

**YAPI VE KREDİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
AT 31 DECEMBER 2008**

**(Convenience Translation of Publicly Announced Consolidated  
Financial Statements and Independent Auditor's Report  
Originally Issued in Turkish,  
See in Note I. of Section Three)**

**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  
YAPI VE KREDİ BANKASI A.Ş. AS OF 31 DECEMBER 2008**

Yapı ve Kredi Bankası A.Ş.  
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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**

1. Yapı Kredi Sigorta A.Ş.
2. Yapı Kredi Emeklilik A.Ş.
3. Yapı Kredi Finansal Kiralama A.O.
4. Yapı Kredi Faktoring A.Ş.
5. Yapı Kredi Yatırım Menkul Değerler A.Ş.
6. Yapı Kredi 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. Sticing Custody Services YKB
12. Yapı Kredi Bank Azerbaijan CISC
13. Yapı Kredi Invest LLC

**Associates**

1. Banque de Commerce et de Placements S.A.

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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**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:

<b>Merging Entities</b>		<b>Merger Date</b>	<b>Merged Entity</b>
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.

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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”).)

**GENERAL INFORMATION ABOUT THE GROUP (Continued)**

**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 <sup>(1)</sup>	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

General Manager and Vice General Managers:

Name	Responsibility	Education Level
Tayfun BAYAZIT	General Manager	Graduate
Mehmet Güray ALPKAYA <sup>(1)</sup>	Risk Management	Graduate
Hamit AYDOĞAN <sup>(2)</sup>	Corporate Banking Management	Undergraduate
Marco CRAVARIO	Financial Planning, Administration and Control Management	Graduate
Mehmet Murat ERMERT	Corporate Identity and Communication Management	Lisans
Massimiliano FOSSATI <sup>(1)</sup>	Corporate and Commercial Credit Management	Graduate
Mert GÜVENEN <sup>(1)</sup>	Commercial Banking Management	Graduate
Süleyman Cihangir KAVUNCU	Human Resources Management	Graduate
Fahri ÖBEK	Information Technology Management	Graduate
Erhan ÖZÇELİK <sup>(1)</sup>	Private Banking and Foreign Operations Management	Undergraduate
Mehmet Erkan ÖZDEMİR	Compliance Officer	Undergraduate
Muzaffer ÖZTÜRK (ad interim) <sup>(1)</sup>	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 <sup>(1)</sup>	Credit Cards and Consumer Lending Management	Undergraduate
Selim Hakkı TEZEL	Consumer and SME Lending Management	Undergraduate
Mert YAZICIOĞLU	Treasury Management	Graduate

**CONVENIENCE TRANSLATION OF PUBLICLY  
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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”).)

**GENERAL INFORMATION ABOUT THE GROUP (Continued)**

Audit Committee Members:

Name	Responsibility	Education Level
Ranieri De MARCHIS	Chairman	Undergraduate
Ahmet F. ASHABOĞLU <sup>(3)</sup>	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, 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	-



**CONVENIENCE TRANSLATION OF PUBLICLY  
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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”).)

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**GENERAL INFORMATION ABOUT THE GROUP (Continued)**

**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	Note (Section Five)	(31/12/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
		ASSETS					
<b>I. CASH BALANCES WITH CENTRAL BANK</b>	<b>I-a</b>	<b>1.854.700</b>	<b>2.862.316</b>	<b>4.717.016</b>	<b>1.640.594</b>	<b>2.099.794</b>	<b>3.740.388</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	<b>I-b</b>	<b>591.644</b>	<b>238.471</b>	<b>830.115</b>	<b>165.829</b>	<b>198.368</b>	<b>364.197</b>
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
<b>III. BANKS</b>	<b>I-c</b>	<b>121.848</b>	<b>3.280.234</b>	<b>3.402.082</b>	<b>171.973</b>	<b>1.211.464</b>	<b>1.383.437</b>
<b>IV. MONEY MARKETS</b>		<b>131.377</b>	<b>96.585</b>	<b>227.962</b>	<b>13.728</b>	<b>419.748</b>	<b>433.476</b>
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
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>I-d</b>	<b>819.732</b>	<b>1.029.233</b>	<b>1.848.965</b>	<b>560.169</b>	<b>441.390</b>	<b>1.001.559</b>
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
<b>VI. LOANS</b>	<b>I-e</b>	<b>25.444.113</b>	<b>14.110.672</b>	<b>39.554.785</b>	<b>19.754.508</b>	<b>9.333.804</b>	<b>29.088.312</b>
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	57.732	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)
<b>VII. FACTORING RECEIVABLES</b>		<b>654.060</b>	<b>392.320</b>	<b>1.046.380</b>	<b>529.089</b>	<b>279.948</b>	<b>809.037</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>I-f</b>	<b>5.883.067</b>	<b>6.822.714</b>	<b>12.705.781</b>	<b>6.441.862</b>	<b>6.710.689</b>	<b>13.152.551</b>
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
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>I-g</b>	<b>3.940</b>	<b>55.593</b>	<b>59.533</b>	<b>2.658</b>	<b>38.220</b>	<b>40.878</b>
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		-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	<b>I-h</b>	<b>30.443</b>	<b>-</b>	<b>30.443</b>	<b>30.443</b>	<b>-</b>	<b>30.443</b>
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
<b>XI. JOINT VENTURES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Accounted Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		<b>533.957</b>	<b>2.170.338</b>	<b>2.704.295</b>	<b>678.315</b>	<b>1.661.425</b>	<b>2.339.740</b>
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)
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>I-i</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.018</b>	<b>666</b>	<b>1.684</b>
13.1 Fair Value Hedge		-	-	-	1.018	666	1.684
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>	<b>I-j</b>	<b>1.189.368</b>	<b>15.765</b>	<b>1.205.133</b>	<b>1.127.201</b>	<b>9.748</b>	<b>1.136.949</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>I-k</b>	<b>1.157.701</b>	<b>124</b>	<b>1.157.825</b>	<b>1.191.681</b>	<b>30</b>	<b>1.191.711</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		178.208	124	178.332	212.188	30	212.218
<b>XVI. INVESTMENT PROPERTY (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>197.733</b>	<b>7.786</b>	<b>205.519</b>	<b>218.287</b>	<b>2.812</b>	<b>221.099</b>
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
<b>XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>I-m</b>	<b>90.046</b>	<b>-</b>	<b>90.046</b>	<b>61.344</b>	<b>78.533</b>	<b>139.877</b>
18.1 Held for sale Purposes		90.046	-	90.046	61.344	78.533	139.877
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>I-n</b>	<b>733.543</b>	<b>352.804</b>	<b>1.086.347</b>	<b>584.320</b>	<b>469.987</b>	<b>1.054.307</b>
<b>TOTAL ASSETS</b>		<b>39.437.272</b>	<b>31.434.955</b>	<b>70.872.227</b>	<b>33.173.019</b>	<b>22.956.626</b>	<b>56.129.645</b>

