLU | Treasury Management | Graduate |

Audit Committee Members:

| Name | Responsibility | Education Level |
|-----------------------------------|----------------|-----------------|
| Ranieri De MARCHIS | Chairman | Undergraduate |
| Ahmet F. ASHABOĞLU ⁽³⁾ | Member | Undergraduate |
| Herbert HANGEL | Member | Graduate |

Statutory auditors:

| Name | Responsibility | Education Level |
|------------------|----------------|-----------------|
| Abdullah GEÇER | Auditor | Graduate |
| Adil G. ÖZTOPRAK | Auditor | Undergraduate |

⁽¹⁾ As explained in Note X. of Section Five, as of 30 January 2009 the change was occurred in their assignments.

⁽²⁾ As explained in Note X. of Section Five, the appointment was accepted according to decision of Board of Directors dated 30 January 2009.

⁽³⁾ As explained in Note X. of Section Five, according to decision of Board of Directors dated 28 January 2009, Fusun Akkal Bozok was assigned in lieu of Ahmet F. Ashaboğlu as the member of Audit Committee.

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

IV. INFORMATION ON QUALIFIED SHAREHOLDERS:

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

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

- all banking activities
- all economic and financial activities which are allowed by the regulation
- the execution of representation, attorney and agency activities related to the subjects written above
- 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 obtainment of the authorizations required by law.

As of 31 December 2008, the Bank has 860 branches operating in Turkey, 1 branch in off-shore region (2007: 675 branches operating in Turkey, 1 branch in off-shore region and 1 representative offices operating abroad) and 14.795 employees (2007: 14.249 employees).

The parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements.

As of 31 December 2008, the Group has 17.359 employees (2007: 16.779 employees).

Convenience Translation of Publicly Announced Consolidated
Financial Statements Originally Issued in Turkish, See in Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Financial Statements

At 31 December 2008 and 2007

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET

| | | (31/12/2008) | | | (31/12/2007) | | |
|--|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Note (Section Five) | YTL | FC | Total | YTL | FC | Total |
| I. ASSETS | | | | | | | |
| I. CASH BALANCES WITH CENTRAL BANK | I-a | 1.854.700 | 2.862.316 | 4.717.016 | 1.640.594 | 2.099.794 | 3.740.388 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net) | I-b | 591.644 | 238.471 | 830.115 | 165.829 | 198.368 | 364.197 |
| 2.1 Trading Financial Assets | | 198.375 | 198.089 | 396.464 | 135.148 | 180.382 | 315.530 |
| 2.1.1 Government Debt Securities | | 137.764 | 162.544 | 300.308 | 74.392 | 179.823 | 254.215 |
| 2.1.2 Share Certificates | | 17.587 | - | 17.587 | 19.226 | - | 19.226 |
| 2.1.3 Other Marketable Securities | | 43.024 | 35.545 | 78.569 | 41.530 | 559 | 42.089 |
| 2.2 Financial Assets Designated at Fair Value through Profit or (Loss) | | - | - | - | - | - | - |
| 2.2.1 Government Debt Securities | | - | - | - | - | - | - |
| 2.2.2 Share Certificates | | - | - | - | - | - | - |
| 2.2.3 Other Marketable Securities | | - | - | - | - | - | - |
| 2.3 Trading Derivative Financial Assets | | 393.269 | 40.382 | 433.651 | 30.681 | 17.986 | 48.667 |
| III. BANKS | I-c | 121.848 | 3.280.234 | 3.402.082 | 171.973 | 1.211.464 | 1.383.437 |
| IV. MONEY MARKETS | | 131.377 | 96.585 | 227.962 | 13.728 | 419.748 | 433.476 |
| 4.1 Interbank Money Market Placements | | 68.318 | 96.585 | 164.903 | - | 419.748 | 419.748 |
| 4.2 Receivables from Istanbul Stock Exchange Money Market | | 40.358 | - | 40.358 | 1.448 | - | 1.448 |
| 4.3 Receivables from Reverse Repurchase Agreements | | 22.701 | - | 22.701 | 12.280 | - | 12.280 |
| V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) | I-d | 819.732 | 1.029.233 | 1.848.965 | 560.169 | 441.390 | 1.001.559 |
| 5.1 Share Certificates | | 14.389 | 22.102 | 36.491 | 15.622 | 26.954 | 42.576 |
| 5.2 Government Debt Securities | | 754.836 | 794.680 | 1.549.516 | 494.702 | 369.743 | 864.445 |
| 5.3 Other Marketable Securities | | 50.507 | 212.451 | 262.958 | 49.845 | 44.693 | 94.538 |
| VI. LOANS | I-e | 25.444.113 | 14.110.672 | 39.554.785 | 19.754.508 | 9.333.804 | 29.088.312 |
| 6.1 Loans | | 24.803.219 | 14.107.269 | 38.910.488 | 19.407.569 | 9.325.472 | 28.733.041 |
| 6.1.1 Bank's risk group | | 232.823 | 262.157 | 494.980 | 197.614 | 189.721 | 387.335 |
| 6.1.2 Other | | 24.570.396 | 13.845.112 | 38.415.508 | 19.209.955 | 9.135.751 | 28.345.706 |
| 6.2 Loans under Follow-up | | 1.678.011 | 67.732 | 1.745.743 | 1.736.839 | 24.265 | 1.761.104 |
| 6.3 Specific Provisions (-) | | (1.037.117) | (64.329) | (1.101.446) | (1.389.900) | (15.933) | (1.405.833) |
| VII. FACTORING RECEIVABLES | | 654.060 | 392.320 | 1.046.380 | 529.089 | 279.948 | 809.037 |
| VIII. HELD-TO-MATURITY SECURITIES (Net) | I-f | 5.883.067 | 6.822.714 | 12.705.781 | 6.441.862 | 6.710.689 | 13.152.551 |
| 8.1 Government Debt Securities | | 5.883.067 | 6.818.590 | 12.701.657 | 6.441.862 | 6.701.210 | 13.143.072 |
| 8.2 Other Marketable Securities | | - | 4.124 | 4.124 | - | 9.479 | 9.479 |
| IX. INVESTMENTS IN ASSOCIATES (Net) | I-g | 3.940 | 55.593 | 59.533 | 2.658 | 38.220 | 40.878 |
| 9.1 Consolidated Based on Equity Method | | - | 55.593 | 55.593 | - | 38.220 | 38.220 |
| 9.2 Unconsolidated | | 3.940 | - | 3.940 | 2.658 | - | 2.658 |
| 9.2.1 Financial Investments in Associates | | 3.940 | - | 3.940 | 2.658 | - | 2.658 |
| 9.2.2 Non-financial Investments in Associates | | - | - | - | - | - | - |
| X. SUBSIDIARIES (Net) | I-h | 30.443 | - | 30.443 | 30.443 | - | 30.443 |
| 10.1 Unconsolidated Financial Subsidiaries | | 28.143 | - | 28.143 | 28.143 | - | 28.143 |
| 10.2 Unconsolidated Non-financial Subsidiaries | | 2.300 | - | 2.300 | 2.300 | - | 2.300 |
| XI. JOINT VENTURES (Net) | | - | - | - | - | - | - |
| 11.1 Accounted Based on Equity Method | | - | - | - | - | - | - |
| 11.2 Unconsolidated | | - | - | - | - | - | - |
| 11.2.1 Financial Joint Ventures | | - | - | - | - | - | - |
| 11.2.2 Non-financial Joint Ventures | | - | - | - | - | - | - |
| XII. LEASE RECEIVABLES (Net) | | 533.957 | 2.170.338 | 2.704.295 | 678.315 | 1.661.425 | 2.339.740 |
| 12.1 Financial Lease Receivables | | 679.617 | 2.536.173 | 3.215.790 | 881.119 | 1.954.183 | 2.835.302 |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | (145.660) | (365.835) | (511.495) | (202.804) | (292.758) | (495.562) |
| XIII. HEDGING DERIVATIVE FINANCIAL ASSETS | I-i | - | - | - | 1.018 | 666 | 1.684 |
| 13.1 Fair Value Hedge | | - | - | - | 1.018 | 666 | 1.684 |
| 13.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 13.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XIV. PROPERTY AND EQUIPMENT (Net) | I-j | 1.189.368 | 15.765 | 1.205.133 | 1.127.201 | 9.748 | 1.136.949 |
| XV. INTANGIBLE ASSETS (Net) | I-k | 1.157.701 | 124 | 1.157.825 | 1.191.681 | 30 | 1.191.711 |
| 15.1 Goodwill | | 979.493 | - | 979.493 | 979.493 | - | 979.493 |
| 15.2 Other | | 178.208 | 124 | 178.332 | 212.188 | 30 | 212.218 |
| XVI. INVESTMENT PROPERTY (Net) | | - | - | - | - | - | - |
| XVII. TAX ASSET | | 197.733 | 7.786 | 205.519 | 218.287 | 2.812 | 221.099 |
| 17.1 Current Tax Asset | | 15.159 | 71 | 15.230 | - | 510 | 510 |
| 17.2 Deferred Tax Asset | I-l | 182.574 | 7.715 | 190.289 | 218.287 | 2.302 | 220.589 |
| XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net) | I-m | 90.046 | - | 90.046 | 61.344 | 78.533 | 139.877 |
| 18.1 Held for sale Purposes | | 90.046 | - | 90.046 | 61.344 | 78.533 | 139.877 |
| 18.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | I-n | 733.543 | 352.804 | 1.086.347 | 584.320 | 469.987 | 1.054.307 |
| TOTAL ASSETS | | 39.437.272 | 31.434.955 | 70.872.227 | 33.173.019 | 22.956.626 | 56.129.645 |

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

YAPI VE KREDİ BANKASI A.Ş. Consolidated Financial Statements At 31 December 2008 and 2007

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

I. BALANCE SHEET

| LIABILITIES | Note (Section Five) | (31/12/2008) | | | (31/12/2007) | | |
|--|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | YTL | FC | Total | YTL | FC | Total |
| I. DEPOSITS | II-a | 24.779.781 | 19.243.480 | 44.023.261 | 18.872.729 | 14.833.423 | 33.706.152 |
| 1.1 Deposits of Bank's risk group | | 1.502.458 | 2.782.951 | 4.285.409 | 1.236.588 | 1.579.581 | 2.816.169 |
| 1.2 Other | | 23.277.323 | 16.460.529 | 39.737.852 | 17.636.141 | 13.253.842 | 30.889.983 |
| II. TRADING DERIVATIVE FINANCIAL LIABILITIES | II-b | 172.405 | 48.377 | 220.782 | 226.654 | 10.366 | 237.020 |
| III. BORROWINGS | II-c | 1.572.647 | 5.658.011 | 7.230.658 | 418.891 | 4.767.179 | 5.186.070 |
| IV. MONEY MARKETS | | 198.157 | 854.881 | 1.053.038 | 1.661.709 | 817.235 | 2.478.944 |
| 4.1 Funds from Interbank Money Market | | 24.533 | 229.903 | 254.436 | 88.985 | 159.267 | 248.252 |
| 4.2 Funds from Istanbul Stock Exchange Money Market | | 13.175 | - | 13.175 | 150.980 | - | 150.980 |
| 4.3 Funds Provided Under Repurchase Agreements | | 160.449 | 624.978 | 785.427 | 1.421.744 | 657.968 | 2.079.712 |
| V. MARKETABLE SECURITIES ISSUED (Net) | II-d | - | 1.966.298 | 1.966.298 | - | 1.542.609 | 1.542.609 |
| 5.1 Bills | | - | - | - | - | - | - |
| 5.2 Asset Backed Securities | | - | 1.966.298 | 1.966.298 | - | 1.542.609 | 1.542.609 |
| 5.3 Bonds | | - | - | - | - | - | - |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrower funds | | - | - | - | - | - | - |
| 6.2 Other | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | | 2.466.471 | 302.888 | 2.769.359 | 2.179.051 | 224.270 | 2.403.321 |
| VIII. OTHER LIABILITIES | II-e | 474.130 | 1.014.311 | 1.488.441 | 440.582 | 498.673 | 939.255 |
| IX. FACTORING PAYABLES | | - | - | - | - | - | - |
| X. LEASE PAYABLES (Net) | | 48 | 232 | 280 | 6 | 95 | 101 |
| 10.1 Financial Lease Payables | II-f | 52 | 232 | 284 | 6 | 100 | 106 |
| 10.2 Operational Lease Payables | | - | - | - | - | - | - |
| 10.3 Other | | - | - | - | - | - | - |
| 10.4 Deferred Lease Expenses (-) | | (4) | - | (4) | - | (5) | (5) |
| XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES | II-g | - | - | - | 27.786 | - | 27.786 |
| 11.1 Fair Value Hedge | | - | - | - | 27.786 | - | 27.786 |
| 11.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 11.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XII. PROVISIONS | II-h | 2.214.680 | 620.688 | 2.835.368 | 2.092.958 | 563.904 | 2.656.862 |
| 12.1 General Loan Loss Provision | | 409.894 | 249.124 | 659.018 | 480.673 | 248.210 | 728.883 |
| 12.2 Restructuring Provisions | | - | - | - | - | - | - |
| 12.3 Reserve for Employee Rights | | 152.300 | 1.794 | 154.094 | 138.634 | 950 | 139.584 |
| 12.4 Insurance Technical Provisions (Net) | | 503.458 | 331.742 | 835.200 | 501.581 | 284.887 | 786.468 |
| 12.5 Other Provisions | | 1.149.028 | 38.028 | 1.187.056 | 972.070 | 29.857 | 1.001.927 |
| XIII. TAX LIABILITY | II-i | 192.494 | 7.966 | 200.460 | 166.205 | 4.531 | 170.736 |
| 13.1 Current Tax Liability | | 191.496 | 1.546 | 193.042 | 166.205 | 619 | 166.824 |
| 13.2 Deferred Tax Liability | | 998 | 6.420 | 7.418 | - | 3.912 | 3.912 |
| XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net) | II-j | - | - | - | - | 4.037 | 4.037 |
| 14.1 Held for sale purpose | | - | - | - | - | 4.037 | 4.037 |
| 14.2 Related to discontinued operations | | - | - | - | - | - | - |
| XV. SUBORDINATED LOANS | II-k | - | 2.220.601 | 2.220.601 | - | 1.772.914 | 1.772.914 |
| XVI. SHAREHOLDERS' EQUITY | II-l | 6.877.455 | (13.774) | 6.863.681 | 4.988.157 | 15.681 | 5.003.838 |
| 16.1 Paid-in Capital | | 4.347.051 | - | 4.347.051 | 3.427.051 | - | 3.427.051 |
| 16.2 Capital Reserves | | 610.144 | (13.774) | 596.370 | 533.949 | 15.681 | 549.630 |
| 16.2.1 Share Premium | | 543.881 | - | 543.881 | 541.633 | - | 541.633 |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Marketable Securities Valuation Differences | II-m | 47.750 | (13.774) | 33.976 | (12.982) | 15.681 | 2.699 |
| 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) | | - | - | - | - | - | - |
| 16.2.9 Value increase in property and equipment held for sale and related to discontinued operations | | - | - | - | - | - | - |
| 16.2.10 Other capital reserves | | 18.513 | - | 18.513 | 5.298 | - | 5.298 |
| 16.3 Profit Reserves | | 866.733 | - | 866.733 | 343.184 | - | 343.184 |
| 16.3.1 Legal Reserves | | 44.089 | - | 44.089 | 17.159 | - | 17.159 |
| 16.3.2 Status Reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | 822.644 | - | 822.644 | 326.025 | - | 326.025 |
| 16.3.4 Other Profit Reserves | | - | - | - | - | - | - |
| 16.4 Income or (Loss) | | 1.005.547 | - | 1.005.547 | 388.939 | - | 388.939 |
| 16.4.1 Prior Years' Income or (Loss) | | (255.848) | - | (255.848) | (480.805) | - | (480.805) |
| 16.4.2 Current Year Income or (Loss) | | 1.261.395 | - | 1.261.395 | 869.744 | - | 869.744 |
| 16.5 Minority Interest | II-n | 47.980 | - | 47.980 | 295.034 | - | 295.034 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 38.948.268 | 31.923.959 | 70.872.227 | 31.074.728 | 25.054.917 | 56.129.645 |

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

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Financial Statements

At 31 December 2008 and 2007

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

II. INCOME STATEMENTS

| INCOME AND EXPENSE ITEMS | Note (Section Five) | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---------------------------|--------------------|--------------------|
| I. INTEREST INCOME | III-a | 7.747.684 | 6.675.935 |
| 1.1 Interest on Loans | III-a-1 | 5.284.850 | 4.120.765 |
| 1.2 Interest Received from Reserve Requirements | | 218.706 | 189.073 |
| 1.3 Interest Received from Banks | III-a-2 | 133.831 | 133.232 |
| 1.4 Interest Received from Money Market Transactions | | 43.782 | 10.840 |
| 1.5 Interest Received from Marketable Securities Portfolio | III-a-3 | 1.622.705 | 1.780.351 |
| 1.5.1 Trading Financial Assets | | 23.314 | 33.233 |
| 1.5.2 Financial Assets at Fair Value through Profit or Loss | | - | - |
| 1.5.3 Available-for-sale Financial Assets | | 98.876 | 66.474 |
| 1.5.4 Held to Maturity Investments | | 1.500.515 | 1.680.644 |
| 1.6 Financial Lease Income | | 297.227 | 261.204 |
| 1.7 Other Interest Income | | 146.583 | 180.470 |
| II. INTEREST EXPENSE | III-b | (4.923.393) | (4.202.849) |
| 2.1 Interest on Deposits | III-b-3 | (4.137.899) | (3.380.053) |
| 2.2 Interest on Funds Borrowed | III-b-1 | (577.838) | (490.104) |
| 2.3 Interest Expense on Money Market Transactions | | (124.571) | (236.429) |
| 2.4 Interest on Securities Issued | | (82.530) | (89.931) |
| 2.5 Other Interest Expenses | | (555) | (6.332) |
| III. NET INTEREST INCOME (I-II) | | 2.824.291 | 2.473.086 |
| IV. NET FEES AND COMMISSIONS INCOME | | 1.388.044 | 1.065.464 |
| 4.1 Fees and Commissions Received | | 1.715.509 | 1.396.819 |
| 4.1.1 Non-cash Loans | | 154.097 | 132.674 |
| 4.1.2 Other | | 1.561.412 | 1.264.145 |
| 4.2 Fees and Commissions Paid | | (327.465) | (331.355) |
| 4.2.1 Non-cash Loans | | (154) | (100) |
| 4.2.2 Other | | (327.311) | (331.255) |
| V. DIVIDEND INCOME | III-c | 41.553 | 3.336 |
| VI. TRADING INCOME/(LOSS) (Net) | III-d | 49.577 | 81.596 |
| 6.1 Trading Gains/(Losses) on Securities | | 255.756 | (189.699) |
| 6.2 Foreign Exchange Gains/(Losses) | | (206.179) | 271.295 |
| VII. OTHER OPERATING INCOME | III-e | 477.561 | 337.479 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 4.781.026 | 3.960.961 |
| IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | III-f | (610.076) | (414.984) |
| X. OTHER OPERATING EXPENSES (-) | III-g | (2.560.149) | (2.338.403) |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 1.610.801 | 1.207.574 |
| XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER | | - | - |
| XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD | | 3.667 | 1.890 |
| XIV. INCOME/(LOSS) ON NET MONETARY POSITION | | - | - |
| XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV) | III-h | 1.614.468 | 1.209.464 |
| XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±) | III-i | (349.351) | (190.135) |
| 16.1 Current Tax Provision | | (255.320) | (269.029) |
| 16.2 Deferred Tax Provision | | (94.031) | 78.894 |
| XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI) | | 1.265.117 | 1.019.329 |
| 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 partners) | | - | - |
| 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 partners) | | - | - |
| 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) | III-j | 1.265.117 | 1.019.329 |
| 23.1 Group's Profit/Loss | | 1.261.395 | 869.744 |
| 23.2 Minority Shares Profit/Losses (-) | III-l | 3.722 | 149.585 |
| Earnings/(Loss) per share (in YTL full) | | 0,0036 | 0,0027 |