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

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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	Note (Section Five)	(31/12/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>24.779.781</b>	<b>19.243.480</b>	<b>44.023.261</b>	<b>18.872.729</b>	<b>14.833.423</b>	<b>33.706.152</b>
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
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>	<b>172.405</b>	<b>48.377</b>	<b>220.782</b>	<b>226.654</b>	<b>10.366</b>	<b>237.020</b>
<b>III. BORROWINGS</b>	<b>II-c</b>	<b>1.572.647</b>	<b>5.658.011</b>	<b>7.230.658</b>	<b>418.891</b>	<b>4.767.179</b>	<b>5.186.070</b>
<b>IV. MONEY MARKETS</b>		<b>198.157</b>	<b>854.881</b>	<b>1.053.038</b>	<b>1.661.709</b>	<b>817.235</b>	<b>2.478.944</b>
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
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>	<b>II-d</b>	<b>-</b>	<b>1.966.298</b>	<b>1.966.298</b>	<b>-</b>	<b>1.542.609</b>	<b>1.542.609</b>
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	1.966.298	1.966.298	-	1.542.609	1.542.609
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>2.466.471</b>	<b>302.888</b>	<b>2.769.359</b>	<b>2.179.051</b>	<b>224.270</b>	<b>2.403.321</b>
<b>VIII. OTHER LIABILITIES</b>	<b>II-e</b>	<b>474.130</b>	<b>1.014.311</b>	<b>1.488.441</b>	<b>440.582</b>	<b>498.673</b>	<b>939.255</b>
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. LEASE PAYABLES (Net)</b>		<b>48</b>	<b>232</b>	<b>280</b>	<b>6</b>	<b>95</b>	<b>101</b>
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)
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-g</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.786</b>	<b>-</b>	<b>27.786</b>
11.1 Fair Value Hedge		-	-	-	27.786	-	27.786
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>II-h</b>	<b>2.214.680</b>	<b>620.688</b>	<b>2.835.368</b>	<b>2.092.958</b>	<b>563.904</b>	<b>2.656.862</b>
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
<b>XIII. TAX LIABILITY</b>	<b>II-i</b>	<b>192.494</b>	<b>7.966</b>	<b>200.460</b>	<b>166.205</b>	<b>4.531</b>	<b>170.736</b>
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
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>II-j</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.037</b>	<b>4.037</b>
14.1 Held for sale purpose		-	-	-	-	4.037	4.037
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>II-k</b>	<b>-</b>	<b>2.220.601</b>	<b>2.220.601</b>	<b>-</b>	<b>1.772.914</b>	<b>1.772.914</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-l</b>	<b>6.877.455</b>	<b>(13.774)</b>	<b>6.863.681</b>	<b>4.988.157</b>	<b>15.681</b>	<b>5.003.838</b>
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 Extra ordinary 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
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>38.948.268</b>	<b>31.923.959</b>	<b>70.872.227</b>	<b>31.074.728</b>	<b>25.054.917</b>	<b>56.129.645</b>

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**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”).)

<b>II. INCOME STATEMENTS</b>				
<b>INCOME AND EXPENSE ITEMS</b>		<b>Note (Section Five)</b>	<b>01/01-31/12/2008</b>	<b>01/01-31/12/2007</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>III-a</b>	<b>7.747.684</b>	<b>6.675.935</b>
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
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>III-b</b>	<b>(4.923.393)</b>	<b>(4.202.849)</b>
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)
<b>III.</b>	<b>NET INTEREST INCOME (I-II)</b>		<b>2.824.291</b>	<b>2.473.086</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1.388.044</b>	<b>1.065.464</b>
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)
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>III-c</b>	<b>41.553</b>	<b>3.336</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	<b>III-d</b>	<b>49.577</b>	<b>81.596</b>
6.1	Trading Gains/(Losses) on Securities		255.756	(189.699)
6.2	Foreign Exchange Gains/(Losses)		(206.179)	271.295
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>III-e</b>	<b>477.561</b>	<b>337.479</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>4.781.026</b>	<b>3.960.961</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>III-f</b>	<b>(610.076)</b>	<b>(414.984)</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>III-g</b>	<b>(2.560.149)</b>	<b>(2.338.403)</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1.610.801</b>	<b>1.207.574</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>3.667</b>	<b>1.890</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>III-h</b>	<b>1.614.468</b>	<b>1.209.464</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>III-i</b>	<b>(349.351)</b>	<b>(190.135)</b>
16.1	Current Tax Provision		(255.320)	(269.029)
16.2	Deferred Tax Provision		(94.031)	78.894
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>1.265.117</b>	<b>1.019.329</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XX.</b>	<b>PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII- XIX)</b>		-	-
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>III-j</b>	<b>1.265.117</b>	<b>1.019.329</b>
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

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**CONSOLIDATED 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
<b>A</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>26.600.023</b>	<b>24.367.197</b>	<b>50.967.220</b>	<b>22.590.694</b>	<b>16.438.648</b>	<b>39.029.342</b>
<b>I</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>IV-a-2, 3</b>	<b>6.065.846</b>	<b>10.734.145</b>	<b>16.799.991</b>	<b>5.830.328</b>	<b>8.185.223</b>	<b>14.015.551</b>
I.1	Letters of Guarantee		5.062.242	7.300.101	13.362.343	5.801.536	5.260.507	11.062.043
I.1.1	Guarantees Subject to State Tender Law		440.744	533.824	974.568	437.175	405.285	842.460
I.1.2	Guarantees Given for Foreign Trade Operations		662.959	6.467.702	7.130.661	651.743	4.693.511	5.345.254
I.1.3	Other Letters of Guarantee		4.958.539	298.575	5.257.114	4.712.618	161.711	4.874.329
I.2	Bank Acceptances		-	211.367	211.367	-	184.493	184.493
I.2.1	Import Letter of Acceptance		-	211.367	211.367	-	184.493	184.493
I.2.2	Other Bank Acceptances		-	-	-	-	-	-
I.3	Letters of Credit		547	2.781.017	2.781.564	4.802	2.159.337	2.164.139
I.3.1	Documentary Letters of Credit		547	2.715.139	2.715.686	787	2.069.716	2.070.503
I.3.2	Other Letters of Credit		-	65.878	65.878	4.015	89.621	93.636
I.4	Prefinancing Given as Guarantee		143	2.017	2.160	143	1.553	1.696
I.5	Endorsements		-	-	-	-	-	-
I.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
I.5.2	Other Endorsements		-	-	-	-	-	-
I.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
I.7	Factoring Guarantees		-	-	-	-	-	-
I.8	Other Guarantees		2.914	250.224	253.138	23.847	548.393	572.240
I.9	Other Collaterals		-	189.419	189.419	-	30.940	30.940
<b>II</b>	<b>COMMITMENTS</b>	<b>IV-a-1</b>	<b>14.710.049</b>	<b>1.083.906</b>	<b>15.793.955</b>	<b>13.330.953</b>	<b>880.685</b>	<b>14.211.638</b>
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		-	-	-	-	-	-
<b>III</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>IV-c, d</b>	<b>5.824.128</b>	<b>12.549.146</b>	<b>18.373.274</b>	<b>3.429.413</b>	<b>7.372.740</b>	<b>10.802.153</b>
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		311.016	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		-	5.270	5.270	11	2.404	2.415
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
<b>B</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>78.399.103</b>	<b>14.761.121</b>	<b>93.160.224</b>	<b>84.300.721</b>	<b>9.516.991</b>	<b>93.817.712</b>
<b>IV</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>54.944.653</b>	<b>1.718.351</b>	<b>56.663.004</b>	<b>66.311.104</b>	<b>1.297.064</b>	<b>67.608.168</b>
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
<b>V</b>	<b>PLEDGES RECEIVED</b>		<b>22.453.712</b>	<b>12.365.927</b>	<b>34.819.639</b>	<b>16.985.999</b>	<b>7.413.664</b>	<b>24.399.663</b>
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
<b>VI</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>1.000.738</b>	<b>676.843</b>	<b>1.677.581</b>	<b>1.003.618</b>	<b>806.263</b>	<b>1.809.881</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>104.999.126</b>	<b>39.128.318</b>	<b>144.127.444</b>	<b>106.891.415</b>	<b>25.955.639</b>	<b>132.847.054</b>

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**CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007**

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”))

<b>IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY</b>		
<b>INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY</b>	<b>(31/12/2008)</b>	<b>(31/12/2007)</b>
<b>I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>(4.567)</b>	<b>19.418</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	<b>115.225</b>	<b>(49.821)</b>
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)</b>	-	-
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	<b>(68.553)</b>	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	-	-
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	<b>(1.844)</b>	<b>(2.010)</b>
<b>IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES</b>	<b>10.286</b>	<b>(1.725)</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>50.547</b>	<b>(34.138)</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>22.939</b>	<b>8.363</b>
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	-	-
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)</b>	<b>27.608</b>	<b>(42.501)</b>

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**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																			
31 December 2007	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellati on 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 Transactio ns Funds	Assets Held for Resale/ Discontinued Operations/ Revaluation Fund.	Total Equity Except Minority Interest	Minority Interest	Total Shareholders' Equity
I. Period Opening Balance (31 December 2006)		3.142.818		45.781		17.159		326.025		555.349	(551.567)	22.540					3.558.105	548.610	4.106.715
II. Changes in Accounting Policies according to TAS 8																			
2.1 Effects of Errors																			
2.2 Effects of the Changes in Accounting Policies																			
III. New Balance (I+II+III)		3.142.818		45.781		17.159		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)						(133.075)	133.075	-
V. Marketable Securities Valuation Differences													14.710				(34.551)	(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 o 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+.....+XXII+XXI)		3.427.051		541.633		17.159		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.

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**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																			
31 December 2008	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellati on 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 Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactio ns Funds	Asset Held for Resale/ Discontinued Operations/ Revaluation Fund.	Total Equity Except Minority Interest	Minority Interest	Total Shareholders' Equity
I. Period Opening Balance (31 December 2007)		3.427.051		541.633		17.159		326.025	5.298	869.744	(480.805)	2.699					4.708.804	295.034	5.003.838
II. Changes in the period																			
III. Increase/Decrease due to the Merger																			
IV. 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 o 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-4-3	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																		(1.450)	(1.450)
18.2 Transfers to Reserves						26.930		496.619	15.059	(869.744)	331.136								
18.3 Other																			
XIX. Purchase from minority interest <sup>(1)</sup>											(106.179)	2.065					(104.114)	(249.566)	(353.680)
Period end balance (I+II+III+.....+XVII+XVIII+XIX)		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.

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**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)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
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)
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>(855.455)</b>	<b>(3.580.419)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>1.264.000</b>	<b>2.784.276</b>
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)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>1.345.980</b>	<b>(191.188)</b>
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	-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>V.</b>	<b>Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	<b>1.754.525</b>	<b>(987.331)</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>2.434.157</b>	<b>3.421.488</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>4.188.682</b>	<b>2.434.157</b>

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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 <sup>(1),(2)</sup>		
	(31/12/2008)	(31/12/2007)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
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
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>1.042.601</b>	<b>709.185</b>
1.3 Prior Year Losses (-)	-	(170.577)
1.4 First Legal Reserves (-)	-	(26.930)
1.5 Other Statutory Reserves (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5)]</b>	<b>1.042.601</b>	<b>511.678</b>
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
<b>II. DISTRIBUTION OF RESERVES</b>		
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 (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
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 ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 ( % )	-	-

<sup>(1)</sup> 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.

<sup>(2)</sup> Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

The accompanying explanation and notes form an integral part of these 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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:

<u>Title</u>	<u>Incorporation (City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rates (%) 2008</u>	<u>Direct and Indirect Rates (%) 2008</u>
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 <sup>(1)</sup>	George Town/ Cayman Islands	Special Purpose Company	-	-

<sup>(1)</sup> 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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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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:

<u>Title</u>	<u>(City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rates (%) 31 December 2008</u>	<u>Direct and Indirect Rates (%) 31 December 2008</u>
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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XI. INFORMATION ON ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS:**

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employee Termination Benefit**

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

Under the Turkish Labour Law, the 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.

**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.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

	<b>31 December 2008</b>	<b>31 December 2007</b>
Group’s Profit	1.261.395	869.744
Weighted Average Number of Issued Ordinary Shares (Thousand)	346.538.433	320.573.075
<b>Earnings Per Share (Disclosed in full YTL)</b>	<b>0,0036</b>	<b>0,0027</b>

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. 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 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 <sup>(1)</sup>					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (Net)</b>	<b>19.121.396</b>	<b>2.959.633</b>	<b>6.605.695</b>	<b>32.739.539</b>	<b>234.386</b>	<b>2.444</b>
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	-	-
<b>Off-balance sheet items</b>	<b>403.024</b>	<b>964.865</b>	<b>338.559</b>	<b>10.420.342</b>	-	-
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	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>19.524.420</b>	<b>3.924.498</b>	<b>6.944.254</b>	<b>43.159.881</b>	<b>234.386</b>	<b>2.444</b>

<sup>(1)</sup> There are no assets weighted with 10% risk.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

	Risk Weights <sup>(1)</sup>					
	Consolidated					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (Net)</b>	<b>22.187.304</b>	<b>3.998.133</b>	<b>6.934.301</b>	<b>35.272.281</b>	<b>234.386</b>	<b>2.444</b>
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
<b>Non-Performing receivables (Net)</b>	-	-	-	<b>644.297</b>	-	-
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	-	-
<b>Off-balance sheet items</b>	<b>403.024</b>	<b>983.557</b>	<b>338.559</b>	<b>10.831.877</b>	-	-
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	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>22.590.328</b>	<b>4.981.690</b>	<b>7.272.860</b>	<b>46.104.158</b>	<b>234.386</b>	<b>2.444</b>

<sup>(1)</sup> 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
<b>Shareholder's Equity</b>	<b>8.329.495</b>	<b>5.831.740</b>	<b>8.327.424</b>	<b>5.998.249</b>
<b>Shareholder's Equity/(ASCR+ASMR+ASOR)*100</b>	<b>15,74</b>	<b>13,67</b>	<b>14,24</b>	<b>12,81</b>

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

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>CORE CAPITAL</b>		
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	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 (-)	-	-
<b>Total Core Capital</b>	<b>6.893.480</b>	<b>5.093.324</b>

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<b>SUPPLEMENTARY CAPITAL</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
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)	-	-
<b>Total Supplementary Capital</b>	<b>2.847.207</b>	<b>2.329.005</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>9.740.687</b>	<b>7.422.329</b>
<b>DEDUCTIONS FROM THE CAPITAL <sup>(1)</sup></b>	<b>1.413.263</b>	<b>1.424.080</b>
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	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8.327.424</b>	<b>5.998.249</b>

(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”.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**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.

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.

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- 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).
- 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 <sup>(1)</sup>		Other Loans <sup>(2)</sup>		Off Balance Sheet Liabilities <sup>(2)</sup>	
	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
<b>Loans concentration according to the type of borrowers</b>										
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	-	-
<b>Total</b>	<b>41.977.291</b>	<b>31.507.279</b>	<b>1.328.169</b>	<b>729.810</b>	<b>14.951.210</b>	<b>14.469.640</b>	<b>4.277.174</b>	<b>1.900.465</b>	<b>32.593.946</b>	<b>28.227.189</b>
<b>Information according to geographical concentration</b>										
Domestic	41.136.770	30.979.383	1.014.013	711.943	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 <sup>(3)</sup>	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
<b>Total</b>	<b>41.977.291</b>	<b>31.507.279</b>	<b>1.328.169</b>	<b>729.810</b>	<b>14.951.210</b>	<b>14.469.640</b>	<b>4.277.174</b>	<b>1.900.465</b>	<b>32.593.946</b>	<b>28.227.189</b>

<sup>(1)</sup> Contains Trading Financial Assets, Available-for-sale Financial Assets and Held-to-maturity Investments.

<sup>(2)</sup> 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”).

<sup>(3)</sup> OECD countries other than EU countries, USA and Canada.



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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

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

	31 December 2008	31 December 2007
<b>Balance sheet items that are exposed to credit risk:</b>		
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
<b>Credit risk exposures relating to off-balance sheet items</b>		
Financial guarantees	16.143.907	13.226.182
Loan commitments and other credit related liabilities	656.084	789.369

**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
<b>Total</b>	<b>726.407</b>	<b>639.186</b>	<b>891.849</b>	<b>22.966</b>		<b>2.280.408</b>

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
<b>Total</b>	<b>219.510</b>	<b>216.206</b>	<b>362.236</b>	<b>22.944</b>		<b>820.896</b>

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**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 <sup>(1)</sup>	300.308	1.512.156	12.663.983	14.476.447
Unrated	43.205	74.341	4.124	121.670
<b>Total</b>	<b>378.877</b>	<b>1.812.474</b>	<b>12.705.781</b>	<b>14.897.132</b>

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 <sup>(1)</sup>	254.215	777.675	13.009.910	14.041.800
Unrated	42.089	94.538	9.479	146.106
<b>Total</b>	<b>296.304</b>	<b>958.983</b>	<b>13.152.551</b>	<b>14.407.838</b>

<sup>(1)</sup> Securities consist of Republic of Turkey government bonds and treasury bills.