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

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Financial Statements

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

III. OFF-BALANCE SHEET COMMITMENTS

| | Note (Section five) | (31/12/2008) | | | (31/12/2007) | | |
|--|--|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | | YTL | FC | Total | YTL | FC | Total |
| A | OFF-BALANCE SHEET COMMITMENTS (I+II+III) | 26.600.023 | 24.367.197 | 50.967.220 | 22.590.694 | 16.438.648 | 39.029.342 |
| I. | GUARANTEES AND WARRANTIES | 6.065.846 | 10.734.145 | 16.799.991 | 5.830.328 | 8.185.223 | 14.015.551 |
| 1.1 | Letters of Guarantee | 6.062.242 | 7.300.101 | 13.362.343 | 5.801.536 | 5.260.507 | 11.062.043 |
| 1.1.1 | Guarantees Subject to State Tender Law | 440.744 | 533.824 | 974.568 | 437.175 | 405.285 | 842.460 |
| 1.1.2 | Guarantees Given for Foreign Trade Operations | 662.959 | 6.467.702 | 7.130.661 | 651.743 | 4.693.511 | 5.345.254 |
| 1.1.3 | Other Letters of Guarantee | 4.958.539 | 298.575 | 5.257.114 | 4.712.618 | 161.711 | 4.874.329 |
| 1.2 | Bank Acceptances | - | 211.367 | 211.367 | - | 184.493 | 184.493 |
| 1.2.1 | Import Letter of Acceptance | - | 211.367 | 211.367 | - | 184.493 | 184.493 |
| 1.2.2 | Other Bank Acceptances | - | - | - | - | - | - |
| 1.3 | Letters of Credit | 547 | 2.781.017 | 2.781.564 | 4.802 | 2.159.337 | 2.164.139 |
| 1.3.1 | Documentary Letters of Credit | 547 | 2.715.139 | 2.715.686 | 787 | 2.069.716 | 2.070.503 |
| 1.3.2 | Other Letters of Credit | - | 65.878 | 65.878 | 4.015 | 89.621 | 93.636 |
| 1.4 | Prefinancing Given as Guarantee | 143 | 2.017 | 2.160 | 143 | 1.553 | 1.696 |
| 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 | 2.914 | 250.224 | 253.138 | 23.847 | 548.393 | 572.240 |
| 1.9 | Other Collaterals | - | 189.419 | 189.419 | - | 30.940 | 30.940 |
| II. | COMMITMENTS | 14.710.049 | 1.083.906 | 15.793.955 | 13.330.953 | 880.685 | 14.211.638 |
| 2.1 | Irrevocable Commitments | 14.710.049 | 1.083.906 | 15.793.955 | 13.330.953 | 880.685 | 14.211.638 |
| 2.1.1 | Asset Purchase and Sale Commitments | - | 446.310 | 446.310 | - | 431.565 | 431.565 |
| 2.1.2 | Deposit Purchase and Sales Commitments | 62.765 | 58.976 | 121.741 | - | - | - |
| 2.1.3 | Share Capital Commitments to Associates and Subsidiaries | - | - | - | - | - | - |
| 2.1.4 | Loan Granting Commitments | 1.914.608 | 570.675 | 2.485.283 | 1.482.180 | 449.073 | 1.931.253 |
| 2.1.5 | Securities Issue Brokerage Commitments | - | - | - | - | - | - |
| 2.1.6 | Commitments for Reserve Deposit Requirements | - | - | - | - | - | - |
| 2.1.7 | Commitments for Cheques | 1.391.826 | - | 1.391.826 | 1.359.423 | - | 1.359.423 |
| 2.1.8 | Tax and Fund Liabilities from Export Commitments | 40.495 | - | 40.495 | 39.945 | - | 39.945 |
| 2.1.9 | Commitments for Credit Card Limits | 11.244.536 | - | 11.244.536 | 10.449.281 | - | 10.449.281 |
| 2.1.10 | Receivables from Short Sale Commitments of Marketable Securities | - | - | - | - | - | - |
| 2.1.11 | Payables for Short Sale Commitments of Marketable Securities | - | - | - | - | - | - |
| 2.1.12 | Other Irrevocable Commitments | 55.819 | 7.945 | 63.764 | 124 | 47 | 171 |
| 2.2 | Revocable Commitments | - | - | - | - | - | - |
| 2.2.1 | Revocable Loan Granting Commitments | - | - | - | - | - | - |
| 2.2.2 | Other Revocable Commitments | - | - | - | - | - | - |
| III. | DERIVATIVE FINANCIAL INSTRUMENTS | 5.824.128 | 12.549.146 | 18.373.274 | 3.429.413 | 7.372.740 | 10.802.153 |
| 3.1 | Hedging Derivative Financial Instruments | - | - | - | 119.763 | 102.004 | 221.767 |
| 3.1.1 | Transactions for Fair Value Hedge | - | - | - | 119.763 | 102.004 | 221.767 |
| 3.1.2 | Transactions for Cash Flow Hedge | - | - | - | - | - | - |
| 3.1.3 | Transactions for Foreign Net Investment Hedge | - | - | - | - | - | - |
| 3.2 | Trading Transactions | 5.824.128 | 12.549.146 | 18.373.274 | 3.309.650 | 7.270.736 | 10.580.386 |
| 3.2.1 | Forward Foreign Currency Buy/Sell Transactions | 1.171.587 | 2.703.776 | 3.875.363 | 1.194.844 | 1.707.358 | 2.902.202 |
| 3.2.1.1 | Forward Foreign Currency Transactions-Buy | 447.000 | 1.495.261 | 1.942.261 | 341.206 | 1.090.945 | 1.432.151 |
| 3.2.1.2 | Forward Foreign Currency Transactions-Sell | 724.587 | 1.208.515 | 1.933.102 | 853.638 | 616.413 | 1.470.051 |
| 3.2.2 | Swap Transactions Related to Foreign Currency and Interest Rates | 4.217.395 | 9.197.800 | 13.415.195 | 1.198.654 | 4.379.230 | 5.577.884 |
| 3.2.2.1 | Foreign Currency Swap-Buy | 3.185.007 | 980.400 | 4.165.407 | 305.407 | 1.271.216 | 1.576.623 |
| 3.2.2.2 | Foreign Currency Swap-Sell | 1.111.016 | 3.571.081 | 3.882.097 | 169.425 | 1.427.452 | 1.596.877 |
| 3.2.2.3 | Interest Rate Swap-Buy | 33.375 | 2.691.136 | 2.724.511 | 33.375 | 1.115.159 | 1.148.534 |
| 3.2.2.4 | Interest Rate Swap-Sell | 687.997 | 1.955.183 | 2.643.180 | 690.447 | 565.403 | 1.255.850 |
| 3.2.3 | Foreign Currency, Interest rate and Securities Options | 435.146 | 642.300 | 1.077.446 | 916.141 | 1.181.744 | 2.097.885 |
| 3.2.3.1 | Foreign Currency Options-Buy | 118.700 | 265.772 | 384.472 | 442.539 | 598.423 | 1.040.962 |
| 3.2.3.2 | Foreign Currency Options-Sell | 156.254 | 229.088 | 385.342 | 468.030 | 583.321 | 1.051.351 |
| 3.2.3.3 | Interest Rate Options-Buy | - | 147.440 | 147.440 | - | - | - |
| 3.2.3.4 | Interest Rate Options-Sell | 119.000 | - | 119.000 | - | - | - |
| 3.2.3.5 | Securities Options-Buy | 17.816 | - | 17.816 | 3.240 | - | 3.240 |
| 3.2.3.6 | Securities Options-Sell | 23.376 | - | 23.376 | 2.332 | - | 2.332 |
| 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 | - | - | - | - | - | - |
| 3.2.5.1 | Interest Rate Futures-Buy | - | - | - | - | - | - |
| 3.2.5.2 | Interest Rate Futures-Sell | - | - | - | - | - | - |
| 3.2.6 | Other | - | 5.270 | 5.270 | 11 | 2.404 | 2.415 |
| B. | CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | 78.399.103 | 14.761.121 | 93.160.224 | 84.300.721 | 9.516.991 | 93.817.712 |
| IV. | ITEMS HELD IN CUSTODY | 54.944.653 | 1.718.351 | 56.663.004 | 66.311.104 | 1.297.064 | 67.608.168 |
| 4.1 | Customer Fund and Portfolio Balances | 6.431 | 106 | 6.537 | 6.136 | 2.603 | 8.739 |
| 4.2 | Investment Securities Held in Custody | 48.234.707 | 1.449.768 | 49.684.475 | 58.399.004 | 1.088.692 | 59.487.696 |
| 4.3 | Checks Received for Collection | 5.312.429 | 38.203 | 5.350.632 | 4.797.997 | 26.350 | 4.824.347 |
| 4.4 | Commercial Notes Received for Collection | 1.391.002 | 208.649 | 1.599.651 | 3.106.718 | 154.172 | 3.260.890 |
| 4.5 | Other Assets Received for Collection | - | 21.625 | 21.625 | - | 25.247 | 25.247 |
| 4.6 | Assets Received for Public Offering | - | - | - | - | - | - |
| 4.7 | Other Items Under Custody | 84 | - | 84 | 85 | - | 85 |
| 4.8 | Custodians | - | - | - | 1.164 | - | 1.164 |
| V. | PLEDGES RECEIVED | 22.453.712 | 12.365.927 | 34.819.639 | 16.985.999 | 7.413.664 | 24.399.663 |
| 5.1 | Marketable Securities | 183.456 | 184 | 183.640 | 342.775 | 434 | 343.209 |
| 5.2 | Guarantee Notes | 330.692 | 352.168 | 682.860 | 304.997 | 223.708 | 528.705 |
| 5.3 | Commodity | 11.280 | - | 11.280 | 7.609 | - | 7.609 |
| 5.4 | Warranty | - | - | - | - | - | - |
| 5.5 | Immovable | 14.200.107 | 8.152.065 | 22.352.172 | 10.769.129 | 5.275.952 | 16.045.081 |
| 5.6 | Other Pledged Items | 7.728.177 | 3.858.803 | 11.586.980 | 5.561.240 | 1.911.476 | 7.472.716 |
| 5.7 | Pledged Items-Depository | - | 2.707 | 2.707 | 249 | 2.094 | 2.343 |
| VI. | ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | 1.000.738 | 676.843 | 1.677.581 | 1.003.618 | 806.263 | 1.809.881 |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | 104.999.126 | 39.128.318 | 144.127.444 | 106.891.415 | 25.955.639 | 132.847.054 |

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

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Financial Statements

At 31 December 2008 and 2007

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY

| INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY | (31/12/2008) | (31/12/2007) |
|--|--------------|--------------|
| I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS | (4.567) | 19.418 |
| II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES | - | - |
| III. INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS | 115.225 | (49.821) |
| V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences) | - | - |
| VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes) | (68.553) | - |
| VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS | - | - |
| VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS | (1.844) | (2.010) |
| IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES | 10.286 | (1.725) |
| X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX) | 50.547 | (34.138) |
| XI. CURRENT YEAR PROFIT/LOSS | 22.939 | 8.363 |
| 11.1 Net change in fair value of marketable securities (transfer to profit-loss) | 24.799 | 8.363 |
| 11.2 Reclassification of cash flow hedge transactions and presentation of the related part under income statement | - | - |
| 11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement | (1.860) | - |
| 11.4 Other | - | - |
| XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI) | 27.608 | (42.501) |

Convenience Translation of Publicly Announced Consolidated
Financial Statements Originally Issued in Turkish, See in Note I. of Section Three

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Statement of Changes In Shareholders' Equity at 31 December 2007

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | 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 | PPE and Intangible Assets Revaluation Fund | Shares from Investment in Associates and Subsidiaries | Bonus Shares from Investment in Associates and Subsidiaries | Hedging Transactions Funds | Assets Held for Sale/ Discontinued Operations Revaluation Fund | Total Equity Except Minority Interest | Minority Interest | Total Shareholders' Equity |
|--|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|---|--|---|--|--|---|----------------------------------|---|---|----------------------|----------------------------------|
| 31 December 2007 | | | | | | | | | | | | | | | | | | | | |
| I. Period Opening Balance (31 December 2006) | | 3,142,818 | - | 45,781 | - | 171,59 | - | 326,025 | - | 555,349 | (551,567) | 22,540 | - | - | - | - | - | 3,558,105 | 548,610 | 4,106,715 |
| II. Changes in Accounting Policies according to IAS 8 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effects of Errors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effects of the Changes in Accounting Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. New Balance (I+II-III) | | 3,142,818 | - | 45,781 | - | 171,59 | - | 326,025 | - | 555,349 | (551,567) | 22,540 | - | - | - | - | - | 3,558,105 | 548,610 | 4,106,715 |
| Changes in the period | | | | | | | | | | | | | | | | | | | | |
| IV. Increase/Decrease due to the Merger | VII. | - | - | - | - | - | - | - | - | - | (147,785) | 14,710 | - | - | - | - | (133,075) | 133,075 | - | - |
| V. Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | (34,551) | - | - | - | - | - | (84,551) | (5,940) | (40,491) |
| VI. Hedging Transactions (Effective part) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.1 Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.2 Foreign Investment Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Property and Equipment Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Intangible Fixed Assets Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Changes due to the Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Changes due to the Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Capital Increase | | 284,233 | - | - | - | - | - | - | - | - | (6,632) | - | - | - | - | - | - | 277,601 | - | 277,601 |
| 14.1 Cash Increase | | 277,601 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 277,601 | - | 277,601 |
| 14.2 Internal Resources | | 6,632 | - | - | - | - | - | - | - | - | (6,632) | - | - | - | - | - | - | - | - | - |
| XV. Share Premium | | - | - | 495,852 | - | - | - | - | - | - | - | - | - | - | - | - | - | 495,852 | - | 495,852 |
| XVI. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Paid in-capital Adjustment Difference | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Other | | - | - | - | - | - | - | - | (2,010) | - | - | - | - | - | - | - | - | (2,010) | - | (2,010) |
| XIX. Current Year Income or Loss | | - | - | - | - | - | - | - | - | 869,744 | - | - | - | - | - | - | - | 869,744 | 149,585 | 1,019,329 |
| XX. Profit Distribution | | - | - | - | - | - | - | - | 7,308 | (555,349) | 548,041 | - | - | - | - | - | - | - | (77,742) | (77,742) |
| 20.1 Dividend Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (77,742) | (77,742) |
| 20.2 Transfers to Reserves | | - | - | - | - | - | - | - | 7,308 | (555,349) | 548,041 | - | - | - | - | - | - | - | - | - |
| 20.3 Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XXI. Purchase from minority interest | VII. | - | - | - | - | - | - | - | - | - | (322,862) | - | - | - | - | - | - | (322,862) | (452,554) | (775,416) |
| Period End Balance (III+IV+V+...-XXI+XXI) | | 3,427,051 | - | 541,633 | - | 171,59 | - | 326,025 | 5,298 | 869,744 | (480,805) | 2,699 | - | - | - | - | - | 4,708,804 | 295,034 | 5,003,838 |

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

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Statement of Changes

In Shareholders' Equity at 31 December 2008

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Note (Section Five) | Paid-in Capital | Adjustment to Share Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income/ (Loss) | Prior Period Net Income/ (Loss) | Marketable Securities Valuation Difference | PPE and Intangible Assets Revaluation | Shares From Investment in Associates and Subsidiaries | Hedging Transactions Funds | Asset Held for Resale/ Discontinued Operations Revaluation Fund | Total Equity Except Minority Interest | Minority Interest | Total Shareholders' Equity |
|--|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|--|--|---|--|---|----------------------------------|--|---|----------------------|----------------------------------|
| I. 31 December 2008 | | | | | | | | | | | | | | | | | | | |
| Period Opening Balance (31 December 2007) | | 3.427.051 | - | 541.633 | - | 171.159 | - | 326.025 | 5.298 | 869.744 | (480.805) | 2.699 | - | - | - | - | 4.708.804 | 295.034 | 5.003.838 |
| Changes in the period | | | | | | | | | | | | | | | | | | | |
| II. Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | 82.194 | - | - | - | - | 82.194 | 240 | 82.434 |
| IV. Hedging Transactions (Effective Part) | | - | - | - | - | - | - | - | - | - | - | (54.842) | - | - | - | - | (54.842) | - | (54.842) |
| 4.1 Cash Flow Hedging transactions | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 Foreign Investment Hedge | | - | - | - | - | - | - | - | - | - | - | (54.842) | - | - | - | - | (54.842) | - | (54.842) |
| V. Valuation Differences due to Revaluation of the Property and Equipment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Valuation Differences due to Revaluation of Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Changes due to the Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | 1.860 | - | - | - | - | 1.860 | - | 1.860 |
| X. Changes due to the Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Capital Increase | II-I-3 | 920.000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 920.000 | - | 920.000 |
| 12.1 Cash increase | | 920.000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 920.000 | - | 920.000 |
| 12.2 Internal Resources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Share Premium | | - | - | 2.248 | - | - | - | - | - | - | - | - | - | - | - | - | 2.248 | - | 2.248 |
| XIV. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Paid in-capital Adjustment Difference | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Other | | - | - | - | - | - | - | - | (1.844) | - | - | - | - | - | - | - | (1.844) | - | (1.844) |
| XVII. Current Year Income or Loss | | - | - | - | - | - | - | - | - | 1.261.395 | - | - | - | - | - | - | 1.261.395 | 3.722 | 1.265.117 |
| XVIII. Profit Distribution | | - | - | - | 26.930 | - | - | 496.619 | 15.059 | (869.744) | 331.136 | - | - | - | - | - | - | (1.450) | (1.450) |
| 18.1 Dividend Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.2 Transfers to Reserves | | - | - | - | - | 26.930 | - | 496.619 | 15.059 | (869.744) | 331.136 | - | - | - | - | - | - | (1.450) | (1.450) |
| 18.3 Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIX. Purchase from minority interest ⁽¹⁾ | | - | - | - | - | - | - | - | - | - | (106.179) | 2.065 | - | - | - | - | (104.114) | (249.566) | (353.680) |
| Period end balance (I+II+III+...+XIX+XVII+XVIII+XX) | | 4.347.051 | - | 543.881 | - | 44.089 | - | 822.644 | 18.513 | 1.261.395 | (255.848) | 33.976 | - | - | - | - | 6.815.701 | 47.980 | 6.863.681 |

⁽¹⁾ Explained in details in Note VII. of Section Five.

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

YAPI VE KREDİ BANKASI A.Ş.

Consolidated Statements of Cash Flows At 31 December 2008 and 2007

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

VI. STATEMENT OF CASH FLOWS

| | Notes (Section Five) | (31/12/2008) | (31/12/2007) |
|---|-------------------------|--------------|--------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | (677.068) | 2.372.357 |
| 1.1.1 Interest received | | 7.253.434 | 6.730.858 |
| 1.1.2 Interest paid | | (4.788.084) | (4.143.522) |
| 1.1.3 Dividend received | | 41.553 | 3.336 |
| 1.1.4 Fees and commissions received | | 1.704.757 | 1.396.819 |
| 1.1.5 Other income | | 753.086 | (102.588) |
| 1.1.6 Collections from previously written-off loans and other receivables | | 841.602 | 516.364 |
| 1.1.7 Payments to personnel and service suppliers | | (1.045.790) | (945.916) |
| 1.1.8 Taxes paid | | (350.351) | (307.273) |
| 1.1.9 Other | | (5.087.275) | (775.721) |
| 1.2 Changes in operating assets and liabilities | | (178.387) | (5.952.776) |
| 1.2.1 Net (increase)/decrease in trading securities | | (91.796) | 211.812 |
| 1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets | | - | - |
| 1.2.3 Net (increase)/decrease in banks | | (1.031.096) | 526.882 |
| 1.2.4 Net (increase) in loans | | (10.981.765) | (6.710.648) |
| 1.2.5 Net decrease/(increase) in other assets | | 121.568 | (21.214) |
| 1.2.6 Net (decrease) in bank deposits | | (1.553.750) | (1.432.911) |
| 1.2.7 Net increase in other deposits | | 10.371.230 | 1.002.197 |
| 1.2.8 Net increase in funds borrowed | | 2.894.963 | 505.999 |
| 1.2.9 Net increase/(decrease) in payables | | - | - |
| 1.2.10 Net increase/(decrease) in other liabilities | | 92.259 | (34.893) |
| I. Net cash provided from banking operations | | (855.455) | (3.580.419) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from investing activities | | 1.264.000 | 2.784.276 |
| 2.1 Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships) | | (353.680) | - |
| 2.2 Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships) | | - | 24.500 |
| 2.3 Purchases of property and equipment | | (227.082) | (177.182) |
| 2.4 Disposals of property and equipment | | 211.788 | 518.824 |
| 2.5 Cash paid for purchase of investments available-for-sale | | (794.371) | (286.496) |
| 2.6 Cash obtained from sale of investments available-for-sale | | - | - |
| 2.7 Cash paid for purchase of investment securities | | (549.812) | (3.589.451) |
| 2.8 Cash obtained from sale of investment securities | | 2.014.971 | 6.336.506 |
| 2.9 Other | | 962.186 | (42.425) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash provided from financing activities | | 1.345.980 | (191.188) |
| 3.1 Cash obtained from funds borrowed and securities issued | | 425.003 | (113.542) |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | - | - |
| 3.3 Issued capital instruments | | 922.248 | - |
| 3.4 Dividends paid | | (1.450) | (77.742) |
| 3.5 Payments for finance leases | | 179 | 96 |
| 3.6 Other | | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | | - | - |
| V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV) | | 1.754.525 | (987.331) |
| VI. Cash and cash equivalents at beginning of the period | VI-a | 2.434.157 | 3.421.488 |
| VII. Cash and cash equivalents at end of the period | VI-a | 4.188.682 | 2.434.157 |

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

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Profit Appropriation Statement

At 31 December 2008 and 2007

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

VII. PROFIT APPROPRIATION STATEMENT ^{(1), (2)}

| | (31/12/2008) | (31/12/2007) |
|---|------------------|----------------|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 Current Year Income | 1.334.665 | 852.865 |
| 1.2 Taxes And Duties Payable (-) | (292.064) | (143.680) |
| 1.2.1 Corporate Tax (Income tax) | (207.854) | (217.406) |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties | (84.210) | 73.726 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 1.042.601 | 709.185 |
| 1.3 Prior Year Losses (-) | - | (170.577) |
| 1.4 First Legal Reserves (-) | - | (26.930) |
| 1.5 Other Statutory Reserves (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)+(1.3+1.4+1.5)] | 1.042.601 | 511.678 |
| 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 | - | 496.619 |
| 1.13 Other Reserves | - | - |
| 1.14 Special Funds | - | 15.059 |
| 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 | 0,0030 | 0,0022 |
| 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. On 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 2008 has not been prepared by the Board of Directors, only net profit related to the year 2008, 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 YTL43.456 thousand which are not going to be distributed and are going to be held in reserves according to the article 5.e of Corporate Tax Law No. 5520.

⁽²⁾ Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

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Notes to Consolidated Financial Statements

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks" Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes, 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 10 February 2007 and "Draft Communiqués Regarding the Change in the Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published as of 22 September 2007. 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 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

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 YTL, under the historical cost convention as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets and liabilities carried at fair value.

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 audited regularly and, when necessary, suitable corrections are made and the effect of these corrections is 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 the TAS. Those accounting policies and valuation principles are explained in Notes II. to XXVIII below.

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 high 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 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 held in minimum levels and exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

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 foreign currency investments, subsidiaries and non-performing loans valuation differences. 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 rate at the date of transfer to non-performing loans accounts.

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III. INFORMATION ON CONSOLIDATION PRINCIPALS:

a. Consolidation principals 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" and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27") published in the Official Gazette No. 26340 dated 8 November 2006.

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 using 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 subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

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 (%) | Direct and Indirect Rates (%) |
|---|---------------------------------|-------------------------|---------------------|----------------------------------|
| | | | 2008 | 2008 |
| 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 Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | Portfolio Management | 56,06 | 56,07 |
| Yapı Kredi Portföy | Istanbul/Turkey | Portfolio Management | 99,95 | 99,97 |
| Yapı Kredi Bank Holding B.V. | Amsterdam/Nederland | Financial Holding | 100,00 | 100,00 |
| Yapı Kredi Bank N.V. | Amsterdam/Nederland | 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/Nederland | Custody services | 100,00 | 100,00 |
| Yapı Kredi Invest LLC | Baku/Azerbaijan | Portfolio Management | 100,00 | 100,00 |
| Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾ | George Town/ Cayman Islands | Special Purpose Company | - | - |

⁽¹⁾ It is a special purpose company established for securitization transactions and is included in the consolidation although the Bank or any of its affiliates does not have any shareholding interest in this company.

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2. Consolidation principles of associates:

Associate is a partnership which the Parent Bank participates in its capital and has significant effect on it although it 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 effect, 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, as long as otherwise is not proved, it will be accepted that the Parent Bank has significant effect 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 changed amount occurred in the participated associate's shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed 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 | Direct and Indirect Rates (%) | |
|--|--------------------|-----------------|---|--|
| | | | Effective Rates (%) 31 December 2008 | Indirect Rates (%) 31 December 2008 |
| Banque de Commerce et de Placements S.A. | Geneva/Switzerland | Banking | 30,67 | 30,67 |

3. Consolidation principles of joint ventures: None.

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 portion 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 and associates in consolidated financial statements:

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

Foreign currency denominated unconsolidated investments, associates and subsidiaries 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 investments, associates and share certificates 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 and foreign exchange purchase and sale transactions.

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. 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 the item being hedged.

At the transaction date, the Group documents the relation between hedge items and hedged balances, together with the risk management policies and the strategies on hedging transactions. Besides, the Group regularly documents the hedge effectiveness of fair value hedges.

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.

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. If the underlying hedge does not conform to the hedge accounting requirements, the corrections in the hedged item for which the effective interest rate is considered, is discounted within the time to maturity and recognised under the profit and loss accounts.

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Certain derivative transactions, even though they provide effective economic hedges under the Group's risk management position, 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 "trading derivative financial assets" and if the fair value difference is negative, it is disclosed under "trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement. Differences in the fair value of fair value hedge derivative instruments are accounted under "trading income/loss" 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.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

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. The Group ceases accrued interest income on non-performing loans and, any interest income accruals from such receivables are reversed and no any income accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Commission income and fees from banking services are recorded as income at the time of collection, all other fees and commission income/expenses are recognised on an accrual basis. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded on using the effective interest method. Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised 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". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". The appropriate classification of financial assets is determined at the time of purchase by the Group management, taking into consideration the purpose of holding the investment.

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 recognised at fair value and are subsequently re-measured at their fair value. However, if fair values can not be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at "amortised cost" using the effective interest method. 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 not 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 assets that are not classified under loans and receivables and are held-for-trading at the time of acquisition and, not included in available for sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction price at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortised cost" using the "effective interest method" after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

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 the contradiction of classification principles.

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c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, service or goods to debtor. Loans and receivables are carried initially at cost and subsequently recognised at the amortised cost value calculated using "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised 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 1 November 2006 and the "Communiqué regarding the change in 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. 27119 dated 23 January 2009. 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 of the factors listed above and the principles of TAS 39. As of 31 March 2008, as a result of the studies performed, the Parent Bank revised the general loan loss provisions by considering new loss detection periods, which were formerly set as 1 year, differentiating them by segment/type of products. 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 the previous years, the recovery amount is classified under "other operating income". If a receivable is collected which is provisioned in the same year, it is deducted from the "provisions for loan losses and other receivables". Uncollectible receivables are written-off after all the legal procedures are finalised.