**l. Information according to geographical concentration:**

	Assets	Liabilities <sup>(2)</sup>	Non-Cash Loans	Capital Expenditures	Net profit <sup>(3)</sup>
<b>31 December 2008</b>					
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 <sup>(1)</sup>	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	-	-	-	-	-
<b>Total</b>	<b>70.872.227</b>	<b>64.008.546</b>	<b>16.799.991</b>	<b>227.082</b>	<b>1.265.117</b>
<b>31 December 2007</b>					
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 <sup>(1)</sup>	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	-	-	-	-	-
<b>Total</b>	<b>56.129.645</b>	<b>51.125.807</b>	<b>14.015.551</b>	<b>177.182</b>	<b>1.019.329</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(2)</sup> Shareholders' Equity is not included.

<sup>(3)</sup> The net profit could not be distributed according to geographical concentration.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**m. Sectoral concentrations for cash loans:**

	31 December 2008				31 December 2007			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>410.199</b>	<b>1,65</b>	<b>160.955</b>	<b>1,15</b>	<b>401.405</b>	<b>2,07</b>	<b>129.134</b>	<b>1,39</b>
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
<b>Manufacturing</b>	<b>4.573.763</b>	<b>18,44</b>	<b>7.255.307</b>	<b>51,42</b>	<b>4.091.609</b>	<b>21,08</b>	<b>4.734.703</b>	<b>50,77</b>
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
<b>Construction</b>	<b>934.361</b>	<b>3,77</b>	<b>1.157.668</b>	<b>8,21</b>	<b>887.036</b>	<b>4,57</b>	<b>489.199</b>	<b>5,25</b>
<b>Services</b>	<b>3.084.339</b>	<b>12,45</b>	<b>3.543.185</b>	<b>25,11</b>	<b>3.036.390</b>	<b>15,65</b>	<b>2.451.874</b>	<b>26,28</b>
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
<b>Other</b>	<b>15.800.557</b>	<b>63,69</b>	<b>1.990.154</b>	<b>14,11</b>	<b>10.991.129</b>	<b>56,63</b>	<b>1.520.562</b>	<b>16,31</b>
<b>Total</b>	<b>24.803.219</b>	<b>100,00</b>	<b>14.107.269</b>	<b>100,00</b>	<b>19.407.569</b>	<b>100,00</b>	<b>9.325.472</b>	<b>100,00</b>

**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”.

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**a. Information on Market Risk:**

	<b>31 December 2008</b>	<b>31 December 2007</b>
(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
<b>(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)</b>	<b>972.600</b>	<b>552.013</b>

**b. Average Market Risk Table of Calculated Market Risk At the Period Ends:**

	<b>31 December 2008</b>			<b>31 December 2007</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
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	-	-	-	-	-	-
<b>Total Amount Subject to Risk</b>	<b>876.025</b>	<b>973.975</b>	<b>725.013</b>	<b>441.400</b>	<b>552.013</b>	<b>242.525</b>

**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).

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**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 Stres 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 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:

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>YTL1,47440</b>	<b>YTL2,08720</b>	<b>YTL0,01631</b>
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;

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>YTL1,13550</b>	<b>YTL1,66740</b>	<b>YTL0,01002</b>

**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:

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	EURO	USD	Yen	Other FC	Total
<b>31 December 2008</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.696.534	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 <sup>(1)</sup>	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
<b>Total Assets</b>	<b>12.440.749</b>	<b>19.680.564</b>	<b>113.522</b>	<b>1.093.790</b>	<b>33.328.625</b>
<b>Liabilities</b>					
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
<b>Total Liabilities</b>	<b>13.136.136</b>	<b>17.674.963</b>	<b>24.923</b>	<b>764.388</b>	<b>31.600.410</b>
<b>Net On Balance Sheet Position</b>	<b>(695.387)</b>	<b>2.005.601</b>	<b>88.599</b>	<b>329.402</b>	<b>1.728.215</b>
<b>Net Off Balance Sheet Position</b>	<b>864.709</b>	<b>(1.992.079)</b>	<b>(68.036)</b>	<b>(188.504)</b>	<b>(1.383.910)</b>
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
<b>Non-Cash Loans</b>	<b>3.832.539</b>	<b>6.297.343</b>	<b>403.804</b>	<b>200.459</b>	<b>10.734.145</b>
<b>31 December 2007</b>					
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
<b>Net On-Balance Sheet Position</b>	<b>(715.433)</b>	<b>(24.408)</b>	<b>19.978</b>	<b>(19.109)</b>	<b>(738.972)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1.136.774</b>	<b>(245.412)</b>	<b>(21.758)</b>	<b>115.548</b>	<b>985.152</b>
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
<b>Non-Cash Loans</b>	<b>2.662.390</b>	<b>5.062.626</b>	<b>273.810</b>	<b>186.397</b>	<b>8.185.223</b>

<sup>(1)</sup> 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:**

<b>31 December 2008</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
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	101.360	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
<b>Total Assets</b>	<b>14.079.035</b>	<b>10.906.899</b>	<b>13.272.846</b>	<b>13.512.740</b>	<b>10.359.379</b>	<b>8.741.328</b>	<b>70.872.227</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>34.909.338</b>	<b>12.302.468</b>	<b>3.590.314</b>	<b>1.728.412</b>	<b>445.112</b>	<b>17.896.583</b>	<b>70.872.227</b>
<b>Balance Sheet Long Position</b>	-	-	<b>9.682.532</b>	<b>11.784.328</b>	<b>9.914.267</b>	-	<b>31.381.127</b>
<b>Balance Sheet Short Position</b>	<b>(20.830.303)</b>	<b>(1.395.569)</b>	-	-	-	<b>(9.155.255)</b>	<b>(31.381.127)</b>
Off-balance Sheet Long Position	61.100	55.444	279.715	-	-	-	396.259
Off-balance Sheet Short Position	-	-	-	(449)	-	-	(449)
<b>Total Position</b>	<b>(20.769.203)</b>	<b>(1.340.125)</b>	<b>9.962.247</b>	<b>11.783.879</b>	<b>9.914.267</b>	<b>(9.155.255)</b>	<b>395.810</b>

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<b>31 December 2007</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
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
<b>Total Assets</b>	<b>10.936.083</b>	<b>9.064.330</b>	<b>11.303.361</b>	<b>10.162.840</b>	<b>7.858.245</b>	<b>6.804.786</b>	<b>56.129.645</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>27.596.346</b>	<b>8.268.337</b>	<b>5.369.456</b>	<b>648.133</b>	<b>126.706</b>	<b>14.120.667</b>	<b>56.129.645</b>
<b>Balance Sheet Long Position</b>	-	<b>795.993</b>	<b>5.933.905</b>	<b>9.514.707</b>	<b>7.731.539</b>	-	<b>23.976.144</b>
<b>Balance Sheet Short Position</b>	<b>(16.660.263)</b>	-	-	-	-	<b>(7.315.881)</b>	<b>(23.976.144)</b>
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(20.557)	(51.907)	(112.877)	(7.370)	-	-	(192.711)
<b>Total Position</b>	<b>(16.680.820)</b>	<b>744.086</b>	<b>5.821.028</b>	<b>9.507.337</b>	<b>7.731.539</b>	<b>(7.315.881)</b>	<b>(192.711)</b>



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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.

<b>31 December 2008 <sup>(1)</sup></b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
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
<b>Liabilities</b>				
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
<b>31 December 2007 <sup>(1)</sup></b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
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
<b>Liabilities</b>				
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

<sup>(1)</sup> The average interest rates disclosed above are those of the Parent Bank.