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 value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. "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 value increase fund", until there is a permanent decline in the fair values of such assets or they are disposed of. 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.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

The principles for the accounting of provisions for loans are explained in details 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 "fair value difference through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "funds provided under repurchase agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the "effective interest method". Interest expense on repo transactions are recorded under "interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements ("Reverse Repo") to resell 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.

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XI. INFORMATION ON ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS:

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 1 November 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. Business combinations and 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 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 for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. The Parent Bank allocated its goodwill to Retail Banking, Private Banking, Corporate Banking and Credit Card operations.

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 value decreases.

When the book value of an other intangible asset exceeds the recoverable amount, the related asset is meant to be impaired. Some indicators of a possible loss out of impairment can be identified. If any of these indicators exists, The Bank develops a recoverable amount expectation. If not, there is no need to forecast 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 are presented below:

| | |
|--|----------|
| Credit card brand value, deposit base and customer portfolio | 10 years |
| Other intangible assets | 5 years |

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 value decrease.

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Depreciation is calculated over of the cost of property and equipment using the straight-line method. The expected useful lives 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 the diminution in value is charged to the income statement.

Property and equipment has 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 revenue.

Expenditures for the repair and renewal 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 leasing operations in the capacity of 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 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 ratio. In addition, fixed assets that are obtained by the way of financial leasing are subject to amortization when their given useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. Lease payments are deducted from financial leasing payables.

Operational Lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operating lease. Payments that are made as operating leases, are accounted in income statements with linear method during the lease period.

b. Accounting of leasing operations according to lessor:

Asset that is subject to financial leasing is reflected as a receivable which is equal to net leasing amount in consolidated balance sheet. Interest income is set to create a fixed periodical gain rate on net investment amount of the related leased asset by the lessor and the portion which is not in that period 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. Provision for contingent liabilities arisen from past events should be 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, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the consolidated financial statements.

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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 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 reserve for the future probable obligation arising from this liability.

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 1 November 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 published date of the article.

Law article related to the transfer was cancelled (pursuant application by the President on 2 November 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article stopped 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 15 December 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 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA and SDIF representing the Fund and one member representing the Fund members. This committee 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 the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds. In accordance with the New Law, the social rights and payments of Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will be provided by the Fund and the employers of the Fund members.

The main opposition party has applied to the Constitutional Court at 19 June 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.

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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.

"Corporate Tax Law" ("New Tax Law") No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate 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 5 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.

Tax rates that are used in tax calculations by taking current tax regulations in every country into consideration as of 31 December 2008 are as follows:

| | |
|------------|--------|
| Netherland | 25,50% |
| Russia | 24,00% |
| Azerbaijan | 22,00% |

Tax provisions that are reflected to consolidated financial statements, are calculated separately for every company in the scope of consolidation.

b. Deferred Tax:

The Group calculates and accounts for deferred income taxes for all 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 the related decrees of the BRSA concerning income taxes. 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 it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS 12. The deferred tax asset and deferred tax liability are presented as separate in these financial statements.

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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.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2008 and 2007, 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 Turkish Commercial Code ("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.

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Group's Profit | 1.261.395 | 869.744 |
| Weighted Average Number of Issued Ordinary Shares (Thousand) | 346.538.433 | 320.573.075 |
| Earnings Per Share (Disclosed in full YTL) | 0,0036 | 0,0027 |

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

During 2008, no bonus shares were issued (2007: 663.154.590).

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 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.

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XXV. CASH AND CASH EQUIVALENTS:

For the purposes of cash flow statement "Cash" include cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements, 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 Accounting Standard about the Segment Reporting" ("TAS 14") 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 31 December 2007, to conform to changes in presentation of the consolidated financial statements as of 31 December 2008.

XXVIII. TRANSACTIONS UNDER COMMON CONTROL:

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combination 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 interest" 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".

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

a. The capital adequacy ratio of the Group is 14,24% (2007: 12,81%).

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 "Regulation Regarding the Change in the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" published as of 10 October 2007 and 22 March 2008 (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) | 19.121.396 | 2.959.633 | 6.605.695 | 32.739.539 | 234.386 | 2.444 |
| Cash | 668.650 | 372 | - | - | - | - |
| Matured marketable securities | - | - | - | - | - | - |
| The Central Bank of the Republic of Turkey | 2.205.330 | - | - | - | - | - |
| Domestic, foreign banks, foreign head offices and branches | - | 2.127.703 | - | 33.657 | - | - |
| Interbank Money Market Placements | 40.000 | - | - | - | - | - |
| Receivables from reverse repurchase transactions | - | - | - | - | - | - |
| Reserve Requirements with the Central Bank of the republic of Turkey | 1.655.594 | - | - | - | - | - |
| Loans | 1.989.724 | 744.034 | 6.457.595 | 27.753.011 | 234.386 | 2.444 |
| Non-Performing receivables (Net) | - | - | - | 644.169 | - | - |
| Lease receivables | - | - | - | - | - | - |
| Available-for-sale financial assets | 676.185 | 47.846 | - | 221.639 | - | - |
| Held-to-Maturity investments | 11.096.290 | - | - | - | - | - |
| Receivables from the disposal of assets | - | - | - | 14.351 | - | - |
| Miscellaneous receivables | - | 94 | - | 190.653 | - | - |
| Interest and income accruals | 592.334 | 20.132 | 148.100 | 637.326 | - | - |
| Investments in associates, subsidiaries and joint ventures (Net) | - | - | - | 1.783.383 | - | - |
| Fixed assets | - | - | - | 1.231.008 | - | - |
| Other assets | 197.289 | 19.452 | - | 230.342 | - | - |
| Off-balance sheet items | 403.024 | 964.865 | 338.559 | 10.420.342 | - | - |
| Non-cash loans and commitments | 403.024 | 662.452 | 338.559 | 10.383.205 | - | - |
| Derivative financial instruments | - | 302.413 | - | 37.137 | - | - |
| Non-risk weighted accounts | - | - | - | - | - | - |
| Total Risk Weighted Assets | 19.524.420 | 3.924.498 | 6.944.254 | 43.159.881 | 234.386 | 2.444 |

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

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| | Risk Weights ⁽¹⁾ | | | | | |
|--|-----------------------------|------------------|------------------|-------------------|----------------|--------------|
| | Consolidated | | | | | |
| | 0% | 20% | 50% | 100% | 150% | 200% |
| Amount subject to credit risk | | | | | | |
| Balance sheet items (Net) | 22.187.304 | 3.998.133 | 6.934.301 | 35.272.281 | 234.386 | 2.444 |
| Cash | 848.108 | 19.287 | - | - | - | - |
| Matured marketable securities | - | - | - | - | - | - |
| The Central Bank of the Republic of Turkey | 2.205.330 | - | - | - | - | - |
| Domestic, foreign banks, foreign head offices and branches | 479.083 | 2.780.649 | - | 124.592 | - | - |
| Interbank Money Market Placements | 204.903 | - | - | - | - | - |
| Receivables from reverse repurchase transactions | 22.701 | - | - | - | - | - |
| Reserve Requirements with the Central Bank of the republic of Turkey | 1.655.594 | - | - | - | - | - |
| Loans | 2.154.991 | 873.950 | 6.540.007 | 29.275.011 | 234.386 | 2.444 |
| Non-Performing receivables (Net) | - | - | - | 644.297 | - | - |
| Lease receivables | 19.411 | 2.653 | 243.214 | 2.408.267 | - | - |
| Available-for-sale financial assets | 1.519.524 | 51.118 | - | 248.331 | - | - |
| Held-to-Maturity investments | 12.173.344 | - | - | 4.124 | - | - |
| Receivables from the disposal of assets | - | - | - | 14.360 | - | - |
| Miscellaneous receivables | - | 214.820 | - | 250.457 | - | - |
| Interest and income accruals | 681.137 | 36.204 | 151.080 | 687.620 | - | - |
| Investments in associates, subsidiaries and joint ventures (Net) | - | - | - | 2.300 | - | - |
| Fixed assets | - | - | - | 1.295.179 | - | - |
| Other assets | 223.178 | 19.452 | - | 317.743 | - | - |
| Off-balance sheet items | 403.024 | 983.557 | 338.559 | 10.831.877 | - | - |
| Non-cash loans and commitments | 403.024 | 662.452 | 338.559 | 10.794.334 | - | - |
| Derivative financial instruments | - | 321.105 | - | 37.543 | - | - |
| Non-risk weighted accounts | - | - | - | - | - | - |
| Total Risk Weighted Assets | 22.590.328 | 4.981.690 | 7.272.860 | 46.104.158 | 234.386 | 2.444 |

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

d. Summary information about capital adequacy ratio:

| | The Parent Bank | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Amount subject to credit risk (ASCR) | 47.773.374 | 38.688.000 | 51.093.393 | 41.227.695 |
| Amount subject to market risk (ASMR) | 290.150 | 331.825 | 972.600 | 552.013 |
| Amount subject to operational risk (ASOR) | 4.839.316 | 3.640.891 | 6.418.028 | 5.056.682 |
| Shareholder's Equity | 8.329.495 | 5.831.740 | 8.327.424 | 5.998.249 |
| Shareholder's Equity/(ASCR+ASMR+ASOR)*100 | 15,74 | 13,67 | 14,24 | 12,81 |

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e. Information about shareholders' equity items:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| CORE CAPITAL | | |
| Paid-in capital | 4.347.051 | 3.427.051 |
| Nominal capital | 4.347.051 | 3.427.051 |
| Capital commitments (-) | - | - |
| Inflation adjustment to share capital | - | - |
| Share Premium | 543.881 | 541.633 |
| Share cancellation profits | - | - |
| Legal reserves | 44.089 | 17.159 |
| First legal reserve (Turkish Commercial Code 466/1) | 44.089 | 17.159 |
| Second legal reserve (Turkish Commercial Code 466/2) | - | - |
| Other legal reserve per special legislation | - | - |
| Status reserves | - | - |
| Extraordinary reserves | 822.644 | 326.025 |
| Reserves allocated by the General Assembly | 822.644 | 326.025 |
| Retained earnings | - | - |
| Accumulated loss | - | - |
| Foreign currency share capital exchange difference | - | - |
| Inflation adjustment of legal reserves, status reserves, extraordinary reserves | - | - |
| Profit | 1.261.395 | 869.744 |
| Current period profit (net) | 1.261.395 | 869.744 |
| Prior period profit | - | - |
| Provisions for possible risks up to 25% of core capital | 63.775 | 92.185 |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital | 18.513 | 5.298 |
| Primary Subordinated Loans (up to 15% of core capital) | - | - |
| Minority interests | 47.980 | 295.034 |
| Uncovered portion of loss with reserves (-) | (255.848) | (480.805) |
| Current period loss (net) | - | - |
| Prior period loss | (255.848) | (480.805) |
| Limit exceeding amount regarding the third clause of the article 56 of the Law (-) | - | - |
| Total Core Capital | 6.893.480 | 5.093.324 |

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| SUPPLEMENTARY CAPITAL | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| General provisions | 659.018 | 585.454 |
| 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 | 2.172.900 | 1.742.336 |
| 45% of Marketable Securities valuation fund | 15.289 | 1.215 |
| From investments in associates and subsidiaries | - | - |
| Available-for-Sale financial assets | 15.289 | 1.215 |
| Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves) | - | - |
| Total Supplementary Capital | 2.847.207 | 2.329.005 |
| TIER III CAPITAL | - | - |
| CAPITAL | 9.740.687 | 7.422.329 |
| DEDUCTIONS FROM THE CAPITAL ⁽¹⁾ | 1.413.263 | 1.424.080 |
| Special costs | - | 27.820 |
| Prepaid expenses | 167.762 | 135.528 |
| Intangible Assets | 1.157.825 | 1.191.711 |
| Deferred tax asset amount exceeding 10% of core capital | - | - |
| Investments in Unconsolidated Financial Institutions (Domestic, foreign) and Banks in which 10% or more equity interest exercised | 32.083 | 30.801 |
| 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 | - | - |
| 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 | 55.593 | 38.220 |
| Loans extended as contradictory to the articles 50 and 51 of the Law | - | - |
| The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date. | - | - |
| Other | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 8.327.424 | 5.998.249 |

⁽¹⁾ According to the temporary article 1. of Regulation Regarding Capital Adequacy; "Special Costs", "Prepaid Expenses", "Intangible Assets" and "Amount of deferred tax asset exceeding 10% of core capital" will be considered as "Deductions from the Capital" until 1 January 2009. After this date, the aforementioned amounts will be deducted from "Core Capital".

II. EXPLANATIONS ON CREDIT RISK:

a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty cannot 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.

As a part of internal scoring system, the loan proposals received from branches are not accepted by the system unless they include detailed financial information of the companies. All rated corporate and commercial loan customers (excluding construction companies and financial institutions) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management-Risk Monitoring Department.

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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 by the Parent Bank's internal rating system are disclosed below:

| | 31 December 2008 | 31 December 2007 |
|----------------------|------------------|------------------|
| Above average (1-4) | 32,7% | 20,2% |
| Average (5+-6) | 48,3% | 53,6% |
| Below Average (7+-9) | 19,0% | 26,2% |

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 Regulation on provisions, if the cash risk of a customer 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 accordingly to the regulation on provisions considering the Group's credit risk policies. Accordingly, the financial position and commercial operations of related customers monitored and their principle and interest payments are followed up with a 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 22% (2007: 21%).

2. The proportion of the Group's top 100 non-cash loan balances in total non-cash loans is 44% (2007: 43%).

3. The proportion of the Group's cash and non-cash loan balances with the first 100 customers comprises of 22% of total cash loans and non-cash loans (2007: 23%).

g. The Group provided a general loan loss provision amounting to YTL659.018 thousand (2007: YTL728.883 thousand).

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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⁾ | |
|---|--|-------------------|--|------------------|---|-------------------|----------------------------|------------------|---|-------------------|
| | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| | December 2008 | December 2007 | December 2008 | December 2007 | December 2008 | December 2007 | December 2008 | December 2007 | December 2008 | December 2007 |
| Loans concentration according to the type of borrowers | | | | | | | | | | |
| Private Sector | 26.596.498 | 19.897.030 | 703.293 | 675.080 | 37.296 | 31.361 | 339.030 | 394.866 | 16.857.813 | 15.774.001 |
| Public Sector | 1.380.437 | 791.487 | - | - | 14.551.481 | 14.207.912 | 40.358 | 1.448 | 2.471.665 | 618.805 |
| Banks | - | - | 624.876 | 54.730 | 308.355 | 168.565 | 3.806.963 | 1.432.103 | 1.941.767 | 1.358.756 |
| Individual Customers | 14.000.356 | 10.818.762 | - | - | - | - | 847 | 727 | 11.322.701 | 10.475.627 |
| Share certificates | - | - | - | - | 54.078 | 61.802 | 89.976 | 71.321 | - | - |
| Total | 41.977.291 | 31.507.279 | 1.328.169 | 729.810 | 14.951.210 | 14.469.640 | 4.277.174 | 1.900.465 | 32.593.946 | 28.227.189 |
| Information according to geographical concentration | | | | | | | | | | |
| Domestic | 41.136.770 | 30.979.383 | 1.014.013 | 711.948 | 14.493.807 | 14.309.275 | 1.158.162 | 998.913 | 30.714.651 | 26.933.882 |
| European Union Countries | 356.875 | 106.576 | 299.304 | 4.124 | 184.837 | 79.434 | 1.713.901 | 473.029 | 1.096.798 | 584.082 |
| OECD Countries ⁽³⁾ | 26.234 | - | - | 8.516 | 12.742 | - | 243.897 | 81.803 | 339.043 | 298.831 |
| Off-shore banking regions | - | 171.530 | - | - | 76.298 | - | 90 | 39.681 | 6.996 | 84 |
| USA, Canada | 20.950 | 6.813 | - | - | 38.002 | 67.070 | 594.078 | 238.859 | 34.479 | 42.645 |
| Other Countries | 436.462 | 242.977 | 14.852 | 5.222 | 145.524 | 13.861 | 567.046 | 68.180 | 401.979 | 367.665 |
| Total | 41.977.291 | 31.507.279 | 1.328.169 | 729.810 | 14.951.210 | 14.469.640 | 4.277.174 | 1.900.465 | 32.593.946 | 28.227.189 |

⁽¹⁾ Contains Trading Financial 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.

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Balance sheet items that are exposed to credit risk: | | |
| Bank placements | 3.402.082 | 1.383.437 |
| Loans and advances to customers | 43.305.460 | 32.237.089 |
| -Credit Cards | 7.633.005 | 6.700.724 |
| -Consumer loans | 6.367.351 | 4.118.038 |
| -Corporate, commercial and other loans | 25.554.429 | 18.269.550 |
| -Financial Leasing | 2.704.295 | 2.339.740 |
| -Factoring | 1.046.380 | 809.037 |
| Trading securities | 830.115 | 364.197 |
| -Government securities | 300.308 | 254.215 |
| -Share certificates | 17.587 | 19.226 |
| -Other marketable securities | 78.569 | 42.089 |
| -Derivative financial instruments | 433.651 | 48.667 |
| Investment securities | 14.554.746 | 14.154.110 |
| -Government debt securities | 14.251.173 | 14.007.517 |
| -Share certificates | 36.491 | 42.576 |
| -Other marketable securities | 267.082 | 104.017 |
| Other assets | 1.086.347 | 1.054.307 |
| Credit risk exposures relating to off-balance sheet items | | |
| Financial guarantees | 16.143.907 | 13.226.182 |
| Loan commitments and other credit related liabilities | 656.084 | 789.369 |

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j. Loans and other receivables past due:

| 31 December 2008 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|------------------------|---|-------------------|-----------------|----------------------|-----------|------------------|
| Past due up to 30 days | 520.891 | 388.553 | 496.932 | 12.620 | - | 1.418.996 |
| Past due 30-60 days | 165.170 | 197.616 | 275.635 | 9.748 | - | 648.169 |
| Past due 60-90 days | 40.346 | 53.017 | 119.282 | 598 | - | 213.243 |
| Total | 726.407 | 639.186 | 891.849 | 22.966 | - | 2.280.408 |

| 31 December 2007 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|------------------------|---|-------------------|-----------------|----------------------|-----------|----------------|
| Past due up to 30 days | 105.090 | 120.931 | 252.597 | 7.834 | - | 486.452 |
| Past due 30-60 days | 60.934 | 70.997 | 101.323 | 6.759 | - | 240.013 |
| Past due 60-90 days | 53.486 | 24.278 | 8.316 | 8.351 | - | 94.431 |
| Total | 219.510 | 216.206 | 362.236 | 22.944 | - | 820.896 |

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

| 31 December 2008 | Financial Assets At Fair Value Through Profit Or Loss (Net) | Available-for-sale Financial Assets (Net) | Held to Maturity Investments (Net) | Total |
|-----------------------------|---|--|---------------------------------------|-------------------|
| Moody's Credit Rating Model | | | | |
| Aaa | - | 16.173 | 19.985 | 36.158 |
| Aa | - | 147.683 | 17.169 | 164.852 |
| A | - | - | - | - |
| Baa | 35.364 | 62.121 | 520 | 98.005 |
| Ba3 ⁽¹⁾ | 300.308 | 1.512.156 | 12.663.983 | 14.476.447 |
| Unrated | 43.205 | 74.341 | 4.124 | 121.670 |
| Total | 378.877 | 1.812.474 | 12.705.781 | 14.897.132 |

| 31 December 2007 | Financial Assets At Fair Value Through Profit Or Loss (Net) | Available-for-sale Financial Assets (Net) | Held to Maturity Investments (Net) | Total |
|-----------------------------|---|--|---------------------------------------|-------------------|
| Moody's Credit Rating Model | | | | |
| Aaa | - | 11.875 | 57.674 | 69.549 |
| Aa | - | - | 63.623 | 63.623 |
| A | - | - | - | - |
| Baa | - | 74.895 | 11.865 | 86.760 |
| Ba3 ⁽¹⁾ | 254.215 | 777.675 | 13.009.910 | 14.041.800 |
| Unrated | 42.089 | 94.538 | 9.479 | 146.106 |
| Total | 296.304 | 958.983 | 13.152.551 | 14.407.838 |

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

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I. Information according to geographical concentration:

| | Assets | Liabilities ⁽²⁾ | Non-Cash Loans | Capital Expenditures | Net profit ⁽³⁾ |
|---|-------------------|----------------------------|-------------------|----------------------|---------------------------|
| 31 December 2008 | | | | | |
| Domestic | 65.737.586 | 49.518.267 | 14.948.880 | 220.701 | 1.265.117 |
| European Union Countries | 2.650.540 | 12.498.011 | 1.096.797 | 783 | - |
| OECD Countries ⁽¹⁾ | 260.183 | 472.864 | 339.043 | - | - |
| Off-shore banking regions | 77.801 | 87.926 | 6.996 | - | - |
| USA, Canada | 652.876 | 438.233 | 34.479 | - | - |
| Other Countries | 1.403.265 | 993.245 | 373.796 | 5.598 | - |
| Investments in associates, subsidiaries and joint ventures | 89.976 | - | - | - | - |
| Unallocated Assets/Liabilities | - | - | - | - | - |
| Total | 70.872.227 | 64.008.546 | 16.799.991 | 227.082 | 1.265.117 |
| 31 December 2007 | | | | | |
| Domestic | 53.738.256 | 41.062.174 | 12.750.556 | 176.407 | 1.019.329 |
| European Union Countries | 980.257 | 8.237.640 | 584.082 | 177 | - |
| OECD Countries ⁽¹⁾ | 53.641 | 815.850 | 298.831 | - | - |
| Off-shore banking regions | 214.123 | 42.740 | 84 | - | - |
| USA, Canada | 399.743 | 6.770 | 42.645 | - | - |
| Other Countries | 672.304 | 960.633 | 339.353 | 598 | - |
| Investments in associates, subsidiaries and joint ventures | 71.321 | - | - | - | - |
| Unallocated Assets/Liabilities | - | - | - | - | - |
| Total | 56.129.645 | 51.125.807 | 14.015.551 | 177.182 | 1.019.329 |

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

⁽²⁾ Shareholders' Equity is not included.

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

m. Sectoral concentrations for cash loans:

| | 31 December 2008 | | | | 31 December 2007 | | | |
|--------------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|------------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | 410.199 | 1,65 | 160.955 | 1,15 | 401.405 | 2,07 | 129.134 | 1,39 |
| Farming and Raising Livestock | 328.387 | 1,32 | 129.842 | 0,92 | 314.365 | 1,63 | 107.944 | 1,16 |
| Forestry | 68.300 | 0,28 | 6.378 | 0,05 | 64.769 | 0,33 | 4.534 | 0,05 |
| Fishing | 13.512 | 0,05 | 24.735 | 0,18 | 22.271 | 0,11 | 16.656 | 0,18 |
| Manufacturing | 4.573.763 | 18,44 | 7.255.307 | 51,42 | 4.091.609 | 21,08 | 4.734.703 | 50,77 |
| Mining | 109.180 | 0,44 | 354.700 | 2,51 | 109.069 | 0,56 | 151.717 | 1,63 |
| Production | 4.371.969 | 17,63 | 6.003.044 | 42,55 | 3.936.518 | 20,28 | 4.236.861 | 45,43 |
| Electric, Gas and Water | 92.614 | 0,37 | 897.563 | 6,36 | 46.022 | 0,24 | 346.125 | 3,71 |
| Construction | 934.361 | 3,77 | 1.157.668 | 8,21 | 887.036 | 4,57 | 489.199 | 5,25 |
| Services | 3.084.339 | 12,45 | 3.543.185 | 25,11 | 3.036.390 | 15,65 | 2.451.874 | 26,28 |
| Wholesale and Retail Trade | 1.457.709 | 5,88 | 598.675 | 4,24 | 1.384.656 | 7,14 | 380.817 | 4,08 |
| Hotel Food and Beverage Services | 170.680 | 0,69 | 669.662 | 4,75 | 187.475 | 0,98 | 401.014 | 4,30 |
| Transportation and Telecommunication | 527.678 | 2,13 | 1.591.328 | 11,28 | 542.016 | 2,79 | 1.323.959 | 14,20 |
| Financial Institutions | 554.391 | 2,24 | 461.607 | 3,27 | 544.370 | 2,80 | 159.590 | 1,71 |
| Real Estate and Leasing Services | 131.356 | 0,53 | 133.523 | 0,95 | 117.193 | 0,60 | 108.631 | 1,16 |
| Self Employment Services | - | - | - | - | - | - | - | - |
| Education Services | 22.909 | 0,09 | 3.436 | 0,02 | 27.683 | 0,14 | 163 | - |
| Health and Social Services | 219.616 | 0,89 | 84.954 | 0,60 | 232.997 | 1,20 | 77.700 | 0,83 |
| Other | 15.800.557 | 63,69 | 1.990.154 | 14,11 | 10.991.129 | 56,63 | 1.520.562 | 16,31 |
| Total | 24.803.219 | 100,00 | 14.107.269 | 100,00 | 19.407.569 | 100,00 | 9.325.472 | 100,00 |

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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. Notwithstanding, the Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on-and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Asset and Liability Committee. The below table represents the details of market risk calculation as of 31 December 2008 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 1 November 2006, namely the "Calculation of Market Risk with Standard Method".

a. Information on Market Risk:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| (I) Capital to be Employed for General Market Risk-Standard Method | 52.026 | 20.590 |
| (II) Capital to be Employed for Specific Risk-Standard Method | 11.490 | 8.464 |
| (III) Capital to be Employed for Currency Risk-Standard Method | 14.168 | 9.037 |
| (IV) Capital to be Employed for Commodity Risk | 123 | - |
| (V) Capital to be Employed for Exchange Risk-Standard Method | - | - |
| (VI) Capital to be Employed for Market Risk Due to Options-Standard Method | 1 | 6.070 |
| (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) | 77.808 | 44.161 |
| (IX) Amount Subject to Market Risk 12,5x(VIII) or (12,5xVII) | 972.600 | 552.013 |

b. Average Market Risk Table of Calculated Market Risk At the Period Ends:

| | 31 December 2008 | | | 31 December 2007 | | |
|------------------------------|------------------|---------|---------|------------------|---------|---------|
| | Average | Maximum | Minimum | Average | Maximum | Minimum |
| Interest Rate Risk | 30.813 | 35.050 | 23.031 | 17.088 | 20.590 | 6.641 |
| Share Premium Risk | 14.165 | 14.030 | 10.925 | 7.831 | 8.464 | 7.033 |
| Currency Risk | 24.998 | 28.838 | 23.957 | 10.393 | 15.107 | 5.728 |
| Commodity Risk | 106 | - | 88 | - | - | - |
| Exchange Risk | - | - | - | - | - | - |
| Option Risk | - | - | - | - | - | - |
| Total Amount Subject to Risk | 876.025 | 973.975 | 725.013 | 441.400 | 552.013 | 242.525 |

IV. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2007, 2006 and 2005 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 1 June 2007, published in the Official Gazette No. 26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of 31 December 2008, the total amount subject to operational risk is YTL6.418.028 thousand (2007: YTL5.056.682 thousand) and the amount of the related capital requirement is YTL513.442 thousand (31 December 2007: YTL404.535 thousand).

V. EXPLANATIONS ON CURRENCY RISK:

The difference between the Parent Bank's foreign currency denominated and foreign currency indexed on-and off-balance sheet assets and liabilities are 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 exposed currency risk within the related legal limits and the following of exchange position realized is followed on a daily/momentary basis. Notwithstanding this, even the internal exchange position limit is the minimal required in terms of when compared to the related legal limit, during the year internal position limits are not exceeded. As a tool of currency risk management, futures such as swap and forward are used to abstain from risk whenever needed. In order to guard against extreme volatility during the year Stress tests are applied. All these applications signalizes the sensitivity of the Bank Management regarding the currency risk, meaning minimum influence from the exchange rate fluctuations caused by the recent global crisis.

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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:

| | USD | EUR | Yen |
|--------------------------------|------------|------------|------------|
| Balance Sheet Evaluation Rate: | YTL1,47440 | YTL2,08720 | YTL0,01631 |
| 30 December 2008 bid rate | YTL1,46880 | YTL2,09800 | YTL0,01623 |
| 29 December 2008 bid rate | YTL1,45960 | YTL2,05430 | YTL0,01611 |
| 26 December 2008 bid rate | YTL1,46970 | YTL2,05910 | YTL0,01622 |
| 25 December 2008 bid rate | YTL1,47340 | YTL2,06220 | YTL0,01626 |
| 24 December 2008 bid rate | YTL1,47730 | YTL2,06630 | YTL0,01636 |

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 : YTL1,50304
Euro : YTL2,01596
Yen : YTL0,01644

As of 31 December 2007;

| | USD | EUR | Yen |
|--------------------------------|------------|------------|------------|
| Balance Sheet Evaluation Rate: | YTL1,13550 | YTL1,66740 | YTL0,01002 |

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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 and prepaid expenses 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 |
|---|-------------------|--------------------|-----------------|------------------|--------------------|
| 31 December 2008 | | | | | |
| Assets | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 2.696.534 | 89.623 | 130 | 76.029 | 2.862.316 |
| Banks | 1.711.423 | 1.340.311 | 7.189 | 221.311 | 3.280.234 |
| Financial Assets at Fair Value Through Profit or Loss | 82.541 | 115.548 | - | - | 198.089 |
| Interbank Money Market Placements | 47.966 | 29.933 | - | 18.686 | 96.585 |
| Available-for-Sale Financial Assets | 87.198 | 804.572 | - | 137.463 | 1.029.233 |
| Loans ⁽¹⁾ | 4.933.578 | 10.577.519 | 85.358 | 476.140 | 16.072.595 |
| Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | 55.593 | 55.593 |
| Held-to-Maturity Investments | 1.162.793 | 5.655.879 | - | 4.042 | 6.822.714 |
| Hedging Derivative Financial Assets | - | - | - | - | - |
| Tangible Assets | 806 | - | - | 14.959 | 15.765 |
| Intangible Assets | - | - | - | 124 | 124 |
| Other Assets | 1.717.910 | 1.067.179 | 20.845 | 89.443 | 2.895.377 |
| Total Assets | 12.440.749 | 19.680.564 | 113.522 | 1.093.790 | 33.328.625 |
| Liabilities | | | | | |
| Bank Deposits | 7.708 | 92.960 | 101 | 146.883 | 247.652 |
| Foreign Currency Deposits | 6.050.331 | 12.343.831 | 17.331 | 584.335 | 18.995.828 |
| Funds From Interbank Money Market | 490.015 | 351.639 | - | 13.227 | 854.881 |
| Funds Borrowed From Other Financial Institutions | 2.737.165 | 2.915.711 | 4.583 | 552 | 5.658.011 |
| Marketable Securities Issued | 871.278 | 1.095.020 | - | - | 1.966.298 |
| Miscellaneous Payables | 137.461 | 147.993 | 2.891 | 14.543 | 302.888 |
| Hedging Derivative Financial Liabilities | - | - | - | - | - |
| Other Liabilities | 2.842.178 | 727.809 | 17 | 4.848 | 3.574.852 |
| Total Liabilities | 13.136.136 | 17.674.963 | 24.923 | 764.388 | 31.600.410 |
| Net On Balance Sheet Position | (695.387) | 2.005.601 | 88.599 | 329.402 | 1.728.215 |
| Net Off Balance Sheet Position | 864.709 | (1.992.079) | (68.036) | (188.504) | (1.383.910) |
| Financial Derivative Assets | 1.309.774 | 4.118.490 | 147.777 | 6.577 | 5.582.618 |
| Financial Derivative Liabilities | 445.065 | 6.110.569 | 215.813 | 195.081 | 6.966.528 |
| Non-Cash Loans | 3.832.539 | 6.297.343 | 403.804 | 200.459 | 10.734.145 |
| 31 December 2007 | | | | | |
| Total Assets | 8.863.711 | 14.474.005 | 31.994 | 642.920 | 24.012.630 |
| Total Liabilities | 9.579.144 | 14.498.413 | 12.016 | 662.029 | 24.751.602 |
| Net On-Balance Sheet Position | (715.433) | (24.408) | 19.978 | (19.109) | (738.972) |
| Net Off-Balance Sheet Position | 1.136.774 | (245.412) | (21.758) | 115.548 | 985.152 |
| Financial Derivative Assets | 1.386.212 | 2.514.733 | 6.767 | 271.234 | 4.178.946 |
| Financial Derivative Liabilities | 249.438 | 2.760.145 | 28.525 | 155.686 | 3.193.794 |
| Non-Cash Loans | 2.662.390 | 5.062.626 | 273.810 | 186.397 | 8.185.223 |

⁽¹⁾ Includes FC indexed loans amounting to YTL1.965.326 thousand (2007: YTL1.084.894 thousand) which has been disclosed as YTL in the financial statements.

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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 Asset and Liability Committee ("ALCO"). By using sensitivity and scenario analyses, the possible loss effects on the equity were analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are closely monitored.

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

| 31 December 2008 | 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 | 1.722.570 | - | - | - | - | 2.994.446 | 4.717.016 |
| Banks | 1.286.942 | 566.103 | 242.693 | 81.182 | 19.292 | 1.205.870 | 3.402.082 |
| Financial Assets at Fair Value Through Profit/Loss | 113.483 | 134.600 | 362.716 | 101.366 | 57.338 | 60.612 | 830.115 |
| Interbank Money Market Placements | 199.900 | - | 8.547 | 12.377 | 7.138 | - | 227.962 |
| Available-for-Sale Financial Assets | 119.965 | 508.604 | 205.178 | 397.623 | 581.104 | 36.491 | 1.848.965 |
| Loans | 9.493.918 | 4.522.914 | 10.421.086 | 9.277.047 | 5.195.523 | 644.297 | 39.554.785 |
| Held-to-Maturity Investments | 899.776 | 3.782.085 | 1.207.522 | 2.356.815 | 4.459.583 | - | 12.705.781 |
| Other Assets | 242.481 | 1.392.593 | 825.104 | 1.286.330 | 39.401 | 3.799.612 | 7.585.521 |
| Total Assets | 14.079.035 | 10.906.899 | 13.272.846 | 13.512.740 | 10.359.379 | 8.741.328 | 70.872.227 |
| Liabilities | | | | | | | |
| Bank Deposits | 77.148 | 146.591 | 1.484 | - | - | 232.639 | 457.862 |
| Other Deposits | 30.702.876 | 4.980.445 | 1.271.331 | 453.577 | 98.601 | 6.058.569 | 43.565.399 |
| Funds From Interbank Money Market | 572.167 | 297.480 | 183.391 | - | - | - | 1.053.038 |
| Miscellaneous Payables | 1.983.932 | - | - | - | - | 785.427 | 2.769.359 |
| Marketable Securities Issued | - | 1.966.298 | - | - | - | - | 1.966.298 |
| Funds Borrowed From Other Financial Institutions | 1.440.014 | 3.766.460 | 868.473 | 959.797 | 195.914 | - | 7.230.658 |
| Other Liabilities and Shareholders' Equity | 133.201 | 1.145.194 | 1.265.635 | 315.038 | 150.597 | 10.819.948 | 13.829.613 |
| Total Liabilities | 34.909.338 | 12.302.468 | 3.590.314 | 1.728.412 | 445.112 | 17.896.583 | 70.872.227 |
| Balance Sheet Long Position | - | - | 9.682.532 | 11.784.328 | 9.914.267 | - | 31.381.127 |
| Balance Sheet Short Position | (20.830.303) | (1.395.569) | - | - | - | (9.155.255) | (31.381.127) |
| Off-balance Sheet Long Position | 61.100 | 55.444 | 279.715 | - | - | - | 396.259 |
| Off-balance Sheet Short Position | - | - | - | (449) | - | - | (449) |
| Total Position | (20.769.203) | (1.340.125) | 9.962.247 | 11.783.879 | 9.914.267 | (9.155.255) | 395.810 |

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| 31 December 2007 | 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 | 1.436.218 | - | - | - | - | 2.304.170 | 3.740.388 |
| Banks | 423.608 | 148.944 | 275.992 | 84.510 | 2.557 | 447.826 | 1.383.437 |
| Financial Assets at Fair Value Through Profit/Loss | 37.691 | 47.168 | 69.548 | 122.366 | 26.668 | 60.756 | 364.197 |
| Interbank Money Market Placements | 152.675 | 5.811 | 153.835 | 101.162 | 19.993 | - | 433.476 |
| Available-for-Sale Financial Assets | 142.148 | 166.635 | 130.426 | 324.495 | 195.279 | 42.576 | 1.001.559 |
| Loans | 7.379.295 | 3.401.564 | 8.050.646 | 6.576.935 | 3.324.601 | 355.271 | 29.088.312 |
| Held-to-Maturity Investments | 1.224.550 | 4.032.719 | 1.954.480 | 1.674.014 | 4.266.788 | - | 13.152.551 |
| Other Assets | 139.898 | 1.261.489 | 668.434 | 1.279.358 | 22.359 | 3.594.187 | 6.965.725 |
| Total Assets | 10.936.083 | 9.064.330 | 11.303.361 | 10.162.840 | 7.858.245 | 6.804.786 | 56.129.645 |
| Liabilities | | | | | | | |
| Bank Deposits | 329.912 | 127.545 | 54.440 | - | - | 83.820 | 595.717 |
| Other Deposits | 23.080.787 | 2.303.956 | 1.885.316 | 249.582 | - | 5.590.794 | 33.110.435 |
| Funds From Interbank Money Market | 1.902.301 | 216.196 | 351.196 | 9.251 | - | - | 2.478.944 |
| Miscellaneous Payables | 2.173.126 | 9.081 | 2.462 | - | - | 218.652 | 2.403.321 |
| Marketable Securities Issued | - | 1.542.609 | - | - | - | - | 1.542.609 |
| Funds Borrowed From Other Financial Institutions | 35.517 | 3.150.599 | 1.945.912 | 54.042 | - | - | 5.186.070 |
| Other Liabilities and Shareholders' Equity | 74.703 | 918.351 | 1.130.130 | 335.258 | 126.706 | 8.227.401 | 10.812.549 |
| Total Liabilities | 27.596.346 | 8.268.337 | 5.369.456 | 648.133 | 126.706 | 14.120.667 | 56.129.645 |
| Balance Sheet Long Position | - | 795.993 | 5.933.905 | 9.514.707 | 7.731.539 | - | 23.976.144 |
| Balance Sheet Short Position | (16.660.263) | - | - | - | - | (7.315.881) | (23.976.144) |
| Off-balance Sheet Long Position | - | - | - | - | - | - | - |
| Off-balance Sheet Short Position | (20.557) | (51.907) | (112.877) | (7.370) | - | - | (192.711) |
| Total Position | (16.680.820) | 744.086 | 5.821.028 | 9.507.337 | 7.731.539 | (7.315.881) | (192.711) |

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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.

| 31 December 2008 * | EURO | USD | Yen | YTL |
|---|------|------|------|-------|
| Assets | % | % | % | % |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 1,17 | 0,68 | - | 8,64 |
| Banks | 0,78 | 0,84 | - | 14,23 |
| Financial Assets at Fair Value Through Profit/Loss | 6,81 | 8,15 | - | 20,29 |
| Interbank Money Market Placements | - | - | - | 19,39 |
| Available-for-Sale Financial Assets | 9,63 | 5,79 | - | 19,92 |
| Loans | 7,31 | 5,79 | 4,06 | 24,22 |
| Held-to-maturity Investments | 5,68 | 7,30 | - | 20,09 |
| Liabilities | | | | |
| Bank Deposits | 0,02 | 0,02 | - | 7,82 |
| Other Deposits | 3,25 | 4,48 | 0,01 | 20,30 |
| Funds From Interbank Money Market | 7,15 | 5,00 | - | 16,27 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 5,58 | 3,07 | 2,23 | 14,59 |
| 31 December 2007 * | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 1,78 | 1,10 | - | 9,73 |
| Banks | 0,81 | 2,65 | - | 17,84 |
| Financial Assets at Fair Value Through Profit/Loss | 7,22 | 8,57 | - | 17,01 |
| Interbank Money Market Placements | - | - | - | - |
| Available-for-Sale Financial Assets | 9,98 | 5,57 | - | 16,41 |
| Loans | 6,01 | 6,76 | 3,24 | 19,38 |
| Held-to-maturity Investments | 5,34 | 7,45 | - | 18,96 |
| Liabilities | | | | |
| Bank Deposits | 0,54 | 4,27 | - | 14,24 |
| Other Deposits | 2,15 | 3,94 | 0,02 | 16,33 |
| Funds From Interbank Money Market | 6,36 | 7,43 | - | 17,37 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 6,40 | 5,49 | 1,87 | 15,26 |

* The average interest rates disclosed above are those of the Parent Bank.

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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 in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held. In order to meet an instant cash necessity it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the deposits. During the monthly meetings of the ALCO, the liquidity position of the Group is evaluated and it is ensured that the required actions are taken when considered necessary.

The mismatching of payments, asset and liabilities with interest rates is followed via daily and monthly liquidity gap reports and any effects of incompliance investigated.

Subordinated loans with 10 years of maturity have been provided in order to extend the short-term funding structure in the banking sector. The liquidity risk according to the mismatching of assets and liabilities is decreased with placement of these loans to the short-term derivatives and liquid treasury bills.

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 |
|---|--------------------|---------------------|------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|
| 31 December 2008 | | | | | | | | |
| Assets | | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 2.994.446 | 1.722.570 | - | - | - | - | - | 4.717.016 |
| Banks | 1.205.870 | 910.010 | 287.688 | 609.798 | 330.748 | 57.968 | - | 3.402.082 |
| Financial Assets at Fair Value Through Profit or Loss | 43.025 | 96.509 | 25.613 | 387.124 | 165.206 | 95.051 | 17.587 | 830.115 |
| Interbank Money Market Placements | - | 199.900 | - | 8.547 | 12.377 | 7.138 | - | 227.962 |
| Available-for-Sale Financial Assets | 51.118 | 40.247 | 117.665 | 203.671 | 773.629 | 626.144 | 36.491 | 1.848.965 |
| Loans | - | 8.503.285 | 4.276.701 | 10.098.894 | 9.750.153 | 6.281.455 | 644.297 | 39.554.785 |
| Held-to-maturity Investments | - | 623 | 76.372 | 462.139 | 6.051.125 | 6.115.522 | - | 12.705.781 |
| Other Assets ⁽¹⁾ | 361.512 | 492.119 | 1.077.031 | 945.847 | 1.483.455 | 93.706 | 3.131.851 | 7.585.521 |
| Total Assets | 4.655.971 | 11.965.263 | 5.861.070 | 12.716.020 | 18.566.693 | 13.276.984 | 3.830.226 | 70.872.227 |
| Liabilities | | | | | | | | |
| Bank Deposits | 232.639 | 77.148 | 146.591 | 1.484 | - | - | - | 457.862 |
| Other Deposits | 6.058.569 | 30.702.876 | 4.980.445 | 1.271.331 | 453.577 | 98.601 | - | 43.565.399 |
| Funds Borrowed From Other Financial Institutions | - | 935.385 | 870.880 | 3.694.090 | 1.472.564 | 257.739 | - | 7.230.658 |
| Funds From Interbank Money Market | - | 572.167 | 297.480 | 183.391 | - | - | - | 1.053.038 |
| Marketable Securities Issued | - | - | - | - | 1.576.653 | 389.645 | - | 1.966.298 |
| Miscellaneous Payables | 196.697 | 2.427.371 | 47.730 | 16.769 | - | - | 80.792 | 2.769.359 |
| Other Liabilities ⁽²⁾ | 346.075 | 1.896.696 | 293.968 | 488.179 | 1.329.266 | 2.611.748 | 6.863.681 | 13.829.613 |
| Total Liabilities | 6.833.980 | 36.611.643 | 6.637.094 | 5.655.244 | 4.832.060 | 3.357.733 | 6.944.473 | 70.872.227 |
| Net Liquidity Gap | (2.178.009) | (24.646.380) | (776.024) | 7.060.776 | 13.734.633 | 9.919.251 | (3.114.247) | - |
| 31 December 2007 | | | | | | | | |
| Total Assets | 3.123.579 | 9.152.909 | 4.728.926 | 11.414.327 | 14.545.823 | 9.924.859 | 3.239.222 | 56.129.645 |
| Total Liabilities | 6.290.020 | 28.803.818 | 3.870.160 | 5.894.153 | 3.299.829 | 2.695.529 | 5.276.136 | 56.129.645 |
| Net Liquidity Gap | (3.166.441) | (19.650.909) | 858.766 | 5.520.174 | 11.245.994 | 7.229.330 | (2.036.914) | - |

⁽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.

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Breakdown of financial liabilities according to their remaining contractual maturities:

| 31 December 2008 | Demand and Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years |
|---|-----------------------------|------------------|------------------|------------------|------------------|
| Liabilities | | | | | |
| Deposit | 37.073.597 | 5.176.634 | 1.503.233 | 526.841 | 140.178 |
| Funds Borrowed From Other Financial Institutions | 951.574 | 948.113 | 3.942.912 | 3.334.198 | 1.180.277 |
| Funds From Interbank Money Market | 573.205 | 298.719 | 189.236 | - | - |
| Total | 38.598.376 | 6.423.466 | 5.635.381 | 3.861.039 | 1.320.455 |
| <hr/> | | | | | |
| 31 December 2007 | Demand and Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years |
| Liabilities | | | | | |
| Deposit | 29.163.808 | 2.550.279 | 2.134.453 | 277.688 | - |
| Funds Borrowed From Other Financial Institutions | 59.012 | 1.116.186 | 3.454.294 | 2.163.794 | 856.069 |
| Funds From Interbank Money Market | 1.909.045 | 219.805 | 360.928 | 9.988 | - |
| Total | 31.131.865 | 3.886.270 | 5.949.675 | 2.451.470 | 856.069 |

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 Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

| | Carrying Value | | Fair Value | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Financial Assets | 57.739.575 | 45.059.335 | 57.666.176 | 45.344.357 |
| Due From Interbank Money Market | 227.962 | 433.476 | 227.962 | 433.476 |
| Banks | 3.402.082 | 1.383.437 | 3.443.680 | 1.416.181 |
| Available-for-sale Financial Assets | 1.848.965 | 1.001.559 | 1.848.965 | 1.001.559 |
| Held-to-maturity Investments | 12.705.781 | 13.152.551 | 12.482.450 | 13.333.593 |
| Loans | 39.554.785 | 29.088.312 | 39.663.119 | 29.159.548 |
| Financial Liabilities | 55.989.576 | 42.838.152 | 56.096.940 | 42.880.619 |
| Bank deposits | 457.862 | 595.717 | 461.655 | 596.720 |
| Other deposits | 43.565.399 | 33.110.435 | 43.565.399 | 33.110.435 |
| Funds Borrowed From Other Financial Institutions | 7.230.658 | 5.186.070 | 7.334.229 | 5.227.534 |
| Marketable Securities Issued | 1.966.298 | 1.542.609 | 1.966.298 | 1.542.609 |
| Miscellaneous Payables | 2.769.359 | 2.403.321 | 2.769.359 | 2.403.321 |

The fair values of banks, funds borrowed from other financial institutions and bank deposits 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 fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value approaches to the fair value.

The expected fair value of other deposits are based on the sum of the cost and its accumulated accruals.

IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES:

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

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X. EXPLANATIONS ON OPERATING SEGMENTS:

The Group manages its banking operations through 5 main commercial business units: retail banking, corporate banking, private banking, credit cards and foreign operations.

Retail banking provides products and services to individual and small and medium enterprise. Products and services include general purpose loans, car loans, mortgage, deposits, investment accounts, life and non-life insurance products, payroll services, foreign currency buy and sell, safe deposit boxes services, cheques and promissory notes, money transfers ATMs, telephone banking, internet banking and mobile banking.