**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.

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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 <sup>(1) (2)</sup>	Total
<b>31 December 2008</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.994.446	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 <sup>(1)</sup>	361.512	492.119	1.077.031	945.847	1.483.455	93.706	3.131.851	7.585.521
<b>Total Assets</b>	<b>4.655.971</b>	<b>11.965.263</b>	<b>5.861.070</b>	<b>12.716.020</b>	<b>18.566.693</b>	<b>13.276.984</b>	<b>3.830.226</b>	<b>70.872.227</b>
<b>Liabilities</b>								
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 <sup>(2)</sup>	346.075	1.896.696	293.968	488.179	1.329.266	2.611.748	6.863.681	13.829.613
<b>Total Liabilities</b>	<b>6.833.980</b>	<b>36.611.643</b>	<b>6.637.094</b>	<b>5.655.244</b>	<b>4.832.060</b>	<b>3.357.733</b>	<b>6.944.473</b>	<b>70.872.227</b>
<b>Net Liquidity Gap</b>	<b>(2.178.009)</b>	<b>(24.646.380)</b>	<b>(776.024)</b>	<b>7.060.776</b>	<b>13.734.633</b>	<b>9.919.251</b>	<b>(3.114.247)</b>	<b>-</b>
<b>31 December 2007</b>								
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
<b>Net Liquidity Gap</b>	<b>(3.166.441)</b>	<b>(19.650.909)</b>	<b>858.766</b>	<b>5.520.174</b>	<b>11.245.994</b>	<b>7.229.330</b>	<b>(2.036.914)</b>	<b>-</b>

(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:**

<b>31 December 2008</b>	<b>Demand and Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Above 5 years</b>
<b>Liabilities</b>					
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	-	-
<b>Total</b>	<b>38.598.376</b>	<b>6.423.466</b>	<b>5.635.381</b>	<b>3.861.039</b>	<b>1.320.455</b>

<b>31 December 2007</b>	<b>Demand and Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Above 5 years</b>
<b>Liabilities</b>					
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	-
<b>Total</b>	<b>31.131.865</b>	<b>3.886.270</b>	<b>5.949.675</b>	<b>2.451.470</b>	<b>856.069</b>

**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.

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Financial Assets</b>	<b>57.739.575</b>	<b>45.059.335</b>	<b>57.666.176</b>	<b>45.344.357</b>
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
<b>Financial Liabilities</b>	<b>55.989.576</b>	<b>42.838.152</b>	<b>56.096.940</b>	<b>42.880.619</b>
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.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

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.

**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.

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

<b>31 December 2008</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Private Banking</b>	<b>Credit Cards</b>	<b>Foreign Operations</b>	<b>Other</b>	<b>Consolidation Adjustments (1)</b>	<b>Total Operations of the Group</b>
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)
<b>Net Operating Profit</b>	<b>1.327.669</b>	<b>1.117.318</b>	<b>252.262</b>	<b>1.001.738</b>	<b>93.750</b>	<b>(2.297.550)</b>	<b>74.061</b>	<b>1.569.248</b>
Dividend income								41.553
Profit/Loss from Shareholders that are applied Equity Method								3.667
<b>Profit before tax</b>								<b>1.614.468</b>
Tax expense								(349.351)
<b>Net Profit</b>								<b>1.265.117</b>
Minority interest								3.722
<b>Group Profit/Loss</b>								<b>1.261.395</b>
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
<b>Total Assets</b>	<b>10.397.262</b>	<b>23.348.824</b>	<b>516.497</b>	<b>7.970.632</b>	<b>3.878.880</b>	<b>25.351.719</b>	<b>(591.587)</b>	<b>70.872.227</b>
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
<b>Total liabilities</b>	<b>17.105.710</b>	<b>18.178.131</b>	<b>8.467.725</b>	<b>2.261.743</b>	<b>3.375.760</b>	<b>22.060.452</b>	<b>(577.294)</b>	<b>70.872.227</b>

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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<b>31 December 2007</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Private Banking</b>	<b>Credit Cards</b>	<b>Foreign Operations</b>	<b>Other</b>	<b>Consolidation Adjustments (1)</b>	<b>Total Operations of the Group</b>
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)
<b>Net Operating Profit</b>	<b>1.040.771</b>	<b>913.553</b>	<b>240.835</b>	<b>959.579</b>	<b>85.622</b>	<b>(2.034.457)</b>	<b>(1.665)</b>	<b>1.204.238</b>
Dividend income								3.336
Profit/Loss from Shareholders that are applied Equity method								1.890
<b>Profit before tax</b>								<b>1.209.464</b>
Tax expense								(190.135)
<b>Net Profit</b>								<b>1.019.329</b>
Minority interest								149.585
<b>Group Profit/Loss</b>								<b>869.744</b>
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
<b>Total Assets</b>	<b>7.150.159</b>	<b>17.564.092</b>	<b>450.531</b>	<b>6.742.468</b>	<b>2.915.067</b>	<b>21.759.608</b>	<b>(452.280)</b>	<b>56.129.645</b>
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
<b>Total liabilities</b>	<b>14.427.192</b>	<b>15.365.816</b>	<b>5.824.118</b>	<b>470.106</b>	<b>2.513.881</b>	<b>17.908.781</b>	<b>(380.249)</b>	<b>56.129.645</b>

(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  
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**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
<b>Total</b>	<b>1.854.700</b>	<b>2.862.316</b>	<b>1.640.594</b>	<b>2.099.794</b>

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 <sup>(1)</sup>	-	1.663.525	-	1.394.502
<b>Total</b>	<b>1.429.610</b>	<b>2.491.433</b>	<b>1.332.660</b>	<b>1.916.237</b>

<sup>(1)</sup> 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).

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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	-	-	-	-
<b>Total</b>	<b>393.269</b>	<b>40.382</b>	<b>30.681</b>	<b>17.986</b>

**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	-	-	-	-
<b>Total</b>	<b>121.848</b>	<b>3.280.234</b>	<b>171.973</b>	<b>1.211.464</b>

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 <sup>(1)</sup>	182.882	10.028	44	-
Off-shore Banking Regions	91	38.490	-	-
Other	50.813	68.180	-	-
<b>Total</b>	<b>2.703.018</b>	<b>815.524</b>	<b>84</b>	<b>-</b>

<sup>(1)</sup> 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).



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(Continued)**

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

	31 December 2008	31 December 2007
<b>Debt Securities</b>	1.773.055	909.356
Quoted on Stock Exchange <sup>(1)</sup>	1.573.521	865.133
Not Quoted	199.534	44.223
<b>Share Certificates</b>	78.293	84.379
Quoted on Stock Exchange	171	194
Not Quoted	78.122	84.185
<b>Impairment Provision (-)</b>	(53.501)	(42.491)
<b>Other <sup>(2)</sup></b>	51.118	50.315
<b>Total</b>	<b>1.848.965</b>	<b>1.001.559</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> As of 31 December 2008, other available-for-sale financial assets include mutual funds amounting to YTL51.118 thousand (2007: YTL50.315 thousand).

**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
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	447.967	633.294	387.025	679.098
<b>Loans Granted to Employees</b>	63.661	-	59.207	-
<b>Total</b>	<b>511.628</b>	<b>633.294</b>	<b>446.232</b>	<b>679.098</b>

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
<b>Cash Loans</b>				
<b>Non-Specialised Loans</b>	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
<b>Specialised Loans</b>	12.481	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>37.451.639</b>	<b>-</b>	<b>1.444.930</b>	<b>13.919</b>

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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
<b>Short-term Loans and Other Receivables</b>	<b>20.980.186</b>	-	<b>1.136.189</b>	-
Non-specialised Loans	20.975.540	-	1.136.189	-
Specialised Loans	4.646	-	-	-
Other Receivables	-	-	-	-
<b>Medium And Long-Term Loans and Other Receivables</b>	<b>16.471.453</b>	-	<b>308.741</b>	<b>13.919</b>
Non-Specialised Loans	16.463.618	-	308.741	13.919
Specialised Loans	7.835	-	-	-
Other Receivables	-	-	-	-

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)
<b>Total</b>	<b>25.554.429</b>	<b>6.367.351</b>	<b>7.633.005</b>	<b>2.704.295</b>	<b>1.046.380</b>	<b>43.305.460</b>

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)
<b>Total</b>	<b>18.269.550</b>	<b>4.118.038</b>	<b>6.700.724</b>	<b>2.339.740</b>	<b>809.037</b>	<b>32.237.089</b>

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(ii) Fair value of collaterals (Loans and advances given to customers):

<b>31 December 2008</b>	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Financial Leasing</b>	<b>Factoring</b>	<b>Total</b>
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
<b>Total</b>	<b>553.902</b>	<b>267.051</b>	<b>-</b>	<b>165.198</b>	<b>4.984</b>	<b>991.135</b>
<b>31 December 2007</b>	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Financial Leasing</b>	<b>Factoring</b>	<b>Total</b>
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
<b>Total</b>	<b>306.296</b>	<b>140.237</b>	<b>-</b>	<b>75.391</b>	<b>4.079</b>	<b>526.003</b>