Corporate banking is organised into two segments, namely commercial banking, which serves mid-sized company clients, and corporate banking, which serves large-sized company clients and multinational companies and includes factoring and leasing transactions. Corporate and commercial banking activities include 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, investment banking.

Private banking serves affluent, high net worth and ultra high net worth customers of the Group and delivers investment products to the Group. Activities include time deposits, fiduciary deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private banking and wealth management services are enhanced by investment advisory and portfolio management services provided by the Group's portfolio management and brokerage subsidiaries.

The credit cards operations cover the management of products for the member stores as well as the sales and marketing operations for different types of customers. The clubs and programs under the umbrella brand of World include Gold Club, Platinum Club, Crystal Club, Travel Club (Travel Program and VIP Travel Program) Play Club (Young Employees Program and Student Program), Business Club (Corporate Program, Trio Program, Company Program and SME Program), Share Program and Communication Program.

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

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

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

| | Retail Banking | Corporate Banking | Private Banking | Credit Cards | Foreign Operations | Other | Consolidation Adjustments ⁽¹⁾ | Total Operations of the Group |
|---|-------------------|----------------------|--------------------|------------------|-----------------------|--------------------|---|-------------------------------------|
| 31 December 2008 | | | | | | | | |
| Operating revenue | 1.327.669 | 1.117.318 | 252.262 | 1.001.738 | 93.750 | 931.437 | 15.299 | 4.739.473 |
| Unallocated costs | | | | | | (3.228.987) | 58.762 | (3.170.225) |
| Net Operating Profit | 1.327.669 | 1.117.318 | 252.262 | 1.001.738 | 93.750 | (2.297.550) | 74.061 | 1.569.248 |
| Dividend income | | | | | | | | 41.553 |
| Profit/Loss from Shareholders that are applied Equity Method | | | | | | | | 3.667 |
| Profit before tax | | | | | | | | 1.614.468 |
| Tax expense | | | | | | | | (349.351) |
| Net Profit | | | | | | | | 1.265.117 |
| Minority interest | | | | | | | | 3.722 |
| Group Profit/Loss | | | | | | | | 1.261.395 |
| Segment assets | 10.397.262 | 23.348.824 | 516.497 | 7.970.632 | 3.878.880 | 25.261.743 | (591.587) | 70.782.251 |
| Investments in associates, subsidiaries and joint ventures | | | | | | 89.976 | | 89.976 |
| Total Assets | 10.397.262 | 23.348.824 | 516.497 | 7.970.632 | 3.878.880 | 25.351.719 | (591.587) | 70.872.227 |
| Segment liabilities | 17.105.710 | 18.178.131 | 8.467.725 | 2.261.743 | 3.375.760 | 15.196.771 | (577.294) | 64.008.546 |
| Shareholders' equity | | | | | | 6.863.681 | | 6.863.681 |
| Total liabilities | 17.105.710 | 18.178.131 | 8.467.725 | 2.261.743 | 3.375.760 | 22.060.452 | (577.294) | 70.872.227 |

⁽¹⁾ Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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| | Retail Banking | Corporate Banking | Private Banking | Credit Cards | Foreign Operations | Other | Consolidation Adjustments ⁽¹⁾ | Total Operations of the Group |
|---|-------------------|----------------------|--------------------|-----------------|-----------------------|-------------|---|--|
| 31 December 2007 | | | | | | | | |
| Operating revenue | 1.040.771 | 913.553 | 240.835 | 959.579 | 85.622 | 794.863 | (77.598) | 3.957.625 |
| Unallocated costs | | | | | | (2.829.320) | 75.933 | (2.753.387) |
| Net Operating Profit | 1.040.771 | 913.553 | 240.835 | 959.579 | 85.622 | (2.034.457) | (1.665) | 1.204.238 |
| Dividend income | | | | | | | | 3.336 |
| Profit/Loss from Shareholders that are applied Equity method | | | | | | | | 1.890 |
| Profit before tax | | | | | | | | 1.209.464 |
| Tax expense | | | | | | | | (190.135) |
| Net Profit | | | | | | | | 1.019.329 |
| Minority interest | | | | | | | | 149.585 |
| Group Profit/Loss | | | | | | | | 869.744 |
| Segment assets | 7.150.159 | 17.564.092 | 450.531 | 6.742.468 | 2.915.067 | 21.688.287 | (452.280) | 56.058.324 |
| Investments in associates, subsidiaries and joint ventures | | | | | | 71.321 | | 71.321 |
| Total Assets | 7.150.159 | 17.564.092 | 450.531 | 6.742.468 | 2.915.067 | 21.759.608 | (452.280) | 56.129.645 |
| Segment liabilities | 14.427.192 | 15.365.816 | 5.824.118 | 470.106 | 2.513.881 | 12.904.943 | (380.249) | 51.125.807 |
| Shareholders' equity | | | | | | 5.003.838 | | 5.003.838 |
| Total liabilities | 14.427.192 | 15.365.816 | 5.824.118 | 470.106 | 2.513.881 | 17.908.781 | (380.249) | 56.129.645 |

⁽¹⁾ Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

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

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

| | 31 December 2008 | | 31 December 2007 | |
|--------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Cash | 425.090 | 182.631 | 307.934 | 135.929 |
| The CBRT | 1.429.610 | 2.491.433 | 1.332.660 | 1.916.237 |
| Other | - | 188.252 | - | 47.628 |
| Total | 1.854.700 | 2.862.316 | 1.640.594 | 2.099.794 |

2. Information on the account of the CBRT:

| | 31 December 2008 | | 31 December 2007 | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Demand Unrestricted Amount | 1.429.610 | 827.908 | 1.332.660 | 521.735 |
| Time Unrestricted Amount | - | - | - | - |
| Reserve Requirement ⁽¹⁾ | - | 1.663.525 | - | 1.394.502 |
| Total | 1.429.610 | 2.491.433 | 1.332.660 | 1.916.237 |

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, issued by the CBRT, and "Changes in Communiqué Regarding the Reserve Requirements" published in Official Gazette No. 27075 dated 5 December 2008, the banks operating in Turkey are supposed to place reserves in the CBRT for their YTL liabilities by 6% and for their foreign currency liabilities by 9% as USD and/or EUR. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. In accordance with the communiqué numbered 2008/7 interest payments on the foreign currency denominated reserve requirements have terminated as of 11 December 2008. As of 31 December 2008 the corresponding interest rate for YTL is 12,56%.

As of 31 December 2008, the Group's reserve deposits, including those at foreign banks, amount to YTL3.220.074 thousand (2007: YTL 2.752.989 thousand).

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

1. As of 31 December 2008, financial assets at fair value through profit and loss subject to repo transactions amount to YTL106.454 thousand (2007: YTL102.027 thousand) and financial assets at fair value through profit and loss those given as collateral/blocked amount to YTL67.663 thousand (2007: YTL54.274 thousand).

2. Positive differences related to trading derivative financial assets:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| Forward Transactions | 80.885 | 2.299 | 14.080 | 5.129 |
| Swap Transactions | 312.365 | 36.255 | 16.601 | 11.796 |
| Futures Transactions | - | - | - | - |
| Options | 19 | 1.828 | - | 1.061 |
| Other | - | - | - | - |
| Total | 393.269 | 40.382 | 30.681 | 17.986 |

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c. Information on banks:

1. Information on banks:

| | 31 December 2008 | | 31 December 2007 | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Banks | 121.848 | 3.280.234 | 171.973 | 1.211.464 |
| Domestic | 111.653 | 587.327 | 90.831 | 477.082 |
| Foreign | 10.195 | 2.692.907 | 81.142 | 734.382 |
| Head Quarters and Branches Abroad | - | - | - | - |
| Other Financial Institutions | - | - | - | - |
| Total | 121.848 | 3.280.234 | 171.973 | 1.211.464 |

2. Information on foreign banks account:

| | Unrestricted Amount | | Restricted Amount | |
|-------------------------------|---------------------|------------------|-------------------|------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| EU Countries | 1.366.925 | 459.967 | 40 | - |
| USA, Canada | 1.102.307 | 238.859 | - | - |
| OECD Countries ⁽¹⁾ | 182.882 | 10.028 | 44 | - |
| Off-shore Banking Regions | 91 | 38.490 | - | - |
| Other | 50.813 | 68.180 | - | - |
| Total | 2.703.018 | 815.524 | 84 | - |

⁽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 31 December 2008, available-for-sale financial assets given as collateral/blocked amount to YTL754.867 thousand (2007: YTL487.359 thousand) and available for sale financial assets subject to repo transactions are YTL18.639 thousand(2007: None).

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

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Debt Securities | 1.773.055 | 909.356 |
| Quoted on Stock Exchange ⁽¹⁾ | 1.573.521 | 865.133 |
| Not Quoted | 199.534 | 44.223 |
| Share Certificates | 78.293 | 84.379 |
| Quoted on Stock Exchange | 171 | 194 |
| Not Quoted | 78.122 | 84.185 |
| Impairment Provision (-) | (53.501) | (42.491) |
| Other ⁽²⁾ | 51.118 | 50.315 |
| Total | 1.848.965 | 1.001.559 |

⁽¹⁾ As of 31 December 2008, Eurobonds amounting to YTL641.995 thousand (2007: YTL282.480 thousand) have been classified under debt securities quoted on Stock Exchange, even though they are not traded publicly.

⁽²⁾ As of 31 December 2008, other available-for-sale financial assets include mutual funds amounting to YTL51.118 thousand (2007: YTL50.315 thousand).

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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:

| | 31 December 2008 | | 31 December 2007 | |
|---|------------------|----------|------------------|----------|
| | Cash | Non-cash | Cash | Non-cash |
| Direct Loans Granted to Shareholders | - | - | - | - |
| Corporate Shareholders | - | - | - | - |
| Real Person Shareholders | - | - | - | - |
| Indirect Loans Granted to Shareholders | 447.967 | 633.294 | 387.025 | 679.098 |
| Loans Granted to Employees | 63.661 | - | 59.207 | - |
| Total | 511.628 | 633.294 | 446.232 | 679.098 |

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

| | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring | |
|-----------------------------------|---|--------------------------------|---|--------------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Cash Loans | | | | |
| Non-Specialised Loans | 37.439.158 | - | 1.444.930 | 13.919 |
| Discount and Purchase Notes | 318.978 | - | 7.324 | - |
| Export Loans | 3.178.001 | - | 116.262 | - |
| Import Loans | - | - | - | - |
| Loans Granted To Financial Sector | 1.015.998 | - | - | - |
| Foreign Loans | 1.097.166 | - | - | - |
| Consumer Loans | 5.968.167 | - | 250.613 | - |
| Credit Cards | 7.050.629 | - | 394.908 | - |
| Precious Metal Loans | 253.198 | - | - | - |
| Other | 18.557.021 | - | 675.823 | 13.919 |
| Specialised Loans | 12.481 | - | - | - |
| Other Receivables | - | - | - | - |
| Total | 37.451.639 | - | 1.444.930 | 13.919 |

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 | 20.980.186 | - | 1.136.189 | - |
| Non-specialised Loans | 20.975.540 | - | 1.136.189 | - |
| Specialised Loans | 4.646 | - | - | - |
| Other Receivables | - | - | - | - |
| Medium And Long-Term Loans and Other Receivables | 16.471.453 | - | 308.741 | 13.919 |
| Non-Specialised Loans | 16.463.618 | - | 308.741 | 13.919 |
| Specialised Loans | 7.835 | - | - | - |
| Other Receivables | - | - | - | - |

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

| 31 December 2008 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|-----------------------------|---|-------------------|------------------|----------------------|------------------|-------------------|
| Standard loans | 24.432.843 | 5.968.167 | 7.050.629 | 2.456.513 | 1.046.234 | 40.954.386 |
| Watch listed | 813.328 | 250.613 | 394.908 | 166.171 | - | 1.625.020 |
| Loans under legal follow-up | 1.005.144 | 246.739 | 493.860 | 183.098 | 4.984 | 1.933.825 |
| Specific Provisions (-) | (696.886) | (98.168) | (306.392) | (101.487) | (4.838) | (1.207.771) |
| Total | 25.554.429 | 6.367.351 | 7.633.005 | 2.704.295 | 1.046.380 | 43.305.460 |

| 31 December 2007 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|-----------------------------|---|-------------------|------------------|----------------------|----------------|-------------------|
| Standard loans | 17.906.441 | 3.842.200 | 6.235.113 | 2.177.297 | 809.037 | 30.970.088 |
| Watch listed | 159.360 | 227.691 | 362.236 | 162.443 | - | 911.730 |
| Loans under legal follow-up | 1.254.166 | 101.694 | 405.244 | 10.332 | 4.073 | 1.775.509 |
| Specific Provisions (-) | (1.050.417) | (53.547) | (301.869) | (10.332) | (4.073) | (1.420.238) |
| Total | 18.269.550 | 4.118.038 | 6.700.724 | 2.339.740 | 809.037 | 32.237.089 |

(ii) Fair value of collaterals (Loans and advances given to customers):

| 31 December 2008 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|-----------------------------|---|-------------------|-----------------|----------------------|--------------|----------------|
| Watch listed | 301.121 | 190.007 | - | 86.084 | - | 577.212 |
| Loans under legal follow-up | 252.781 | 77.044 | - | 79.114 | 4.984 | 413.923 |
| Total | 553.902 | 267.051 | - | 165.198 | 4.984 | 991.135 |

| 31 December 2007 | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|-----------------------------|---|-------------------|-----------------|----------------------|--------------|----------------|
| Watch Listed | 47.131 | 114.244 | - | 45.634 | - | 207.009 |
| Loans under legal follow-up | 259.165 | 25.993 | - | 29.757 | 4.079 | 318.994 |
| Total | 306.296 | 140.237 | - | 75.391 | 4.079 | 526.003 |

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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-YTL | 176.438 | 5.538.333 | 5.714.771 |
| Real estate loans | 6.150 | 2.859.900 | 2.866.050 |
| Automotive loans | 24.376 | 571.430 | 595.806 |
| Consumer loans | 5.682 | 121.264 | 126.946 |
| Other | 140.230 | 1.985.739 | 2.125.969 |
| Consumer Loans-FC Indexed | 8.055 | 363.400 | 371.455 |
| Real estate loans | 5.319 | 308.528 | 313.847 |
| Automotive loans | 645 | 29.933 | 30.578 |
| Consumer loans | 144 | 3.283 | 3.427 |
| Other | 1.947 | 21.656 | 23.603 |
| Consumer Loans-FC | 6.217 | 10.474 | 16.691 |
| Real estate loans | - | - | - |
| Automotive loans | 20 | 50 | 70 |
| Consumer loans | 48 | 542 | 590 |
| Other | 6.149 | 9.882 | 16.031 |
| Individual Credit Cards-YTL | 7.241.221 | 10.949 | 7.252.170 |
| With installments | 3.010.649 | 10.949 | 3.021.598 |
| Without installments | 4.230.572 | - | 4.230.572 |
| Individual Credit Cards-FC | 110 | - | 110 |
| With installments | 110 | - | 110 |
| Without installments | - | - | - |
| Personnel Loans-YTL | 5.825 | 20.193 | 26.018 |
| Real estate loans | 22 | 1.763 | 1.785 |
| Automotive loans | 157 | 876 | 1.033 |
| Consumer loans | 11 | 118 | 129 |
| Other | 5.635 | 17.436 | 23.071 |
| Personnel Loans-FC Indexed | 22 | 182 | 204 |
| Real estate loans | - | 95 | 95 |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | 22 | 87 | 109 |
| Personnel Loans-FC | 83 | 105 | 188 |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | 83 | 105 | 188 |
| Personnel Credit Cards-YTL | 36.391 | 11 | 36.402 |
| With installments | 18.659 | 11 | 18.670 |
| Without installments | 17.732 | - | 17.732 |
| Personnel Credit Cards-FC | 17 | - | 17 |
| With installments | 17 | - | 17 |
| Without installments | - | - | - |
| Credit Deposit Account-YTL (Real Person) ⁽¹⁾ | 89.403 | - | 89.403 |
| Credit Deposit Account-FC (Real Person) | 50 | - | 50 |
| Total | 7.563.832 | 5.943.647 | 13.507.479 |

⁽¹⁾ YTL832 thousand of the credit deposit account belongs to the credits used by personnel.

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

| | Short-term | Medium and Long-term | Total |
|--|----------------|----------------------|------------------|
| Commercial Installments Loans-YTL | 372.295 | 2.329.018 | 2.701.313 |
| Business Loans | 2.605 | 303.197 | 305.802 |
| Automotive Loans | 70.675 | 1.168.527 | 1.239.202 |
| Consumer Loans | - | 49 | 49 |
| Other | 299.015 | 857.245 | 1.156.260 |
| Commercial Installments Loans-FC Indexed | 34.085 | 294.994 | 329.079 |
| Business Loans | 190 | 22.709 | 22.899 |
| Automotive Loans | 3.610 | 140.088 | 143.698 |
| Consumer Loans | - | - | - |
| Other | 30.285 | 132.197 | 162.482 |
| Commercial Installments Loans-FC | 4.593 | 7.837 | 12.430 |
| Business Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | 4.593 | 7.837 | 12.430 |
| Corporate Credit Cards-YTL | 156.827 | 11 | 156.838 |
| With installment | 26.947 | 11 | 26.958 |
| Without installment | 129.880 | - | 129.880 |
| Corporate Credit Cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Credit Deposit Account-YTL (Legal Person) | 156.645 | - | 156.645 |
| Credit Deposit Account-FC (Legal Person) | 53 | - | 53 |
| Total | 724.498 | 2.631.860 | 3.356.358 |

7. Loans according to types of borrowers:

| | 31 December 2008 | 31 December 2007 |
|--------------|-------------------|-------------------|
| Public | 1.380.437 | 791.487 |
| Private | 37.530.051 | 27.941.554 |
| Total | 38.910.488 | 28.733.041 |

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

| | 31 December 2008 | 31 December 2007 |
|----------------|-------------------|-------------------|
| Domestic loans | 37.813.322 | 28.194.036 |
| Foreign loans | 1.097.166 | 539.005 |
| Total | 38.910.488 | 28.733.041 |

9. Loans granted to investments in associates and subsidiaries:

None (2007: None).

10. Specific provisions provided against loans:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Loans and other receivables with limited collectibility | 76.487 | 30.108 |
| Loans and other receivables with doubtful collectibility | 220.670 | 120.683 |
| Uncollectible loans and other receivables | 804.289 | 1.255.042 |
| Total | 1.101.446 | 1.405.833 |

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10 (i). Provisions related to loans:

| | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|---|--|-------------------|-----------------|-----------|
| 1 January 2008 | 1.050.417 | 53.547 | 301.869 | 1.405.833 |
| Allowance for impairment | 249.798 | 195.479 | 361.027 | 806.304 |
| Amount recovered during the period | (122.654) | (148.766) | (171.159) | (442.579) |
| Loans written off during the period as uncollectible | (495.182) | (2.410) | (185.345) | (682.937) |
| Exchange differences | 14.507 | 318 | - | 14.825 |
| 31 December 2008 | 696.886 | 98.168 | 306.392 | 1.101.446 |

| | Corporate, Commercial and Other Loans | Consumer Loans | Credit Cards | Total |
|---|--|-------------------|-----------------|-----------|
| 1 January 2007 | 1.100.241 | 22.847 | 314.840 | 1.437.928 |
| Allowance for impairment | 143.665 | 66.343 | 242.630 | 452.638 |
| Amount recovered during the period | (73.915) | (34.884) | (75.391) | (184.190) |
| Loans written off during the period as uncollectible | (122.427) | (759) | (180.210) | (303.396) |
| Exchange differences | 2.853 | - | - | 2.853 |
| 31 December 2007 | 1.050.417 | 53.547 | 301.869 | 1.405.833 |

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

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

| | III. Group Loans and other receivables with limited collectibility | IV. Group Loans and other receivables with doubtful collectibility | V. Group Uncollectible loans and other receivables |
|--|---|---|--|
| 31 December 2008 | | | |
| (Gross amounts before specific reserves) | - | 547 | 41.439 |
| Restructured loans and other receivables | - | 547 | 41.439 |
| Rescheduled loans and other receivables | - | - | - |
| 31 December 2007 | | | |
| (Gross amounts before specific reserves) | 303 | 576 | 185.107 |
| Restructured loans and other receivables | 303 | 576 | 185.107 |
| Rescheduled loans and other receivables | - | - | - |

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

| | III. Group Loans and other receivables with limited collectibility | IV. Group Loans and other receivables with doubtful collectibility | V. Group Uncollectible loans and other receivables |
|---|---|---|--|
| 31 December 2007 | 159.977 | 212.840 | 1.388.287 |
| Additions (+) | 1.296.115 | 149.312 | 65.512 |
| Transfers from other categories of non-performing loans (+) | - | 675.883 | 479.040 |
| Transfer to other categories of non-performing loans (-) | (675.883) | (479.040) | (8.260) |
| Collections (-) | (378.931) | (134.472) | (328.199) |
| FX valuation differences | - | - | 6.796 |
| Write-offs(-) | - | (297) | (682.937) |
| Corporate and Commercial Loans | - | (291) | (495.182) |
| Consumer Loans | - | (6) | (2.410) |
| Credit Cards | - | - | (185.345) |
| Other | - | - | - |
| 31 December 2008 | 401.278 | 424.226 | 920.239 |
| Specific Provision (-) | (76.487) | (220.670) | (804.289) |
| Net Balance on Balance Sheet | 324.791 | 203.556 | 115.950 |

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As of 28 March 2008, the Bank sold out a non-performing loan portfolio amounting to YTL429.229 thousand selected out of its commercial, corporate and SME problematic loan stocks via adjudication as of 7 March 2008. The corresponding portfolio has eventuated as YTL421.167 thousand after deduction of amounts for which sales transactions were realised except the real estate having right of repurchase. As of the date of the sale, the Bank has recognised provision amounting to YTL376.395 thousand for the related loans stock.

As of 28 March 2008, the portion amounting to YTL2.203 thousand out of the total amount of YTL60.500 thousand is kept as the value for the real estate with right to repurchase and the remaining portion amounting to YTL58.297 thousand is collected. After the deduction of mentioned amounts, the portfolio amounting to YTL362.468 thousand has been included in the table above in "write-offs" line.

11 (iii). Information on Non-performing loans granted as foreign currency loans

| | III. Group Loans and other receivables with limited collectibility | IV. Group Loans and other receivables with doubtful collectibility | V. Group Uncollectible loans and other receivables |
|-------------------------------------|---|---|--|
| 31 December 2008 | | | |
| Period end balance | 30 | 32.777 | 34.925 |
| Specific provision (-) | (4) | (29.480) | (34.845) |
| Net Balance on-balance sheet | 26 | 3.297 | 80 |
| 31 December 2007 | | | |
| Period end balance | - | 16.888 | 7.377 |
| Specific provision (-) | - | (8.611) | (7.322) |
| Net Balance on-balance sheet | - | 8.277 | 55 |

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

| | III. Group Loans and other receivables with limited collectibility | IV. Group Loans and other receivables with doubtful collectibility | V. Group Uncollectible loans and other receivables |
|--|---|---|--|
| 31 December 2008 | 324.791 | 203.556 | 115.950 |
| Loans granted to real persons and corporate entities (Gross) | 401.278 | 391.480 | 835.253 |
| Specific provision amount (-) | (76.487) | (191.198) | (719.303) |
| Loans granted to real persons and corporate entities (Net) | 324.791 | 200.282 | 115.950 |
| Banks (Gross) | - | - | - |
| Specific provision amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans and receivables (Gross) | - | 32.746 | 84.986 |
| Specific provision amount (-) | - | (29.472) | (84.986) |
| Other loans and receivables (Net) | - | 3.274 | - |
| 31 December 2007 | 129.869 | 92.157 | 133.245 |
| Loans granted to real persons and corporate entities (Gross) | 159.977 | 212.840 | 1.303.301 |
| Specific provision amount (-) | (30.108) | (120.683) | (1.170.056) |
| Loans granted to real persons and corporate entities (Net) | 129.869 | 92.157 | 133.245 |
| Banks (Gross) | - | - | - |
| Specific provision amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans and receivables (Gross) | - | - | 84.986 |
| Specific provision amount (-) | - | - | (84.986) |
| Other loans and receivables (Net) | - | - | - |

12. Policy followed-up for the collection of uncollectible loans and other receivables:

The loans and receivables classified as "Uncollectible loans and other receivables" in accordance with the provisioning communique, are liquidated through restructuring and/or the collection of collaterals by will or legal procedures as other follow-up accounts (i.e. the "Loans and other receivables with limited collectibility" and "Loans and other receivables with doubtful collectibility"). The policy of the Bank regarding the write-off of the loans under legal follow up is as write-off of the ones that is proved as uncollectible by legal follow-up.