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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
<b>Consumer Loans-YTL</b>	<b>176.438</b>	<b>5.538.333</b>	<b>5.714.771</b>
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
<b>Consumer Loans-FC Indexed</b>	<b>8.055</b>	<b>363.400</b>	<b>371.455</b>
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
<b>Consumer Loans-FC</b>	<b>6.217</b>	<b>10.474</b>	<b>16.691</b>
Real estate loans	-	-	-
Automotive loans	20	50	70
Consumer loans	48	542	590
Other	6.149	9.882	16.031
<b>Individual Credit Cards-YTL</b>	<b>7.241.221</b>	<b>10.949</b>	<b>7.252.170</b>
With installments	3.010.649	10.949	3.021.598
Without installments	4.230.572	-	4.230.572
<b>Individual Credit Cards- FC</b>	<b>110</b>	<b>-</b>	<b>110</b>
With installments	110	-	110
Without installments	-	-	-
<b>Personnel Loans-YTL</b>	<b>5.825</b>	<b>20.193</b>	<b>26.018</b>
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
<b>Personnel Loans-FC Indexed</b>	<b>22</b>	<b>182</b>	<b>204</b>
Real estate loans	-	95	95
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	22	87	109
<b>Personnel Loans-FC</b>	<b>83</b>	<b>105</b>	<b>188</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	83	105	188
<b>Personnel Credit Cards-YTL</b>	<b>36.391</b>	<b>11</b>	<b>36.402</b>
With installments	18.659	11	18.670
Without installments	17.732	-	17.732
<b>Personnel Credit Cards-FC</b>	<b>17</b>	<b>-</b>	<b>17</b>
With installments	17	-	17
Without installments	-	-	-
<b>Credit Deposit Account-YTL (Real Person) <sup>(1)</sup></b>	<b>89.403</b>	<b>-</b>	<b>89.403</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>Total</b>	<b>7.563.832</b>	<b>5.943.647</b>	<b>13.507.479</b>

<sup>(1)</sup> 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
<b>Commercial Installments Loans-YTL</b>	<b>372.295</b>	<b>2.329.018</b>	<b>2.701.313</b>
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
<b>Commercial Installments Loans-FC Indexed</b>	<b>34.085</b>	<b>294.994</b>	<b>329.079</b>
Business Loans	190	22.709	22.899
Automotive Loans	3.610	140.088	143.698
Consumer Loans		-	-
Other	30.285	132.197	162.482
<b>Commercial Installments Loans-FC</b>	<b>4.593</b>	<b>7.837</b>	<b>12.430</b>
Business Loans		-	-
Automotive Loans		-	-
Consumer Loans		-	-
Other	4.593	7.837	12.430
<b>Corporate Credit Cards-YTL</b>	<b>156.827</b>	<b>11</b>	<b>156.838</b>
With installment	26.947	11	26.958
Without installment	129.880	-	129.880
<b>Corporate Credit Cards-FC</b>			
With installment		-	-
Without installment		-	-
<b>Credit Deposit Account-YTL (Legal Person)</b>	<b>156.645</b>		<b>156.645</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>53</b>		<b>53</b>
<b>Total</b>	<b>724.498</b>	<b>2.631.860</b>	<b>3.356.358</b>

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
<b>Total</b>	<b>38.910.488</b>	<b>28.733.041</b>

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
<b>Total</b>	<b>38.910.488</b>	<b>28.733.041</b>

9. Loans granted to investments in associates and subsidiaries:

None (2007: None).

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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
<b>Total</b>	<b>1.101.446</b>	<b>1.405.833</b>

10 (i). Provisions related to loans:

	Corporate, Commercial and Other Loans	Consumer Loans	Credit Cards	Total
<b>1 January 2008</b>	<b>1.050.417</b>	<b>53.547</b>	<b>301.869</b>	<b>1.405.833</b>
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
<b>31 December 2008</b>	<b>696.886</b>	<b>98.168</b>	<b>306.392</b>	<b>1.101.446</b>

	Corporate, Commercial and Other Loans	Consumer Loans	Credit Cards	Total
<b>1 January 2007</b>	<b>1.100.241</b>	<b>22.847</b>	<b>314.840</b>	<b>1.437.928</b>
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
<b>31 December 2007</b>	<b>1.050.417</b>	<b>53.547</b>	<b>301.869</b>	<b>1.405.833</b>

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>31 December 2008</b>			
<b>(Gross amounts before specific reserves)</b>	-	547	41.439
Restructured loans and other receivables	-	547	41.439
Rescheduled loans and other receivables	-	-	-
<b>31 December 2007</b>			
<b>(Gross amounts before specific reserves)</b>	303	576	185.107
Restructured loans and other receivables	303	576	185.107
Rescheduled loans and other receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>31 December 2007</b>	<b>159.977</b>	<b>212.840</b>	<b>1.388.287</b>
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	-	-	-
<b>31 December 2008</b>	<b>401.278</b>	<b>424.226</b>	<b>920.239</b>
Specific Provision (-)	(76.487)	(220.670)	(804.289)
<b>Net Balance on Balance Sheet</b>	<b>324.791</b>	<b>203.556</b>	<b>115.950</b>

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.

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11 (iii). Information on Non-performing loans granted as foreign currency loans

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2008</b>			
Period end balance	30	32.777	34.925
Specific provision (-)	(4)	(29.480)	(34.845)
<b>Net Balance on-balance sheet</b>	<b>26</b>	<b>3.297</b>	<b>80</b>
<b>31 December 2007</b>			
Period end balance	-	16.888	7.377
Specific provision (-)	-	(8.611)	(7.322)
<b>Net Balance on-balance sheet</b>	<b>-</b>	<b>8.277</b>	<b>55</b>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2008</b>	<b>324.791</b>	<b>203.556</b>	<b>115.950</b>
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	-
<b>31 December 2007</b>	<b>129.869</b>	<b>92.157</b>	<b>133.245</b>
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)	-	-	-



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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 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 of the ones that is proved as uncollectible by legal follow-up.

**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 <sup>(1)</sup>	-	133.162
<b>Total</b>	<b>12.701.657</b>	<b>13.143.072</b>

<sup>(1)</sup> 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 <sup>(1)</sup>	12.750.072	13.023.365
Not Quoted	-	156.861
Impairment Provision (-)	(44.291)	(27.675)
<b>Total</b>	<b>12.705.781</b>	<b>13.152.551</b>

<sup>(1)</sup> 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.

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

	31 December 2008	31 December 2007
<b>Beginning balance</b>	<b>13.152.551</b>	<b>17.110.743</b>
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)
<b>Period end balance</b>	<b>12.705.781</b>	<b>13.152.551</b>

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).

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**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	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş.	Istanbul/Türkiye	9,98	9,98

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	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	-

Financial statement information in the table above has been obtained from the financial statements as at 31 December 2008.

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).

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2 (iii). Movement of consolidated investments in associates:

	31 December 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>38.220</b>	<b>41.352</b>
<b>Movements during the period</b>	<b>17.373</b>	<b>(3.132)</b>
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	3.667	1.890
Sales	-	-
Revaluation (decrease)/increase	13.706	(5.022)
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>55.593</b>	<b>38.220</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share percentage at the end of the period (%)</b>	<b>30,67</b>	<b>30,67</b>

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	-	-
<b>Total Financial Investments</b>	<b>55.593</b>	<b>38.220</b>

2 (v). Investments in associates quoted on stock exchange: None.

**h. Information on subsidiaries (Net):**

1. Unconsolidated subsidiaries:

1 (i). Information on unconsolidated subsidiaries:

Since the 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.	İstanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	İstanbul/Turkey	99,96	99,99
3	Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	30,45	30,45

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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 <sup>(1)</sup>
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

<sup>(1)</sup> 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. <sup>(1)</sup>	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 <sup>(2)</sup>	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 <sup>(1), (4)</sup>	Amsterdam/Holland	67,24	100,00
11	Yapı Kredi Azerbaycan <sup>(3), (5)</sup>	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% .

<sup>(1)</sup> Financial figures presented in note 2(ii) are in thousands of EURO.