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f. Information on held-to-maturity investments:

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

| | 31 December 2008 | 31 December 2007 |
|--------------------------------------|-------------------|-------------------|
| Government Bond | 12.615.309 | 13.009.910 |
| Treasury Bill | 86.348 | - |
| Other debt securities ⁽¹⁾ | - | 133.162 |
| Total | 12.701.657 | 13.143.072 |

⁽¹⁾ Other debt securities represent the debt securities that are issued by foreign countries.

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

| | 31 December 2008 | 31 December 2007 |
|---|-------------------|-------------------|
| Debt Securities | 12.750.072 | 13.180.226 |
| Quoted on Stock Exchange ⁽¹⁾ | 12.750.072 | 13.023.365 |
| Not Quoted | - | 156.861 |
| Impairment Provision (-) ⁽²⁾ | (44.291) | (27.675) |
| Total | 12.705.781 | 13.152.551 |

⁽¹⁾ As of 31 December 2008, Eurobonds amounting to YTL5.911.930 thousand (2007: YTL5.554.027 thousand) have been classified under debt securities quoted on Stock Exchange, even though they are not traded publicly.

⁽²⁾ Including amortization of difference between carrying and nominal value.

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

| | 31 December 2008 | 31 December 2007 |
|---|-------------------|-------------------|
| Beginning balance | 13.152.551 | 17.110.743 |
| FC differences on monetary assets | 1.522.256 | (1.078.370) |
| Purchases during year | 536.931 | 3.789.617 |
| Transfer to assets held for resale and related to discontinued operations | - | (4.199) |
| Disposals through sales and redemptions | (2.489.341) | (6.641.053) |
| Impairment provision (-) | (16.616) | (24.187) |
| Period end balance | 12.705.781 | 13.152.551 |

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

As of 31 December 2008, held-to-maturity investments given as collateral amount to YTL2.023.696 thousand (2007: YTL1.429.683 thousand). Held-to-maturity investments subject to repo transactions amount to YTL744.962 thousand (2007: YTL1.764.891 thousand).

g. Information on investments in associates (Net):

1. Information on unconsolidated investments in associates:

| No | Description | Address (City/Country) | The Parent Bank's share percentage if different voting percentage (%) | Bank's risk group share percentage(%) |
|----|---------------------------------|------------------------|--|--|
| 1 | Kredi Kayıt Bürosu | İstanbul/Türkiye | 18,18 | 18,18 |
| 2 | Bankalararası Kart Merkezi A.Ş. | İstanbul/Türkiye | 9,98 | 9,98 |

| No | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | CurrentPeriod Profit/Loss | Prior Period Profit/Loss | Market value |
|----|--------------|----------------------|--------------------|-----------------|---|---------------------------|--------------------------|--------------|
| 1 | 26.049 | 19.265 | 1.837 | 2.950 | 6 | 6.559 | 3.457 | - |
| 2 | 15.271 | 12.004 | 4.544 | 1.665 | - | 1.139 | 1.228 | - |

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2. Consolidated investments in associates:

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

| No | Description | Address (City/Country) | The Parent Bank's share percentage if different voting percentage (%) | Other Shareholders' share 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 | Fair value |
|----|--------------|-------------------------|-----------------------|--------------------|--|-------------------------------|-----------------------------|------------|
| 1 | 2.467.414 | 130.011 | 5.839 | 94.504 | 7.679 | 11.593 | 10.113 | - |

Financial statement information in the table above has been disclosed in thousand of CHF.

As of 31 December 2008 the evaluation rate for CHF is YTL1,3942 (2007: YTL1,0016).

2 (iii). Movement of consolidated investments in associates:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Balance at the beginning of the period | 38.220 | 41.352 |
| Movements during the period | 17.373 | (3.132) |
| Purchases | - | - |
| Bonus shares obtained | - | - |
| Dividends from current year income | 3.667 | 1.890 |
| Sales | - | - |
| Revaluation (decrease)/increase | 13.706 | (5.022) |
| Impairment provision | - | - |
| Balance at the end of the period | 55.593 | 38.220 |
| Capital Commitments | - | - |
| Share percentage at the end of the period (%) | 30,67 | 30,67 |

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

| | 31 December 2008 | 31 December 2007 |
|-----------------------------|------------------|------------------|
| Banks | 55.593 | 38.220 |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | - | - |
| Other Financial Investments | - | - |
| Total Financial Investments | 55.593 | 38.220 |

2 (v). Investments in associates quoted on stock exchange: None.

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h. Information on subsidiaries (Net):

1. Unconsolidated subsidiaries:

1 (i). Information on unconsolidated subsidiaries:

Since the total asset amount of the subsidiaries below is less than 1% of the total assets of the Parent Bank, the related subsidiaries are unconsolidated and are carried at restated cost.

| Description | Address (City/Country) | The Parent Bank's share percentage if different voting percentage(%) | Bank's risk group share percentage (%) |
|--|------------------------|--|--|
| 1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş. | Istanbul/Turkey | 99,99 | 100,00 |
| 2 Enternasyonal Turizm Yatırım A.Ş. | Istanbul/Turkey | 99,96 | 99,99 |
| 3 Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | 30,45 | 30,45 |

1 (ii). Main financial figures of the subsidiaries in the order of the above table:

| Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Market value ⁽¹⁾ |
|--------------|----------------------|--------------------|-----------------|---|----------------------------|--------------------------|-----------------------------|
| 1 9.661 | 7.604 | 193 | 80 | - | 759 | 806 | - |
| 2 37.134 | 12.875 | 4.095 | 49 | - | 1.361 | (20.954) | - |
| 3 151.538 | 98.769 | 3.200 | 13.085 | 308 | (11.755) | 11.358 | 24.400 |

⁽¹⁾ Fair value represents the market value of the Company's total shares based on ISE prices as of 31 December 2008.

Financial statement information in the table above has been obtained from the financial statements as at 31 December 2008.

2. Information on consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

| Description | Address (City/Country) | The Parent Bank's share percentage if different voting percentage(%) | Bank's risk group share percentage (%) |
|--|------------------------|--|--|
| 1 Yapı Kredi Holding B.V. ⁽¹⁾ | Amsterdam/Holland | 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 NV ^{(1), (4)} | Amsterdam/Holland | 67,24 | 100,00 |
| 11 Yapı Kredi Azerbaycan ^{(3), (5)} | Baku/Azerbaijan | 99,80 | 100,00 |

Although Yapı Kredi or any of its affiliates does not have any shareholding interest in, Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi 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 31 December 2008 the evaluation rate for AZM is YTL1,8407 (2007: YTL1,3432).

⁽⁴⁾ Includes the balances for Sticking Custody Services YKB.

⁽⁵⁾ Includes the balances for Yapı Kredi Invest LLC.

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

| | Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Market value ⁽¹⁾ |
|----|--------------|----------------------|--------------------|-----------------|---|----------------------------|--------------------------|-----------------------------|
| 1 | 45.507 | 45.480 | - | 11 | - | (5.387) | 2.410 | - |
| 2 | 310.476 | 232.762 | 17.059 | 29.738 | 19.391 | 52.094 | 48.768 | - |
| 3 | 1.095.349 | 86.357 | 717 | 128.053 | - | 19.037 | 19.766 | - |
| 4 | 200.450 | 44.823 | 6.406 | 16.090 | 2.707 | 355 | 5.723 | - |
| 5 | 736.856 | 307.271 | 22.119 | 46.561 | 21.195 | 54.384 | 25.357 | 353.600 |
| 6 | 2.836.039 | 616.169 | 1.133 | 300.148 | - | 132.798 | 131.876 | 522.500 |
| 7 | 54.698 | 53.879 | 28 | 3.034 | 3.034 | (6.123) | 13.341 | 15.100 |
| 8 | 726.217 | 119.983 | 18.519 | 23.056 | 17.525 | 20.186 | 44.075 | - |
| 9 | 79.646 | 70.732 | 660 | 10.231 | 3.227 | 47.206 | 44.669 | - |
| 10 | 1.605.418 | 156.269 | 386 | 109.277 | 37.912 | 14.535 | 13.211 | - |
| 11 | 104.495 | 38.443 | 3.063 | 7.739 | 3.449 | 5.292 | 4.082 | - |

⁽¹⁾ Fair value represents the market value of the Company's total shares based on ISE prices as of 31 December 2008.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at 31 December 2008.

2 (iii). Movement schedule of consolidated subsidiaries:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Balance at the beginning of the period | 1.391.400 | 658.142 |
| Movements during the period | 389.683 | 733.258 |
| Purchases ⁽¹⁾ | 389.683 | 802.404 |
| Transfers | - | (48.731) |
| Bonus shares obtained | - | - |
| Dividends from current year income | - | - |
| Sales | - | - |
| Foreign exchange valuation differences | - | - |
| Impairment provision | - | (20.415) |
| Balance at the end of the period | 1.781.083 | 1.391.400 |
| Capital commitments | - | - |
| Share percentage at the end of the period (%) | - | - |

⁽¹⁾ Nominal share capital amount of YTL34.897.132,53 (35,28% of the capital), owned by KFS in Yapı Kredi Yatırım Menkul Değerler A.Ş. have been purchased by the Bank in return for USD158.754.689,63 and the cost of the share purchase has been paid to KFS as YTL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.

The nominal share capital amount of EUR32.672.880,00 (67,24% of the capital), owned by KFS in Yapı Kredi NV has been purchased by the Bank in return for EUR97.502.661,71 and the cost of the share purchase has been paid to KFS as YTL165.063 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

In addition, the Parent Bank has participated in the capital increase of its foreign subsidiary, Yapı Kredi Bank Azerbaycan Closed Joint Stock Company, where the share of the Bank is 99,80% amounting to YTL36.003 thousand.

2 (iv). Sectoral information on financial subsidiaries and the related carrying amounts:

| Subsidiaries | 31 December 2008 | 31 December 2007 |
|------------------------------|------------------|------------------|
| Banks | 278.244 | 77.178 |
| Insurance Companies | 148.019 | 148.019 |
| Factoring Companies | 183.325 | 183.325 |
| Leasing Companies | 722.491 | 722.491 |
| Finance Companies | - | - |
| Other Financial Subsidiaries | 449.004 | 260.387 |
| Total Financial Subsidiaries | 1.781.083 | 1.391.400 |

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2 (v). Subsidiaries quoted on Stock Exchange:

| | 31 December 2008 | 31 December 2007 |
|------------------------------------|------------------|------------------|
| Quoted on domestic stock exchanges | 876.095 | 876.095 |
| Quoted on foreign stock exchanges | - | - |

i. Information on hedging derivative financial assets:

| | 31 December 2008 | | 31 December 2007 | |
|------------------------------|------------------|----------|------------------|------------|
| | YTL | FC | YTL | FC |
| Fair Value Hedge | - | - | 1.018 | 666 |
| Cash Flow Hedge | - | - | - | - |
| Foreign Net Investment Hedge | - | - | - | - |
| Total | - | - | 1.018 | 666 |

j. Information on property and equipment:

| | Immovables | Leased Fixed Assets | Vehicles | Other Tangible Fixed Assets | Total |
|---|--------------------|------------------------|----------------|--------------------------------|--------------------|
| 31 December 2007 | | | | | |
| Cost | 2.312.020 | 281.661 | 6.137 | 652.767 | 3.252.585 |
| Accumulated depreciation (-) | (1.402.821) | (148.011) | (5.511) | (559.293) | (2.115.636) |
| Net book value | 909.199 | 133.650 | 626 | 93.474 | 1.136.949 |
| 31 December 2008 | | | | | |
| Net book value at beginning of the Period | 909.199 | 133.650 | 626 | 93.474 | 1.136.949 |
| Additions | 862 | 37.065 | 1.051 | 150.989 | 189.967 |
| Disposals (-), net | (43.005) | (971) | (87) | (17.796) | (61.859) |
| Transfers from intangible assets | - | - | - | 30.363 | 30.363 |
| Reversal of impairment, net | 34.502 | - | - | 337 | 34.839 |
| Impairment (-) | (1.895) | - | - | - | (1.895) |
| Depreciation (-) | (46.293) | (38.925) | (493) | (38.569) | (124.280) |
| Foreign currency valuation difference (-), net | 692 | - | 211 | 146 | 1.049 |
| Net book value at the end of the period | 854.062 | 130.819 | 1.308 | 218.944 | 1.205.133 |
| Cost at the period end | 2.247.522 | 309.770 | 6.358 | 779.368 | 3.343.018 |
| Accumulated depreciation at the period end (-) | (1.393.460) | (178.951) | (5.050) | (560.424) | (2.137.885) |
| 31 December 2008 | 854.062 | 130.819 | 1.308 | 218.944 | 1.205.133 |

As of 31 December 2008, the Parent Bank booked total provision for impairment on immovables amounting to YTL600.445 thousand (2007: YTL627.103 thousand) for the property and equipment.

k. Information on intangible assets:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Net book value at the beginning of the period | 1.191.711 | 1.156.200 |
| Additions during the Period | 37.115 | 68.532 |
| Transfers | (30.363) | - |
| Unused and Disposed Items (-) | (289) | (707) |
| Impairment Charges on Income Statement | - | - |
| Amortisation Expenses (-) | (40.359) | (32.287) |
| Foreign exchange valuation differences | 10 | (27) |
| Net book value at the closing of the period | 1.157.825 | 1.191.711 |

Koçbank acquired 57,42% of the shares of Yapı Kredi Bank as of 28 September 2005. As a result of the acquisition, the cost of the acquisition exceeding the fair value of acquired identifiable assets, liabilities and commitments amounting to YTL979.493 thousand was accounted as goodwill.

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Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its consolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 December 2008, the net book value of these intangible assets amounts to YTL110.083 thousand (2007: YTL126.391 thousand).

I. Information on deferred tax asset:

| | 31 December 2008 | | 31 December 2007 | |
|---|------------------|------------------|------------------|-----------------|
| | Tax Base | Deferred Tax | Tax Base | Deferred Tax |
| Reserves for employment termination benefit | 154.094 | 30.881 | 139.584 | 27.745 |
| Provision for pension fund | 774.366 | 154.873 | 604.278 | 120.856 |
| Trading derivative financial liabilities | 220.782 | 43.617 | 237.020 | 45.536 |
| Subsidiaries, investment in associates and share certificates | 119.870 | 23.974 | 132.736 | 26.547 |
| Other | 320.845 | 64.354 | 184.660 | 39.280 |
| Total deferred tax asset | 1.589.957 | 317.699 | 1.298.278 | 259.964 |
| Trading derivative financial assets | (433.651) | (84.769) | (48.667) | (11.282) |
| Valuation difference of securities portfolio | (31.452) | (6.028) | (48.213) | (9.642) |
| Property, equipment and intangibles, net | (297.295) | (34.382) | (226.639) | (18.720) |
| Other | (46.443) | (9.649) | (14.975) | (3.643) |
| Total deferred tax liability | (808.841) | (134.828) | (338.494) | (43.287) |
| Deferred Tax Asset, net | 781.116 | 182.871 | 959.784 | 216.677 |

According to TAS 12, deferred tax assets amounting to YTL317.699 thousand and deferred tax liabilities amounting to YTL134.828 thousand have been netted off in the financial statements of each subsidiary subject to consolidation. Deferred tax assets and liabilities of various subsidiaries are not netted-off in the consolidated financial statements.

m. Movement schedule of assets held for resale:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Net book value at the beginning of the period | 139.877 | 189.917 |
| Additions | 59.620 | 25.151 |
| Transfers | - | 71.698 |
| Disposals (-), net ⁽¹⁾ | (149.929) | (341.526) |
| Impairment Provision | (515) | (6.521) |
| Impairment Cancellation | 44.579 | 218.702 |
| Depreciation (-) | (3.586) | (16.947) |
| Foreign currency valuation difference | - | (597) |
| Net book value at the end of the period | 90.046 | 139.877 |
| Cost at the end of the period | 99.254 | 158.437 |
| Depreciation at the end of the period (-) | (9.208) | (18.560) |
| Net book value at the end of the period | 90.046 | 139.877 |

⁽¹⁾ By the decision of the Board of Directors at 3 October 2007; assets of Yapı Kredi Bank Deutschland A.G., which are owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV and included in the consolidated financial statements, are reclassified under assets held for sale according to the sale agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note I of section six, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

As of 31 December 2008, the Bank booked impairment provision on assets held for resale with an amount of YTL19.440 thousand (2007: YTL63.502 thousand).

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Details of the assets related with Yapı Kredi Bank Deutschland A.G., included in the consolidation and classified in assets held for resale only for the year 2007
(2008: None):

| | 31 December 2007 |
|-----------------------------------|------------------|
| Cash Balances with Central Bank | 15 |
| Banks | 66.806 |
| Loans | 599 |
| Held-to-Maturity Securities (Net) | 4.199 |
| Other | 79 |
| Total | 71.698 |

n. Information on other assets:

Other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits:

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

1 (i). 31 December 2008:

| | 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 | 1.063.959 | 7.040 | 3.164.834 | 11.345.159 | 147.899 | 42.494 | 61.571 | 15.832.956 |
| Foreign Currency Deposits | 3.288.070 | 114.481 | 6.147.780 | 6.632.808 | 922.157 | 443.685 | 1.057.818 | 18.606.799 |
| Residents in Turkey | 2.820.681 | 72.276 | 5.891.845 | 5.939.419 | 733.572 | 267.686 | 539.471 | 16.264.950 |
| Residents Abroad | 467.389 | 42.205 | 255.935 | 693.389 | 188.585 | 175.999 | 518.347 | 2.341.849 |
| Public Sector Deposits | 254.227 | - | 63.322 | 98.567 | 336 | 661 | 307 | 417.420 |
| Commercial Deposits | 1.300.691 | 24.418 | 2.303.970 | 3.991.743 | 457.933 | 75.249 | 13.428 | 8.167.432 |
| Other Institutions Deposits | 21.810 | - | 36.097 | 337.669 | 242 | 331 | 453 | 396.602 |
| Gold Vault | 129.812 | - | 10.285 | 223 | 595 | 940 | 2.335 | 144.190 |
| Bank Deposits | 232.639 | - | 35.055 | 43.192 | - | 145.861 | 1.115 | 457.862 |
| The CBRT | 85.483 | - | - | - | - | - | - | 85.483 |
| Domestic Banks | 7.455 | - | 21.749 | 8.236 | - | - | - | 37.440 |
| Foreign Banks | 40.959 | - | 13.306 | 34.956 | - | 145.861 | 1.115 | 236.197 |
| Special Financial Institutions | 98.742 | - | - | - | - | - | - | 98.742 |
| Other | - | - | - | - | - | - | - | - |
| Total | 6.291.208 | 145.939 | 11.761.343 | 22.449.361 | 1.529.162 | 709.221 | 1.137.027 | 44.023.261 |

1 (ii). 31 December 2007:

| | 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 | 947.799 | 12.887 | 2.923.015 | 7.157.848 | 176.390 | 50.305 | 63.607 | 11.331.851 |
| Foreign Currency Deposits | 3.105.678 | 178.096 | 5.039.311 | 3.265.431 | 761.200 | 419.851 | 1.361.014 | 14.130.581 |
| Residents in Turkey | 2.731.478 | 139.866 | 4.596.822 | 3.071.286 | 678.735 | 235.736 | 1.084.901 | 12.538.824 |
| Residents Abroad | 374.200 | 38.230 | 442.489 | 194.145 | 82.465 | 184.115 | 276.113 | 1.591.757 |
| Public Sector Deposits | 223.103 | - | 55.564 | 13.811 | 3.979 | 109.652 | 542 | 406.651 |
| Commercial Deposits | 1.232.964 | 177 | 3.092.081 | 2.278.164 | 261.336 | 15.209 | 104.475 | 6.984.406 |
| Other Institutions Deposits | 15.872 | - | 21.298 | 139.642 | 333 | 109 | 271 | 177.525 |
| Gold Vault | 65.378 | - | 10.126 | 375 | 283 | 624 | 2.635 | 79.421 |
| Bank Deposits | 83.820 | - | 329.608 | 1.940 | 13.378 | 163.759 | 3.212 | 595.717 |
| The CBRT | 72 | - | - | - | - | - | - | 72 |
| Domestic Banks | 6.443 | - | 268.135 | - | - | 6.009 | - | 280.587 |
| Foreign Banks | 36.500 | - | 61.473 | 1.940 | 13.378 | 157.750 | 3.212 | 274.253 |
| Special Financial Institutions | 40.805 | - | - | - | - | - | - | 40.805 |
| Other | - | - | - | - | - | - | - | - |
| Total | 5.674.614 | 191.160 | 11.471.003 | 12.857.211 | 1.216.899 | 759.509 | 1.535.756 | 33.706.152 |

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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):

| Saving Deposits | Under the guarantee of deposit insurance | | Exceeding limit of the deposit insurance | |
|---|---|------------------|---|------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Saving Deposits | 7.804.232 | 5.996.775 | 7.911.087 | 5.228.946 |
| Foreign Currency Savings Deposit | 2.553.090 | 2.837.947 | 5.637.303 | 4.712.030 |
| Other deposits in the form of savings deposits | 7.237 | 5.793 | 123.113 | 64.590 |
| 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 deposits insurance fund (Represents information regarding the Parent Bank):

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Saving deposits in foreign branches | - | - |
| Saving deposits in off-shore banking regions | 142.047 | 83.319 |
| Total | 142.047 | 83.319 |

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

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| 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 | 18.747 | 19.825 |
| 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 | 142.047 | 83.319 |

b. Information on trading derivative financial liabilities:

| Trading Derivative Financial Liabilities | 31 December 2008 | | 31 December 2007 | |
|--|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| Forward Transactions | 64.616 | 1.383 | 42.595 | 3.009 |
| Swap Transactions | 107.785 | 46.477 | 184.059 | 6.378 |
| Futures Transactions | - | - | - | - |
| Options | 4 | 517 | - | 979 |
| Other | - | - | - | - |
| Total | 172.405 | 48.377 | 226.654 | 10.366 |

c. Information on borrowings:

1. Information on borrowings:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| The CBRT Borrowings | - | - | - | - |
| From Domestic Banks and Institutions | 502.641 | 377.231 | 359.632 | 149.266 |
| From Foreign Banks, Institutions and Funds | 1.070.006 | 5.280.780 | 59.259 | 4.617.913 |
| Total | 1.572.647 | 5.658.011 | 418.891 | 4.767.179 |

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2. Information on maturity structure of borrowings:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Short-Term | 676.280 | 2.446.239 | 418.891 | 2.887.368 |
| Medium and Long-Term | 896.367 | 3.211.772 | - | 1.879.811 |
| Total | 1.572.647 | 5.658.011 | 418.891 | 4.767.179 |

d. Information marketable securities issued:

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to equivalent of YTL1.966.298 thousand using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

| | 31 December 2008 | 31 December 2007 |
|--------------------------|------------------|------------------|
| 2010 | 369.495 | 289.196 |
| 2011 | 399.927 | 312.977 |
| 2012 | 399.927 | 312.977 |
| 2013 | 399.927 | 312.977 |
| 2014 | 357.538 | 280.332 |
| 2015 | 30.431 | 23.781 |
| Interest Expense Accrual | 9.053 | 10.369 |
| Total | 1.966.298 | 1.542.609 |

e. Information on miscellaneous payables:

As of 31 December 2008, miscellaneous payables do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on financial leasing agreements:

| | 31 December 2008 | | 31 December 2007 | |
|-------------------|------------------|------------|------------------|------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 284 | 271 | 105 | 100 |
| Between 1-4 years | - | 9 | 1 | 1 |
| More than 4 years | - | - | - | - |
| Total | 284 | 280 | 106 | 101 |

g. Information on hedging derivative financial liabilities:

| | 31 December 2008 | | 31 December 2007 | |
|------------------------------|------------------|----------|------------------|----------|
| | YTL | FC | YTL | FC |
| Fair Value Hedge | - | - | 27.786 | - |
| Cash Flow Hedge | - | - | - | - |
| Foreign Net Investment Hedge | - | - | - | - |
| Total | - | - | 27.786 | - |

h. Information on provisions:

1. Information on general provisions:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Provisions for Group I loans and receivables | 464.275 | 529.091 |
| Provisions for Group II loans and receivables | 71.419 | 42.466 |
| Provisions for non cash loans | 111.410 | 81.623 |
| Other | 11.914 | 75.703 |
| Total | 659.018 | 728.883 |

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2. Information on reserve for employment termination benefits:

In accordance with Turkish Labour Law, reserve for employment termination benefit is calculated over today's possible liability of the Bank in case of the retirement of employees. TAS 19 necessitates the actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions are used in the calculation of total liabilities

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Discount rate (%) | 6,26 | 5,71 |
| The Rate Used Related to Retirement Expectation (%) | 95,53 | 96,20 |

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 maximum liability is revised semi-annually, the maximum amount of YTL2.260,05 effective from 1 January 2009 has been taken into consideration in calculating the reserve for employment termination benefits (1 January 2008: YTL2.087,92).