<sup>(2)</sup> Financial figures presented in note 2(ii) are in thousands of USD.

<sup>(3)</sup> 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).

<sup>(4)</sup> Includes the balances for Sticking Custody Services YKB.

<sup>(5)</sup> 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 <sup>(1)</sup>
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	-

<sup>(1)</sup> 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
<b>Balance at the beginning of the period</b>	<b>1.391.400</b>	<b>658.142</b>
<b>Movements during the period</b>	<b>389.683</b>	<b>733.258</b>
Purchases <sup>(1)</sup>	389.683	802.404
Transfers	-	(48.731)
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	(20.415)
<b>Balance at the end of the period</b>	<b>1.781.083</b>	<b>1.391.400</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

<sup>(1)</sup> 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 YTL36.003 thousand.

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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
<b>Total Financial Subsidiaries</b>	<b>1.781.083</b>	<b>1.391.400</b>

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	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.018</b>	<b>666</b>

**j. Information on property and equipment:**

	Immovables	Leased Fixed Assets	Vehicles	Other Tangible Fixed Assets	Total
<b>31 December 2007</b>					
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)
<b>Net book value</b>	<b>909.199</b>	<b>133.650</b>	<b>626</b>	<b>93.474</b>	<b>1.136.949</b>
<b>31 December 2008</b>					
<b>Net book value at beginning of the Period</b>	<b>909.199</b>	<b>133.650</b>	<b>626</b>	<b>93.474</b>	<b>1.136.949</b>
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
<b>Net book value at the end of the period</b>	<b>854.062</b>	<b>130.819</b>	<b>1.308</b>	<b>218.944</b>	<b>1.205.133</b>
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)
<b>31 December 2008</b>	<b>854.062</b>	<b>130.819</b>	<b>1.308</b>	<b>218.944</b>	<b>1.205.133</b>

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.

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**k. Information on intangible assets:**

	31 December 2008	31 December 2007
<b>Net book value at the beginning of the period</b>	<b>1.191.711</b>	<b>1.156.200</b>
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)
<b>Net book value at the closing of the period</b>	<b>1.157.825</b>	<b>1.191.711</b>

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.

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).

**l. 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
<b>Total deferred tax asset</b>	<b>1.589.957</b>	<b>317.699</b>	<b>1.298.278</b>	<b>259.964</b>
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)
<b>Total deferred tax liability</b>	<b>(808.841)</b>	<b>(134.828)</b>	<b>(338.494)</b>	<b>(43.287)</b>
<b>Deferred Tax Asset, net</b>	<b>781.116</b>	<b>182.871</b>	<b>959.784</b>	<b>216.677</b>

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.

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**m. Movement schedule of assets held for resale:**

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Net book value at the beginning of the period</b>	<b>139.877</b>	<b>189.917</b>
Additions	59.620	25.151
Transfers		71.698
Disposals (-), net <sup>(1)</sup>	(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)
<b>Net book value at the end of the period</b>	<b>90.046</b>	<b>139.877</b>
Cost at the end of the period	99.254	158.437
Depreciation at the end of the period (-)	(9.208)	(18.560)
<b>Net book value at the end of the period</b>	<b>90.046</b>	<b>139.877</b>

<sup>(1)</sup> 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).

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):

	<b>31 December 2007</b>
Cash Balances with Central Bank	15
Banks	66.806
Loans	599
Held-to-Maturity Securities (Net)	4.199
Other	79
<b>Total</b>	<b>71.698</b>

**n. Information on other assets:**

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 (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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6.291.208</b>	<b>145.939</b>	<b>11.761.343</b>	<b>22.449.361</b>	<b>1.529.162</b>	<b>709.221</b>	<b>1.137.027</b>	<b>44.023.261</b>

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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5.674.614</b>	<b>191.160</b>	<b>11.471.003</b>	<b>12.857.211</b>	<b>1.216.899</b>	<b>759.509</b>	<b>1.535.756</b>	<b>33.706.152</b>

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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):

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>Saving Deposits</b>				
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
<b>Total</b>	<b>142.047</b>	<b>83.319</b>

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

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**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	-	-	-	-
<b>Total</b>	<b>172.405</b>	<b>48.377</b>	<b>226.654</b>	<b>10.366</b>

**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
<b>Total</b>	<b>1.572.647</b>	<b>5.658.011</b>	<b>418.891</b>	<b>4.767.179</b>

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
<b>Total</b>	<b>1.572.647</b>	<b>5.658.011</b>	<b>418.891</b>	<b>4.767.179</b>

**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.

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	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total</b>	<b>1.966.298</b>	<b>1.542.609</b>

**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:**

	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	284	271	105	100
Between 1-4 years	-	9	1	1
More than 4 years	-	-	-	-
<b>Total</b>	<b>284</b>	<b>280</b>	<b>106</b>	<b>101</b>

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

	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>YTL</b>	<b>FC</b>	<b>YTL</b>	<b>FC</b>
Fair Value Hedge	-	-	27.786	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>27.786</b>	<b>-</b>

**h. Information on provisions:**

**1. Information on general provisions:**

	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total</b>	<b>659.018</b>	<b>728.883</b>

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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
<b>Prior period ending balance</b>	<b>96.626</b>	<b>105.100</b>
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)
<b>Balance at the end of the period</b>	<b>94.889</b>	<b>96.626</b>

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 <sup>(1)</sup>	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 <sup>(1)</sup>	22.927	12.865
Other	189.458	179.256
<b>Total</b>	<b>1.187.056</b>	<b>1.001.927</b>

<sup>(1)</sup> 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 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)
<b>Provision for the actuarial deficit of the pension fund</b>	<b>774.366</b>	<b>604.278</b>

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
<b>Total</b>	<b>288.815</b>	<b>100</b>	<b>170.542</b>	<b>100</b>

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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**i. Information on taxes payable:**

(i) Information on taxes payable:

	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total</b>	<b>186.684</b>	<b>163.703</b>

(ii) Information on premium payables:

	<b>31 December 2008</b>	<b>31 December 2007</b>
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	-	-
<b>Total</b>	<b>6.358</b>	<b>3.121</b>

**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:

	<b>31 December 2007</b>
Deposits	205
Borrowings	682
Other Liabilities	168
Reserve for Employee Rights	879
Other	2.103
<b>Total</b>	<b>4.037</b>

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**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	-	-	-	-
<b>Total</b>	-	<b>2.220.601</b>	-	<b>1.772.914</b>

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 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 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.



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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 Azerbaycan 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.
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)	-
<b>Total</b>	<b>47.750</b>	<b>(13.774)</b>	<b>(12.982)</b>	<b>15.681</b>

**n. Information on minority interest:**

	31 December 2008	31 December 2007
<b>Period Opening Balance</b>	<b>295.034</b>	<b>548.610</b>
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
<b>Period Ending Balance</b>	<b>47.980</b>	<b>295.034</b>

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**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 Premiums Received from Resource Utilisation Support Fund	80.483	7.803	82.655	2.285
	-	-	-	-
<b>Total <sup>(1)</sup></b>	<b>4.499.243</b>	<b>785.607</b>	<b>3.553.588</b>	<b>567.177</b>

<sup>(1)</sup> 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	-	-	-	-
<b>Total</b>	<b>19.088</b>	<b>114.743</b>	<b>15.581</b>	<b>117.651</b>

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
<b>Total</b>	<b>1.131.553</b>	<b>491.152</b>	<b>1.183.240</b>	<b>597.111</b>

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

None (2007: None).