Movement of employment termination benefit liability in the balance sheet:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Prior period ending balance | 96.626 | 105.100 |
| Provisions recognised during the period | 15.308 | 13.445 |
| Paid during the period | (17.238) | (20.785) |
| Transfers to payables for assets held for resale | - | (879) |
| Foreign currency differences | 193 | (255) |
| Balance at the end of the period | 94.889 | 96.626 |

In addition, the Group has accounted for unused vacation rights provision amounting to YTL59.205 thousand as of 31 December 2008 (2007: YTL42.958 thousand).

3. Other provisions:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Pension fund provision | 774.366 | 604.278 |
| Tax risk provision ⁽¹⁾ | 40.848 | 79.320 |
| Non-cash loan provision | 62.288 | 50.249 |
| Provisions on credit cards and promotion campaigns related to banking services | 56.674 | 36.014 |
| Provision on export commitment estimated liability | 40.495 | 39.945 |
| Legal risk provision ⁽¹⁾ | 22.927 | 12.865 |
| Other | 189.458 | 179.256 |
| Total | 1.187.056 | 1.001.927 |

⁽¹⁾ Considered as provisions for possible risks.

i) Pension Fund provision:

As of 31 December 2008, the Bank provided provision amounting to YTL774.366 thousand for the technical deficit based on the report prepared by a registered actuary as of 30 November 2008 in accordance with the technical interest rate of 9.8% determined by the New Law and CSO 1980 mortality table. In the financial statements of the Bank prepared as of 31 December 2007, the provision for the technical deficit calculated as of 31 December 2006 in accordance with the decision of the Council of Ministers numbered 2006/11345 published in the Official Gazette dated 15 December 2006 and numbered 26377 using a technical interest rate 10,24% amounts to YTL604.278 thousand.

| | 31 December 2008 | 31 December 2007 |
|-------------------------|------------------|------------------|
| Income statement charge | 170.088 | 120.996 |

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

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Present value of funded obligations | 1.063.181 | 774.820 |
| -Pension benefits transferable to SSI | 1.036.138 | 708.438 |
| -Post employment medical benefits transferable to SSI | 27.043 | 66.382 |
| Fair value of plan assets | (288.815) | (170.542) |
| Provision for the actuarial deficit of the pension fund | 774.366 | 604.278 |

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The principal actuarial assumptions used were as follows:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Discount rate | | |
| -Pension benefits transferable to SSI | 9,80% | 10,24% |
| -Post employment medical benefits transferable to SSI | 9,80% | 10,24% |

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

Plan assets are comprised as follows:

| | 31 December 2008 | | 31 December 2007 | |
|-------------------------------------|------------------|------------|------------------|------------|
| | Amount | % | Amount | % |
| Government bonds and treasury bills | 144.207 | 50 | 53.924 | 32 |
| Premises and equipment | 94.596 | 33 | 97.631 | 57 |
| Bank placements | 17.240 | 6 | 12.099 | 7 |
| Short term receivables | 7.662 | 3 | 1.080 | 1 |
| Other | 25.110 | 8 | 5.808 | 3 |
| Total | 288.815 | 100 | 170.542 | 100 |

4. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans:

As of 31 December 2008, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL10.498 thousand (2007: YTL99.986 thousand).

i. Information on taxes payable:

(i) Information on taxes payable:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Corporate Tax Payable | 8.339 | 10.570 |
| Taxation of Marketable Securities | 106.717 | 84.246 |
| Property Tax | 1.001 | 1.054 |
| Banking Insurance Transaction Tax (BITT) | 42.501 | 32.359 |
| Foreign Exchange Transaction Tax | - | 3.167 |
| Value Added Tax Payable | 2.283 | 2.929 |
| Other | 25.843 | 29.378 |
| Total | 186.684 | 163.703 |

(ii) Information on premium payables:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Social Security Premiums-Employee | 472 | 1.164 |
| Social Security Premiums-Employer | 393 | 653 |
| Bank Pension Fund Premiums-Employee | - | - |
| Bank Pension Fund Premiums-Employer | - | - |
| Pension Fund Deposit and Provisions-Employee | 1.936 | - |
| Pension Fund Deposit and Provisions-Employer | 2.207 | - |
| Unemployment Insurance-Employee | 450 | 417 |
| Unemployment Insurance-Employer | 900 | 887 |
| Other | - | - |
| Total | 6.358 | 3.121 |

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j. Information on payables for assets held for resale:

Details of the liabilities related with Yapı Kredi Bank Deutschland A.G., classified in payables for assets held for resale:

| | 31 December 2007 |
|-----------------------------|------------------|
| Deposits | 205 |
| Borrowings | 682 |
| Other Liabilities | 168 |
| Reserve for Employee Rights | 879 |
| Other | 2.103 |
| Total | 4.037 |

k. Information on subordinated loans:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| From Domestic Banks | - | - | - | - |
| From Other Domestic Institutions | - | - | - | - |
| From Foreign Banks | - | 2.220.601 | - | 1.772.914 |
| From Other Foreign Institutions | - | - | - | - |
| Total | - | 2.220.601 | - | 1.772.914 |

At 30 March 2006, the Parent Bank obtained a subordinated loan amounting to EUR500 million, with ten years maturity and a repayment option at the end of five years. The interest rate 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 at 28 April 2006 amounting to EUR350 million, with ten years maturity and a repayment option at the end of five 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 25 June 2007 amounting to EUR200 million, with ten years maturity and a repayment option at the end of five years. The interest rate is determined as EURIBOR+1,85% for the first five years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated 3 April 2006, 2 May 2006 and 19 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the "Capital Adequacy Regulation".

l. Information on shareholders' equity:

1. Presentation of Paid-in capital (as nominal; inflation unadjusted balances):

| | 31 December 2008 | 31 December 2007 |
|-----------------|------------------|------------------|
| Common Stock | 4.347.051 | 3.427.051 |
| 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 (As nominal; inflation unadjusted balances):

The Parent Bank's paid-in-capital is amounting of YTL4.347.051 thousand and in accordance with the decision taken in the Ordinary General Assembly at 7 April 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is YTL5.000.000 thousand.

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

| Increase Date | Increase Amount | Cash | Profit Reserve Regarding Increase | Capital Reserve Regarding Increase |
|------------------|-----------------|---------|--------------------------------------|---------------------------------------|
| 15 December 2008 | 920.000 | 920.000 | - | - |

In 2008, the Bank increased its issued capital by YTL920.000.000 from YTL3.427.051.284 to YTL4.347.051.284 all in cash within the Bank's registered capital ceiling of YTL5.000.000.000 (2007: In scope of the transfer of the shares of Yapı Kredi Faktoring, Yapı Kredi Leasing and Yapı Kredi Azerbaijan Closed Joint Stock Company from KFS, the capital of the Bank has increased by YTL277.601 thousand. The difference between the fair values of the transferred shares and the capital increase of YTL495.852 thousand has been accounted under share premium)

4. Information on transfers from revaluation funds 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.

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6. Information on privileges given to shares representing the capital by considering the Groups income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

7. Privilege on the corporate stock: None.

m. Information on marketable securities value increase fund:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|-----------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | - | - | - | - |
| Valuation Difference | 16.071 | (13.774) | 6.462 | 15.681 |
| Foreign Currency Difference | 31.679 | - | (19.444) | - |
| Total | 47.750 | (13.774) | (12.982) | 15.681 |

n. Information on minority interest:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Period Opening Balance | 295.034 | 548.610 |
| Current year income | 3.722 | 149.585 |
| Dividends paid | (1.450) | (77.742) |
| Purchase from minority interest | (249.566) | (452.554) |
| Foreign Currency translation differences | 240 | (5.940) |
| Increase/Decrease due to merger | - | 133.075 |
| Period Ending Balance | 47.980 | 295.034 |

III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Short-term Loans | 3.042.561 | 340.599 | 2.635.999 | 222.302 |
| Medium/Long-term Loans | 1.376.199 | 437.205 | 834.934 | 342.590 |
| Interest on Loans Under Follow-up | 80.483 | 7.803 | 82.655 | 2.285 |
| Premiums Received from Resource Utilisation Support Fund | - | - | - | - |
| Total ⁽¹⁾ | 4.499.243 | 785.607 | 3.553.588 | 567.177 |

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

2. Information on interest income on banks:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| From the CBRT | - | - | - | - |
| From Domestic Banks | 13.453 | 32.947 | 7.375 | 2.888 |
| From Foreign Banks | 5.635 | 81.796 | 8.206 | 114.763 |
| Headquarters and Branches Abroad | - | - | - | - |
| Total | 19.088 | 114.743 | 15.581 | 117.651 |

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3. Information on interest income on marketable securities:

| | 31 December 2008 | | 31 December 2007 | |
|--|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| From Trading Financial Assets | 9.119 | 14.195 | 15.354 | 17.879 |
| From Financial Assets At Fair Value Through Profit or Loss | - | - | - | - |
| From Available-for-sale Financial Assets | 76.111 | 22.765 | 51.363 | 15.111 |
| From Held-to-maturity investments | 1.046.323 | 454.192 | 1.116.523 | 564.121 |
| Total | 1.131.553 | 491.152 | 1.183.240 | 597.111 |

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

None (2007: None).

b. Information on interest expense:

1. Information on interest expense on borrowings:

| | 31 December 2008 | | 31 December 2007 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Banks | 115.890 | 423.772 | 56.262 | 334.761 |
| The CBRT | 2 | - | 1 | - |
| Domestic Banks | 63.531 | 5.040 | 31.444 | 24.325 |
| Foreign Banks | 52.357 | 418.732 | 24.817 | 310.436 |
| Headquarters and Branches Abroad | - | - | - | - |
| Other Institutions | - | 38.176 | - | 99.081 |
| Total ⁽¹⁾ | 115.890 | 461.948 | 56.262 | 433.842 |

⁽¹⁾ Includes fees and commissions received for borrowings.

2. Information on interest expense given to investments in associates and subsidiaries:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Interests Paid to Investments in Associates and Subsidiaries | 1.033 | 1.340 |

3. Maturity structure of the interest expense on deposits:

| Account Name | Time Deposit | | | | | | | Total | 31 December 2007 |
|-----------------------------------|----------------|------------------|------------------|----------------|---------------|------------------|--------------------|------------------|------------------|
| | Demand Deposit | Up to 1 month | Up to 3 months | Up to 6 months | Up to 1 year | More than 1 year | Cumulative Deposit | | |
| YTL | | | | | | | | | |
| Bank Deposits | 309 | 6.255 | 6.470 | - | - | 151 | - | 13.185 | 3.820 |
| Saving Deposits | 1.852 | 513.952 | 1.662.501 | 24.749 | 4.238 | 8.939 | - | 2.216.231 | 1.785.132 |
| Public Sector Deposits | - | 3.159 | 5.689 | 641 | 5.280 | 80 | - | 14.849 | 29.051 |
| Commercial Deposits | 24.572 | 380.406 | 694.287 | 49.412 | 8.123 | 9.122 | - | 1.165.922 | 984.596 |
| Other Deposits | 1 | 17.790 | 49.922 | 86 | 15 | 45 | - | 67.859 | 35.544 |
| Deposits With 7 Days Notification | - | - | - | - | - | - | - | - | - |
| Total | 26.734 | 921.562 | 2.418.869 | 74.888 | 17.656 | 18.337 | - | 3.478.046 | 2.838.143 |
| FC | | | | | | | | | |
| Foreign Currency Deposits | 7.253 | 242.667 | 232.468 | 50.446 | 43.918 | 75.043 | 1.769 | 653.564 | 532.897 |
| Bank Deposits | - | 49 | - | 402 | 5.647 | - | - | 6.098 | 8.882 |
| Deposits With 7 Days Notification | - | - | - | - | - | - | - | - | - |
| Gold Vault | - | 69 | 4 | 5 | 11 | 102 | - | 191 | 131 |
| Total | 7.253 | 242.785 | 232.472 | 50.853 | 49.576 | 75.145 | 1.769 | 659.853 | 541.910 |
| Grand Total | 33.987 | 1.164.347 | 2.651.341 | 125.741 | 67.232 | 93.482 | 1.769 | 4.137.899 | 3.380.053 |

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c. Information on dividend income:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Trading Financial Assets | 470 | 327 |
| Financial Assets at Fair Value Through Profit or Loss | - | - |
| Available-for-Sale Financial Assets | 37.508 | 839 |
| Other | 3.575 | 2.170 |
| Total | 41.553 | 3.336 |

d. Information on trading loss/income: (Net)

| | 31 December 2008 | 31 December 2007 |
|---|---------------------|--------------------|
| Income | 12.570.383 | 8.409.856 |
| Income from Capital Market Transactions | 5.410.328 | 4.149.735 |
| Derivative Financial Transactions | 5.354.339 | 4.108.018 |
| Other | 55.989 | 41.717 |
| Foreign Exchange Gains | 7.160.055 | 4.260.121 |
| Loss(-) | (12.520.806) | (8.328.260) |
| Loss from Capital Market Transactions | (5.154.572) | (4.339.434) |
| Derivative Financial Transactions | (5.125.741) | (4.305.892) |
| Other | (28.831) | (33.542) |
| Foreign Exchange Loss | (7.366.234) | (3.988.826) |
| Net Gain/Loss | 49.577 | 81.596 |

e. Information on other operating income:

Other operating income mainly consist of collections from provisions recorded as expense in the previous years and income from sales of fixed assets due to reversal of impairments charged in previous years.

f. Provision expenses related to loans and other receivables:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Specific provisions for loans and other receivables | 441.799 | 233.275 |
| III. Group Loans and Receivables | 53.118 | 10.112 |
| IV. Group Loans and Receivables | 99.960 | 18.969 |
| V. Group Loans and Receivables | 288.721 | 204.194 |
| General Provision Expenses | 124.874 | 43.646 |
| Provision Expense for Possible Risks | 41.005 | 38.673 |
| Marketable Securities Impairment Expenses | - | - |
| Financial Assets at Fair Value Through Profit or Loss | - | - |
| Available-for-Sale Financial Assets | - | - |
| Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease | - | 80.701 |
| Investments in Associates | - | 870 |
| Subsidiaries | - | 79.831 |
| Joint Ventures | - | - |
| Held-to-Maturity Investments | - | - |
| Other | 2.398 | 18.689 |
| Total | 610.076 | 414.984 |

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g. Information related to other operating expenses:

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Personnel Expenses | 1.045.790 | 945.916 |
| Reserve for Employee Termination Benefits | 1.538 | 2.312 |
| Provision Expense for Pension Fund | 170.088 | 120.996 |
| Impairment Expenses of Fixed Assets | 1.895 | 28.006 |
| Depreciation Expenses of Fixed Assets | 124.280 | 130.239 |
| Impairment Expenses of Intangible Assets | - | - |
| Goodwill Impairment Expenses | - | - |
| Amortisation Expenses of Intangible Assets | 40.359 | 32.287 |
| Impairment Expenses of Equity Participations for which Equity Method is Applied | - | - |
| Impairment Expenses of Assets Held For Resale | 515 | 6.521 |
| Depreciation Expenses of Assets Held for Resale | 3.586 | 16.947 |
| Impairment Expenses of Fixed Assets Held for Sale | - | - |
| Other Operating Expenses | 796.269 | 810.107 |
| Operational Lease Expenses | 89.593 | 60.285 |
| Maintenance Expenses | 36.499 | 28.986 |
| Advertising Expenses | 90.861 | 127.331 |
| Other Expense | 579.316 | 593.505 |
| Loss on Sales of Assets | 606 | 33.906 |
| Other | 375.223 | 211.166 |
| Total | 2.560.149 | 2.338.403 |

h. Explanations on profit and loss from continuing operations before tax:

Profit and loss before tax consists of net interest income amounting to YTL2.824.291 thousand (2007: YTL2.473.086 thousand), net fee and commission income amounting to YTL1.388.044 thousand (2007: YTL1.065.464 thousand) and total other operating expense amounting YTL2.560.149 thousand (2007: YTL2.338.403 thousand).

i. Provision for taxes on income from continuing operations:

As of 31 December 2008, the Bank has current tax expense amounting to YTL255.320 thousand (2007: YTL269.029 thousand) and deferred tax expense amounting to YTL94.031 thousand (2007: YTL78.894 thousand deferred tax expense).

The Bank made an agreement with local tax authorities in relation to the corporate tax declarations for the periods 2003/2005 and gave up the legal process against Boğaziçi Kurumlar Vergi Dairesi according to Law Numbered 5736 which came into force on 27 February 2008 and published in the Official Gazette numbered 26800. In relation to the agreement, a payment amounting to YTL49.064 thousand was made to the related tax office and has been accounted under deferred tax expense account.

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

1) The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions (other than provision expense for the actuarial deficit of the Pension Fund amounting to YTL170 million, tax expense amounting to YTL49 million related to the compromise with the tax office and provision reversal income amounting to YTL185 million related with the revised general loan loss provision calculation) 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 consequent periods: None

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

l. Profit/loss of minority interest:

| | 31 December 2008 | 31 December 2007 |
|-----------------------------|------------------|------------------|
| Profit of minority interest | 3.722 | 149.585 |

IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET COMMITMENTS ACCOUNTS

a. Information on off balance sheet commitments:

1. The amount and type of non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments:

| | 31 December 2008 | 31 December 2007 |
|------------------------------------|-------------------|-------------------|
| Commitments on credit cards limits | 11.244.536 | 10.449.281 |
| Loan granting commitments | 2.485.283 | 1.931.253 |
| Commitments for cheque books | 1.391.826 | 1.359.423 |
| Total | 15.121.645 | 13.739.957 |

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

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

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

| | 31 December 2008 | 31 December 2007 |
|----------------------------------|------------------|------------------|
| Bank acceptance loans | 211.367 | 184.493 |
| Letter of credits | 2.781.564 | 2.164.139 |
| Other guarantees and collaterals | 444.717 | 604.876 |
| Total | 3.437.648 | 2.953.508 |

2 (ii). Revocable, irrevocable guarantees, contingencies and other similar commitments:

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of 31 December 2008 is YTL13.362.343 thousand (2007: YTL11.062.043 thousand).

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

| | 31 December 2008 | 31 December 2007 |
|--|-------------------|-------------------|
| Non-cash loans given against cash loans | 403.136 | 303.112 |
| With original maturity of 1 year or less than 1 year | 216.212 | 135.770 |
| With original maturity of more than 1 year | 186.924 | 167.342 |
| Other non-cash loans | 16.396.855 | 13.712.439 |
| Total | 16.799.991 | 14.015.551 |

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

| | 31 December 2008 | | | | 31 December 2007 | | | |
|--------------------------------------|------------------|---------------|-------------------|---------------|------------------|---------------|------------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | 78.450 | 1,29 | 164.230 | 1,53 | 62.854 | 1,08 | 144.511 | 1,77 |
| Farming and Raising Livestock | 53.093 | 0,88 | 155.602 | 1,45 | 42.028 | 0,72 | 134.756 | 1,65 |
| Forestry | 19.613 | 0,32 | 7.369 | 0,07 | 15.672 | 0,27 | 9.298 | 0,11 |
| Fishing | 5.744 | 0,09 | 1.259 | 0,01 | 5.154 | 0,09 | 457 | 0,01 |
| Manufacturing | 2.427.156 | 40,02 | 4.556.833 | 42,45 | 2.332.805 | 40,01 | 3.694.646 | 45,14 |
| Mining | 116.861 | 1,93 | 91.652 | 0,85 | 110.087 | 1,89 | 116.043 | 1,42 |
| Production | 2.060.567 | 33,97 | 3.894.065 | 36,28 | 2.105.265 | 36,11 | 3.291.847 | 40,22 |
| Electric, Gas and Water | 249.728 | 4,12 | 571.116 | 5,32 | 117.453 | 2,01 | 286.756 | 3,50 |
| Construction | 1.610.566 | 26,55 | 2.835.854 | 26,42 | 1.509.655 | 25,89 | 1.812.788 | 22,15 |
| Services | 1.822.433 | 30,06 | 2.186.990 | 20,36 | 1.816.433 | 31,15 | 1.836.618 | 22,43 |
| Wholesale and Retail Trade | 894.521 | 14,75 | 369.745 | 3,44 | 898.417 | 15,41 | 334.214 | 4,08 |
| Hotel, Food and Beverage Services | 68.778 | 1,13 | 86.601 | 0,81 | 65.138 | 1,12 | 73.944 | 0,90 |
| Transportation and Telecommunication | 238.312 | 3,93 | 329.416 | 3,06 | 272.424 | 4,67 | 371.951 | 4,54 |
| Financial Institutions | 382.587 | 6,31 | 876.312 | 8,16 | 387.941 | 6,65 | 635.303 | 7,76 |
| Real Estate and Leasing Services | 86.463 | 1,43 | 168.808 | 1,57 | 67.599 | 1,16 | 95.376 | 1,17 |
| Self-Employment Services | - | - | - | - | - | - | - | - |
| Education Services | 10.017 | 0,17 | 2.894 | 0,03 | 5.946 | 0,10 | 1.918 | 0,02 |
| Health and Social Services | 141.755 | 2,34 | 353.214 | 3,29 | 118.968 | 2,04 | 323.912 | 3,96 |
| Other | 127.241 | 2,08 | 990.238 | 9,24 | 108.581 | 1,87 | 696.660 | 8,51 |
| Total | 6.065.846 | 100,00 | 10.734.145 | 100,00 | 5.830.328 | 100,00 | 8.185.223 | 100,00 |