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**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
<b>Total <sup>(1)</sup></b>	<b>115.890</b>	<b>461.948</b>	<b>56.262</b>	<b>433.842</b>

<sup>(1)</sup> 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	Demand Deposit	Time Deposit					Cumulative Deposit	Total	31 December 2007
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>YTL</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26.734</b>	<b>921.562</b>	<b>2.418.869</b>	<b>74.888</b>	<b>17.656</b>	<b>18.337</b>	<b>-</b>	<b>3.478.046</b>	<b>2.838.143</b>
<b>FC</b>									
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
<b>Total</b>	<b>7.253</b>	<b>242.785</b>	<b>232.472</b>	<b>50.853</b>	<b>49.576</b>	<b>75.145</b>	<b>1.769</b>	<b>659.853</b>	<b>541.910</b>
<b>Grand Total</b>	<b>33.987</b>	<b>1.164.347</b>	<b>2.651.341</b>	<b>125.741</b>	<b>67.232</b>	<b>93.482</b>	<b>1.769</b>	<b>4.137.899</b>	<b>3.380.053</b>

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**c. Information on dividend income:**

	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total</b>	<b>41.553</b>	<b>3.336</b>

**d. Information on trading loss / income: (Net)**

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Income</b>	<b>12.570.383</b>	<b>8.409.856</b>
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
<b>Loss(-)</b>	<b>(12.520.806)</b>	<b>(8.328.260)</b>
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)
<b>Net Gain/Loss</b>	<b>49.577</b>	<b>81.596</b>

**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:**

	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total</b>	<b>610.076</b>	<b>414.984</b>

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

	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total</b>	<b>2.560.149</b>	<b>2.338.403</b>

**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.

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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.**

**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
<b>Total</b>	<b>15.121.645</b>	<b>13.739.957</b>

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
<b>Total</b>	<b>3.437.648</b>	<b>2.953.508</b>

- 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
<b>Total</b>	<b>16.799.991</b>	<b>14.015.551</b>

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

	31 December 2008				31 December 2007			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>78.450</b>	<b>1,29</b>	<b>164.230</b>	<b>1,53</b>	<b>62.854</b>	<b>1,08</b>	<b>144.511</b>	<b>1,77</b>
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
<b>Manufacturing</b>	<b>2.427.156</b>	<b>40,02</b>	<b>4.556.833</b>	<b>42,45</b>	<b>2.332.805</b>	<b>40,01</b>	<b>3.694.646</b>	<b>45,14</b>
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
<b>Construction</b>	<b>1.610.566</b>	<b>26,55</b>	<b>2.835.854</b>	<b>26,42</b>	<b>1.509.655</b>	<b>25,89</b>	<b>1.812.788</b>	<b>22,15</b>
<b>Services</b>	<b>1.822.433</b>	<b>30,06</b>	<b>2.186.990</b>	<b>20,36</b>	<b>1.816.433</b>	<b>31,15</b>	<b>1.836.618</b>	<b>22,43</b>
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
<b>Other</b>	<b>127.241</b>	<b>2,08</b>	<b>990.238</b>	<b>9,24</b>	<b>108.581</b>	<b>1,87</b>	<b>696.660</b>	<b>8,51</b>
<b>Total</b>	<b>6.065.846</b>	<b>100,00</b>	<b>10.734.145</b>	<b>100,00</b>	<b>5.830.328</b>	<b>100,00</b>	<b>8.185.223</b>	<b>100,00</b>

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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
<b>Non-Cash Loans</b>				
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
<b>Total</b>	<b>5.968.620</b>	<b>10.435.762</b>	<b>97.226</b>	<b>298.383</b>

31 December 2007	Group I		Group II	
	YTL	FC	YTL	FC
<b>Non-Cash Loans</b>				
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	-
<b>Total</b>	<b>5.769.840</b>	<b>8.143.503</b>	<b>60.488</b>	<b>41.720</b>

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
<b>Total</b>	<b>8.932.763</b>	<b>2.997.953</b>	<b>4.110.726</b>	<b>758.549</b>	<b>16.799.991</b>

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
<b>Total</b>	<b>6.587.522</b>	<b>3.572.968</b>	<b>3.384.028</b>	<b>471.033</b>	<b>14.015.551</b>

(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
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>18.373.274</b>	<b>10.580.386</b>
Types of hedging transactions		
Fair value hedges		221.767
Cash flow hedges		-
Foreign currency investment hedges		-
<b>B. Total hedging related derivatives</b>		<b>221.767</b>
<b>Total derivative transactions (A+B)</b>	<b>18.373.274</b>	<b>10.802.153</b>

**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
<b>Derivatives held for trading</b>						
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)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives:						
– Inflow						
– Outflow						
Interest rate derivatives:						
– Inflow						
– Outflow						
<b>Total inflow</b>	<b>3.832.518</b>	<b>2.409.317</b>	<b>2.959.493</b>	<b>59.238</b>	<b>328.646</b>	<b>9.589.212</b>
<b>Total outflow</b>	<b>(3.547.164)</b>	<b>(550.546)</b>	<b>(2.643.772)</b>	<b>(2.023.055)</b>	<b>(328.646)</b>	<b>(9.093.183)</b>

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31 December 2007	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	Above 5 years	Total
<b>Derivatives held for trading</b>						
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)
<b>Derivatives held for hedging</b>						
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)
<b>Total inflow</b>	<b>3.635.297</b>	<b>1.587.349</b>	<b>538.584</b>	<b>139.856</b>	<b>481.785</b>	<b>6.382.871</b>
<b>Total outflow</b>	<b>(3.311.713)</b>	<b>(1.487.909)</b>	<b>(627.854)</b>	<b>(768.946)</b>	<b>(481.785)</b>	<b>(6.678.207)</b>

**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.

**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.

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**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 .1.3 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
<b>Cash</b>	<b>1.434.389</b>	<b>1.417.017</b>
Cash and Effectives	443.863	440.288
Demand Deposits in Banks	990.526	976.729
<b>Cash Equivalents</b>	<b>999.768</b>	<b>2.004.471</b>
Interbank Money Market	431.517	159.179
Deposits in Bank	568.251	1.845.292
<b>Total Cash and Cash Equivalents</b>	<b>2.434.157</b>	<b>3.421.488</b>

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
<b>Cash</b>	<b>2.768.546</b>	<b>1.434.389</b>
Cash and Effectives	607.721	443.863
Demand Deposits in Banks	2.160.825	990.526
<b>Cash Equivalents</b>	<b>1.420.136</b>	<b>999.768</b>
Interbank Money Market	227.553	431.517
Deposits in Bank	1.192.583	568.251
<b>Total Cash and Cash Equivalents</b>	<b>4.188.682</b>	<b>2.434.157</b>

**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 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.

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- (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 Azerbaycan 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.

**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 Groups’ Risk Group <sup>(1)(2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
<b>Loans and Other Receivables</b>						
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	-
<b>Interest and Commission Income Received</b>	-	<b>43</b>	<b>86.085</b>	<b>2.538</b>	<b>41</b>	-

(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 Groups’ Risk Group <sup>(1)(2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
<b>Loans and Other Receivables</b>						
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	-
<b>Interest and Commission Income Received</b>	-	<b>83</b>	<b>52.538</b>	<b>2.042</b>	-	-

(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:

Group’s Risk Group <sup>(1)(2)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>Deposit</b>						
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
<b>Interest Expense on Deposits</b>	<b>1.033</b>	<b>1.340</b>	<b>445.685</b>	<b>332.670</b>	<b>592</b>	-

(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 <sup>(1)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>Transactions for trading purposes<sup>(2)</sup></b>						
Beginning of the Period <sup>(3)</sup>		-	188.00	118.777		
End of the Period <sup>(3)</sup>		-	711.87	188.006		
<b>Total Profit / Loss</b>		-	<b>7.12</b>	<b>55</b>		
<b>Transactions for hedging purposes</b>						
Beginning of the Period		-				
End of the Period		-				
<b>Total Profit / Loss</b>		-				

(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 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:

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<b>Toplam Risk Grubu</b>	<b>31 Aralık 2008</b>	<b>31 Aralık 2007</b>
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**

	<b>Number</b>	<b>Employee number</b>			<b>Statutory Share capital</b>
Domestic Branch	860	14.790			
			<b>Country of Incorporation</b>		
Foreign Rep. Office	-	-			
				<b>Total Asset</b>	
Foreign Branch	-	-		-	-
Off-Shore Banking Region Branch	1	5	1-Bahrain	11.478.559	-

**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”).)

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**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 Bayazıt as the chairman, Alessandro M. Decio as the vice chairman and Nazan Somer, Erhan Özçelik, Mert Güvenen, Cihangir Kavuncu, Massimiliano Fossati, Marco Cravario as members.
  - ii) Assignment of Alessandro M. Decio as the deputy 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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**CONVENIENCE TRANSLATION OF PUBLICLY  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

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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.

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