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

| 31 December 2008 | Group I | | Group II | |
|-------------------------------------|------------------|-------------------|---------------|----------------|
| | YTL | FC | YTL | FC |
| Non-Cash Loans | | | | |
| Letters of Guarantee | 5.965.016 | 7.043.060 | 97.226 | 257.041 |
| Bank Acceptances | - | 211.367 | - | - |
| Letters of Credit | 547 | 2.766.213 | - | 14.804 |
| Endorsements | - | - | - | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Guarantees | - | - | - | - |
| Other Commitments and Contingencies | 3.057 | 415.122 | - | 26.538 |
| Total | 5.968.620 | 10.435.762 | 97.226 | 298.383 |

| 31 December 2007 | Group I | | Group II | |
|-------------------------------------|------------------|------------------|---------------|---------------|
| | YTL | FC | YTL | FC |
| Non-Cash Loans | | | | |
| Letters of Guarantee | 5.749.546 | 5.223.591 | 51.990 | 36.916 |
| Bank Acceptances | - | 180.488 | - | 4.005 |
| Letters of Credit | 4.802 | 2.158.538 | - | 799 |
| Endorsements | - | - | - | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Guarantees | - | - | - | - |
| Other Commitments and Contingencies | 15.492 | 580.886 | 8.498 | - |
| Total | 5.769.840 | 8.143.503 | 60.488 | 41.720 |

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

| 31 December 2008 ⁽¹⁾ | Indefinite | Up to 1 year | 1-5 Years | Above 5 years | Total |
|---------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit | 1.418.078 | 904.288 | 459.198 | - | 2.781.564 |
| Letter of Guarantee | 7.275.939 | 2.059.223 | 3.324.035 | 703.146 | 13.362.343 |
| Bank Acceptances | 211.367 | - | - | - | 211.367 |
| Other | 27.379 | 34.442 | 327.493 | 55.403 | 444.717 |
| Total | 8.932.763 | 2.997.953 | 4.110.726 | 758.549 | 16.799.991 |

| 31 December 2007 ⁽¹⁾ | Indefinite | Up to 1 year | 1-5 Years | Above 5 years | Total |
|---------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit | 426 | 2.000.157 | 163.556 | - | 2.164.139 |
| Letter of Guarantee | 6.354.208 | 1.465.169 | 2.907.231 | 335.435 | 11.062.043 |
| Bank Acceptances | 184.493 | - | - | - | 184.493 |
| Other | 48.395 | 107.642 | 313.241 | 135.598 | 604.876 |
| Total | 6.587.522 | 3.572.968 | 3.384.028 | 471.033 | 14.015.551 |

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

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b. Information on derivative financial instruments:

| | 31 December 2008 | 31 December 2007 |
|--|-------------------|-------------------|
| Types of trading transactions | | |
| Foreign currency related derivative transactions (I) | 12.692.681 | 8.168.015 |
| FC trading forward transactions | 3.875.363 | 2.902.202 |
| Trading swap transactions | 8.047.504 | 3.173.500 |
| Futures transactions | - | - |
| Trading option transactions | 769.814 | 2.092.313 |
| Interest related derivative transactions (II) | 5.634.131 | 2.404.384 |
| Forward interest rate agreements | - | - |
| Interest rate swaps | 5.367.691 | 2.404.384 |
| Interest rate options | 266.440 | - |
| Interest rate futures | - | - |
| Other trading derivative transactions (III) | 46.462 | 7.987 |
| A. Total trading derivative transactions (I+II+III) | 18.373.274 | 10.580.386 |
| Types of hedging transactions | | |
| Fair value hedges | - | 221.767 |
| Cash flow hedges | - | - |
| Foreign currency investment hedges | - | - |
| B. Total hedging related derivatives | - | 221.767 |
| Total derivative transactions (A+B) | 18.373.274 | 10.802.153 |

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

| 31 December 2008 | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Year | Above 5 years | Total |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| Derivatives held for trading | | | | | | |
| Foreign exchange derivatives | 2.175 | (6.079) | 460.687 | (471) | - | 456.312 |
| -Inflow | 3.332.589 | 537.323 | 2.795.922 | 41.602 | - | 6.707.436 |
| -Outflow | (3.330.414) | (543.402) | (2.335.235) | (42.073) | - | (6.251.124) |
| Interest rate derivatives: | 283.179 | 1.864.850 | (144.966) | (1.963.346) | - | 39.717 |
| -Inflow | 499.929 | 1.871.994 | 163.571 | 17.636 | 328.646 | 2.881.776 |
| -Outflow | (216.750) | (7.144) | (308.537) | (1.980.982) | (328.646) | (2.842.059) |
| Derivatives held for hedging | | | | | | |
| Foreign exchange derivatives: | - | - | - | - | - | - |
| -Inflow | - | - | - | - | - | - |
| -Outflow | - | - | - | - | - | - |
| Interest rate derivatives: | - | - | - | - | - | - |
| -Inflow | - | - | - | - | - | - |
| -Outflow | - | - | - | - | - | - |
| Total inflow | 3.832.518 | 2.409.317 | 2.959.493 | 59.238 | 328.646 | 9.589.212 |
| Total outflow | (3.547.164) | (550.546) | (2.643.772) | (2.023.055) | (328.646) | (9.093.183) |

| 31 December 2007 | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Year | Above 5 years | Total |
|-------------------------------------|--------------------|--------------------|------------------|------------------|------------------|--------------------|
| Derivatives held for trading | | | | | | |
| Foreign exchange derivatives | 101.065 | (54.842) | (24.303) | (22.638) | - | (718) |
| -Inflow | 3.383.208 | 1.229.858 | 420.219 | 93.903 | - | 5.127.188 |
| -Outflow | (3.282.143) | (1.284.700) | (444.522) | (116.541) | - | (5.127.906) |
| Interest rate derivatives: | 225.862 | 120.317 | 10.525 | (606.452) | - | (249.748) |
| -Inflow | 225.862 | 294.941 | 104.471 | 45.953 | 481.785 | 1.153.012 |
| -Outflow | - | (174.624) | (93.946) | (652.405) | (481.785) | (1.402.760) |
| Derivatives held for hedging | | | | | | |
| Foreign exchange derivatives: | - | - | - | - | - | - |
| -Inflow | - | - | - | - | - | - |
| -Outflow | - | - | - | - | - | - |
| Interest rate derivatives: | (3.343) | 33.965 | (75.492) | - | - | (44.870) |
| -Inflow | 26.227 | 62.550 | 13.894 | - | - | 102.671 |
| -Outflow | (29.570) | (28.585) | (89.386) | - | - | (147.541) |
| Total inflow | 3.635.297 | 1.587.349 | 538.584 | 139.856 | 481.785 | 6.382.871 |
| Total outflow | (3.311.713) | (1.487.909) | (627.854) | (768.946) | (481.785) | (6.678.207) |

d. Information on contingent liabilities:

Outstanding legal cases against the group have been considered as contingent liabilities and an YTL22.927 thousand (2007: YTL12.865 thousand) provision against these legal cases has been accounted for in the financial statements under "Other Provisions" account.

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

The Bank's activities of saving and depositing in the name of real and legal persons are not considered as material.

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V. EXPLANATIONS AND NOTES RELATED TO 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 profit and loss 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 result from the 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 and exchange rates and income statement items are translated with the relevant period exchange rate. 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 II.I.3 of Section Five

VI. EXPLANATIONS AND NOTES RELATED TO 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"; Interbank money market 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:

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Cash | 1.434.389 | 1.417.017 |
| Cash and Effectives | 443.863 | 440.288 |
| Demand Deposits in Banks | 990.526 | 976.729 |
| Cash Equivalents | 999.768 | 2.004.471 |
| Interbank Money Market | 431.517 | 159.179 |
| Deposits in Bank | 568.251 | 1.845.292 |
| Total Cash and Cash Equivalents | 2.434.157 | 3.421.488 |

The total amount from the operations occurring in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

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

| | 31 December 2008 | 31 December 2007 |
|---------------------------------|------------------|------------------|
| Cash | 2.768.546 | 1.434.389 |
| Cash and Effectives | 607.721 | 443.863 |
| Demand Deposits in Banks | 2.160.825 | 990.526 |
| Cash Equivalents | 1.420.136 | 999.768 |
| Interbank Money Market | 227.553 | 431.517 |
| Deposits in Bank | 1.192.583 | 568.251 |
| Total Cash and Cash Equivalents | 4.188.682 | 2.434.157 |

b Information on cash and cash equivalents that are not in use due to legal limitations and other reasons: None.

c. The effects of the change in foreign exchange rates on cash and cash equivalents: None.

VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S MERGER, TRANSFERS AND COMPANIES ACQUIRED BY BANKS

Mergers and transfers in the year 2008:

(i) Nominal share capital amount of YTL34.897.132,53 (35.28% of the capital), owned by KFS in Yapı Kredi Menkul have been purchased by the Parent Bank in return for USD158.754.689,63 and the cost of the share purchase has been paid to KFS as YTL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.

(ii) Besides, the nominal share capital amount of EUR32.672.880,00 (67.24% of the capital), owned by KFS in Yapı Kredi NV has been purchased by the Parent Bank in return for EUR97.502.661,71 and the cost of the share purchase has been paid to KFS as YTL165.063 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

Since the transactions mentioned above are considered as transactions with minorities the difference between the purchase cost and the net assets acquired is disclosed under "Prior Years' Income or (Loss)" line of consolidated statement of changes in shareholders' equity.

Mergers and transfers in the year 2007:

(i) Extraordinary General Assemblies meetings regarding the transfer of Koç Yatırım, with all its rights, receivables, liabilities and obligations to the Yapı Kredi Menkul and the consequential dissolution without liquidation were held on 29 December 2006 and the merger was registered on 12 January 2007. As a result of the merger, the Bank's share in Yapı Kredi Menkul has decreased from 99,99% to 64,70%. However, share of the Bank's risk Group is 100%.

(ii) Regarding the restructuring process of the foreign investments of the Parent Bank and KFS, the merger transaction of Yapı Kredi Bank Nederland N.V., established in Holland and wholly-owned by Bank (through Yapı Kredi Holding B.V. which is a 100% owned investment in associate), with the Koçbank Nederland N.V. 100% investment in associate of KFS, was completed as of 2 July 2007. After the merger, regarding the new structure of the partnership, the Parent's Bank's shareholding ratio is realised as %32,76 and the shareholding ratio of KFS is realised as 67,24%. Due to this merger, the Bank has restated its financial statements as of 31 December 2007. Besides, as a part of the structural reorganization, transfer of 99,80% the shares of Yapı Kredi Azerbaijan owned by KFS with a nominal value of AZN 6.336.200 was completed as of 31 October 2007.

During and after transactions stated above, as there has been no change in the owners of final control rights of Yapı Kredi Bank Nederland N.V., Koçbank Nederland N.V. and Yapı Kredi Bank Azerbaijan, these transactions have been identified as transactions under common control.

(iii) Transfer of the 59,47% of the shares of Yapı Kredi Faktoring with a nominal value of YTL9.992.000, 73,10% of the shares of Yapı Kredi Leasing with a nominal value of YTL285.048.428 and 99,80% of the shares of Yapı Kredi Bank Azerbaijan with a nominal value of AZN6.336.200; all formerly owned by KFS have been completed as of 31 October 2007. As a part of this share exchange the Bank's capital was increased by YTL277.601.284 through increasing the shareholding of KFS. Besides, the YTL495.852 difference between the nominal values of the shares issued by the Bank and the fair values of the shares transferred to the Bank, have been recorded in equity as "Share Premium". As this transaction is defined as a transaction with minority interests, differences of YTL322.862 thousand and YTL450.591 thousand have been recorded in equity as, "Prior Period Net Income/(Loss)" and "Minority Interest" respectively. The share exchange had no effect in total equity when these amounts have been considered together with the capital increase and share issue premium amounts.

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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:

| 31 December 2008 | Associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Bank | | Other real and legal persons that have been included in the risk group | |
|--|--|----------|---|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-cash |
| Groups' Risk Group ^{(1) (2)} | | | | | | |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | 10.269 | 392.898 | 679.089 | 211 | - |
| Balance at the End of the Period | - | 998 | 705.013 | 632.296 | 76.526 | - |
| Interest and Commission Income Received | - | 43 | 86.085 | 2.538 | 41 | - |

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

⁽²⁾ The information in table above includes banks, loans and marketable securities.

| 31 December 2007 | Associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Bank | | Other real and legal persons that have been included in the risk group | |
|--|--|----------|---|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-cash |
| Groups' Risk Group ^{(1) (2)} | | | | | | |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | 471 | 426.842 | 716.561 | - | - |
| Balance at the End of the Period | - | 10.269 | 392.898 | 679.089 | 211 | - |
| Interest and Commission Income Received | - | 83 | 52.538 | 2.042 | - | - |

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

⁽²⁾ The information in table above includes banks as well as loans.

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 | |
|---------------------------------------|---|---------------------|---|---------------------|--|---------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Deposit | | | | | | |
| Beginning of the Period | 7.823 | 61.693 | 3.417.107 | 3.655.994 | 19.825 | - |
| End of the Period | 6.452 | 7.823 | 5.074.452 | 3.417.107 | 18.747 | 19.825 |
| Interest Expense on Deposits | 1.033 | 1.340 | 445.685 | 332.670 | 592 | - |

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

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

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 | |
|---|--|---------------------|---|---------------------|--|---------------------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 |
| Transactions for trading purposes ⁽²⁾ | | | | | | |
| Beginning of the Period ⁽³⁾ | - | - | 188.006 | 118.777 | - | - |
| End of the Period ⁽³⁾ | - | - | 711.872 | 188.006 | - | - |
| Total Profit/Loss | - | - | 7.127 | 55 | - | - |
| Transactions for hedging purposes | | | | | | |
| Beginning of the Period | - | - | - | - | - | - |
| End of the Period | - | - | - | - | - | - |
| Total Profit/Loss | - | - | - | - | - | - |

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

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

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

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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.

2. Type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

| Total Risk Group | 31 Aralık 2008 | 31 Aralık 2007 |
|---------------------------------------|----------------|----------------|
| Loans | 494.980 | 387.335 |
| Banks | 210.261 | 5.774 |
| Marketable Securities | 76.298 | - |
| Leasing receivables/(payables), net | 13.437 | 22.226 |
| Factoring receivables/(payables), net | 87.062 | 225.422 |
| Interest Income Received | 86.126 | 52.538 |
| Non-Cash Loans | 633.294 | 689.358 |
| Commission Income Received | 2.581 | 2.125 |
| Deposit | 4.285.409 | 2.816.169 |
| Borrowings and Money Markets | 814.242 | 628.586 |
| Interest Expense Paid | 447.310 | 334.010 |
| Trading Transactions | 711.872 | 188.006 |
| Trading Transactions Profit, net | 7.127 | 55 |

3. Information regarding benefits provided to the Bank's key management:

Salaries paid to the Bank's key management amount to YTL32.209 thousand (2007: YTL41.526 thousand) as of 31 December 2008.

IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

| | Number | Employee number | | | |
|--------------------------|--------|-----------------|-------------|-------------------------|---|
| Domestic Branch | 860 | 14.790 | | | |
| Country of Incorporation | | | | | |
| Foreign Rep. Office | - | - | | | |
| | | | Total Asset | Statutory Share capital | |
| Foreign Branch | - | - | - | - | |
| Off-Shore Banking | | | | | |
| Region Branch | 1 | 5 | 1-Bahrain | 11.478.559 | - |

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X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1) According to The Council of Ministers's sentence dated 4 April 2007 and numbered 2007/11963, currency unit of Turkish Republic amended from Yeni Türk Lirası ("YTL") to Türk Lirası ("TL") as of 1 January 2009.

2) With the Bank's board resolution dated 30 January 2009 it is approved the changes in the head quarter's organisation structure and the assignments in the top management level.

In that scope;

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

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

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

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

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

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

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

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

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

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

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

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

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON GROUP'S OPERATIONS

As of 29 February 2008, the shares of Yapı Kredi Bank Deutschland, which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV has been sold to Avenue Europe Investments Singapore Pte Ltd. for net assets + EUR250 thousand after capital decrease has been deposited to the Bank's account. The effect of this sale to the consolidated financial statements is YTL806 thousand loss.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements and explanatory notes as of 31 December 2008 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The independent auditor's report dated 6 March 2009 is presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

2008 Financial Review*

In 2008, Yapı Kredi recorded YTL 1.261 mln of consolidated net income, up 45% y/y and a return on average equity (ROAE) of 24,6% driven by positive commercial performance and rigid cost management, despite a significant worsening of market conditions towards year-end. The profitable growth in 2008 was achieved through a constant focus on revenues, customer satisfaction and accelerated branch expansion.

As a result of an increased commercial focus coupled with a significant improvement in customer satisfaction and deepening relationships with clients, the Bank recorded YTL 4.784 mln of revenues, up 21% y/y, driven by growth in net interest income and fees and commissions. Net interest income increased 14% y/y and reached YTL 2.824 mln. The cumulative net interest margin (NIM) was almost stable in 2008 vs 2007 (4,6% at YE08 vs 4,7% at YE07) driven by upward repricing in loans and securities despite the increased cost of deposits in 2H08 due to interest rate hikes and strong liquidity pressure. Net fees and commissions reached YTL 1.388 mln with a growth of 30% y/y, especially driven by a strong increase in lending related fees, leading to further improvement in the revenue mix. Net fees and commissions accounted for 29% of total revenues as of YE08 (vs 27% at YE07) while the contribution of net interest income decreased slightly to 59% (vs 62% at YE07).

Yapı Kredi, enforcing a disciplined approach with rigid cost management and strong efficiency efforts, contained its cost growth at 9% y/y in 2008 to reach YTL 2.560 mln leading to a decrease in the cost/income ratio to 54% from 59% at YE07. In 2008, Yapı Kredi achieved the highest number of branch openings (+185 branches) in the sector and maintained its position as the fourth largest branch network in Turkey with 861 branches and a 9,9% market share. The branch expansion plan was accompanied by cost containment, effective headcount management and strong efficiency efforts. Headcount at the Bank level increased 4% y/y despite a 27% y/y growth of the branch network, also due to efficiency improvements including an accelerated release of ~750 headcount from operational back offices to be redeployed in new branches. In light of these measures, Yapı Kredi recorded significant improvements in per employee productivity (deposits and loans) vs YE07 which was also driven by increased operational efficiency. Deposits per employee increased by 50 basis points and reached YTL 2,8 mln (vs sector average of YTL 2,5 mln) and loans per employee increased 60 basis points and reached YTL 2,6 mln (vs sector average of YTL 2,1 mln).

In 2008, total provisions increased by 47% and reached YTL 610 mln. The increase in provisions was driven by the increase in asset quality deterioration following the worsening of the operating environment, especially towards year-end. In line with this increase, total cost of risk increased to 1,39% (vs 0,91% at YE07).

Yapı Kredi's total operating income increased by 33% y/y to reach YTL 1.614 mln and its consolidated net income increased 45% to reach YTL 1.261 mln, also driven by an enlarged consolidation perimeter resulting from KFS restructuring in 2007, undertaken with the aim of consolidating all financial subsidiaries under the umbrella of Yapı Kredi.

Yapı Kredi confirmed a healthy balance sheet evolution in 2008 as a result of balanced growth in lending and deposit gathering. Due to an increased focus on key strategic segments and products, strong growth both in lending and deposit gathering was achieved. The Bank's total loans reached YTL 39,6 bln with a growth of 36% y/y. Total deposits reached YTL 44,0 bln with a robust growth of 31% y/y. Growth in lending and deposit gathering was driven by the local currency (YTL) loan growth at 29% y/y, YTL deposit growth at 31% y/y. As a result, the total loan market share increased to 10,6% at YE08 (vs. 10,2% at YE07) and the total deposits market share increased to 9,8% in YE08 (vs. 9,4% at YE07). In line with an increased focus on commercial business, asset composition also improved with loans in assets increasing to 55,8% (vs 51,8% at YE07) while share of securities in assets decreased to 21,1% (vs 25,8% at YE07).

Asset quality improved with the non-performing loan (NPL) ratio down to 4,3% at YE08 vs. 5,8% at YE07, benefiting from portfolio disposals, write-offs and collections. Deterioration in asset quality started in 2H08, accelerating in 4Q driven by credit cards, SMEs and consumer loans, on the back of a sharp macroeconomic slowdown. In line with the deterioration, the Bank has started taking further steps in terms of applying more selective criteria with regards to the underwriting and monitoring of loans as well as strengthening the collections process. Specific coverage at YE08 was 63,1%.

A strong level of capitalisation, liquidity and funding was maintained in order to cope with increased market volatility. The capital adequacy ratio (CAR) increased to 15,7% at the Bank level and 14,2% at the Group level, also benefiting from the cash capital increase of YTL 920 mln registered in December 2008. In addition, Yapı Kredi raised USD 1 bln syndication in September to replace and increase the USD 800 mln 1 year facility that had matured. Despite this, dependence on borrowings decreased further with borrowings/liabilities down 2 percentage points to 14,8% (vs 16,8% at YE07). Yapı Kredi maintained a comfortable funding and sound liquidity position with a Loans/Deposits ratio at 90% at YE08 (vs. 86% at YE07).

2008 was a very successful year in which Yapı Kredi recorded healthy growth, market share gains, strong customer satisfaction improvement and sustained profitability, making significant steps in its path towards leadership. As a result of initiatives taken in terms of strengthening its capital, liquidity and funding position, as well as further containing its cost base, Yapı Kredi is well prepared to face the serious worsening of the operating environment that started in the fourth quarter of 2008.

(*) Based on BRSA consolidated financials

Please refer to page 14-15 for selected financial indicators.

Yapi Kredi's Credit Ratings

MOODY'S

| | Rating | Outlook |
|-------------------------------------|-----------------------|-------------------------|
| Financial Strength Rating | D+ ⁽¹⁾ | Positive ⁽⁷⁾ |
| Short Term Foreign Currency Deposit | NP | Stable |
| Long Term Foreign Currency Deposit | B1 | Stable |
| Long Term Local Currency Deposit | A3 | Stable |
| Short Term Local Currency Deposit | Prime-2 | Stable |
| National Rating | Aaa.tr ⁽²⁾ | |

STANDARD&POOR'S

| | Rating | Outlook |
|-------------------------------------|--------------------|-------------------------|
| Long term Foreign Currency | BB- | Negative ⁽⁸⁾ |
| Short term Credit Rating | B | |
| Long term Credit Rating (National) | trA ⁽⁹⁾ | |
| Short term Credit Rating (National) | trA-1 | |

FITCH RATINGS

| | Rating | Outlook |
|---------------------------|--------------------------|---------|
| Foreign Currency | | |
| Long Term | BB | Stable |
| Short Term | B | Stable |
| Local Currency | | |
| Long Term | BBB- ⁽⁴⁾ | Stable |
| Short Term | F3 ⁽⁵⁾ | |
| Individual Rating | C/D ⁽⁶⁾ | Stable |
| Support Rating | 3 | |
| National Long Term Rating | AAA (tur) ⁽³⁾ | Stable |

⁽¹⁾ Raised from D- to D+ (2 notches) after Moody's adopted the new methodology in bank ratings on April 24, 2007.

⁽²⁾ Highest ever national rating assigned to Turkey by Moody's.

⁽³⁾ Raised from AA+ to AAA on December 13, 2007.

⁽⁴⁾ Raised from BB+ to BBB on December 14, 2007.

⁽⁵⁾ Raised from B to F3 on December 14, 2007.

⁽⁶⁾ Raised from D to C/D on August 14, 2008.

⁽⁷⁾ Raised from Stable to Positive on September 10, 2008.

⁽⁸⁾ Outlook was revised from Stable to Negative on November 17, 2008, pursuant to S&P lowering Turkey's credit rating outlook from Stable to Negative on November 14, 2008.

⁽⁹⁾ Rating was revised from trA+ to trA on November 17, 2008, pursuant to S&P lowering Turkey's credit rating outlook from Stable to Negative on November 14, 2008.

Yapi Kredi Abroad

Subsidiaries Abroad

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G ng r Taner

Rhythm and Movement, FINALE 2002

Acrylic on canvas, 130x180 cm

Yapı Kredi Collection

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