

**YAPI VE KREDİ BANKASI A.Ş.**

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

**(Convenience Translation of Publicly Announced Unconsolidated  
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 unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at 31 December 2008 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

*Disclosure for the Responsibility of the Authorized Audit Firm:*

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

*Independent Auditors' Opinion:*

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as of 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

*Additional Paragraph for Convenience Translation:*

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

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

Zeynep Uras, SMMM

Istanbul, 6 March 2009

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN  
TURKISH, SEE IN NOTE I. OF SECTION THREE**

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
YAPI VE KREDİ BANKASI A.Ş. AS OF 31 DECEMBER 2008**

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

- **Section one** - GENERAL INFORMATION ABOUT THE BANK
- **Section two** - UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section four** - INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- **Section five** - EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section six** - OTHER EXPLANATIONS AND NOTES
- **Section seven** - EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

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

<b>Dr. Bülent BULGURLU</b> Chairman of the Board of Directors	<b>Tayfun BAYAZIT</b> Chief Executive Officer	<b>Marco CRAVARIO</b> Chief Financial Officer	<b>Mehmet Gökmen UÇAR</b> Head of Financial Reporting Unit
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<b>Ranieri De MARCHIS</b> President of Audit Committee	<b>Herbert HANGEL</b> Member of Audit Committee	<b>Ahmet F. ASHABOĞLU</b> Member of Audit Committee
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Contact information of the personnel in charge of the addressing of questions about this financial report:

**Name-Surname / Title:** Aysel GÜRSOY / Head of Regulatory Reporting Section  
**Telephone Number** : 0212 339 63 29  
**Fax Number** : 0212 339 61 05

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**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

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

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

**I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS, IF ANY:**

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

**II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:**

The Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 31 December 2008, 18,20% shares of the Bank are publicly traded (2007: 18,21%). The Bank's publicly traded shares are traded in ISE and the representatives of these shares, Global Depository Receipts, are quoted to London Stock Exchange. The remaining 81,80% being owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCI") and Koç Group.

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

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank A.Ş. ("Koçbank"). In 2006, Koçbank purchased the shares of the Bank from the ISE and the shares of an investment fund. During the same year, all rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been realised. After the merger and the share transfer procedures, the share of KFS in YKB has increased to 81,79%, as of 15 December 2008, with the completion of capital increase by YTL920.000.000, KFS's shares in YKB increased from 81,79% to 81,80%.

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

As of 31 December 2008, the Bank's Board of Directors, Members of the Audit Committee and Executive President and Vice Presidents are as follows.

**CONVENIENCE TRANSLATION OF PUBLICLY  
ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

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

**GENERAL INFORMATION ABOUT THE BANK (CONTINUED)**

**Board of Directors Members:**

<b>Name</b>	<b>Responsibility</b>	<b>Education Level</b>
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
Füsün 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:**

<b>Name</b>	<b>Responsibility</b>	<b>Education Level</b>
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	Undergraduate
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, 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

**Audit Committee Members:**

<b>Name</b>	<b>Responsibility</b>	<b>Education Level</b>
Ranieri De MARCHIS	Chairman	Undergraduate
Ahmet F. ASHABOĞLU <sup>(3)</sup>	Member	Undergraduate
Herbert HANGEL	Member	Graduate

**CONVENIENCE TRANSLATION OF PUBLICLY  
ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

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

**GENERAL INFORMATION ABOUT THE BANK (CONTINUED)**

Statutory auditors:

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

- (1) As explained in Note X of Section Five, as of 30 January 2009 the change was occurred in their assignments.
- (2) As explained in Note X of Section Five, the attribution was accepted according to decision of the Board of Directors dated 30 January 2009.
- (3) As explained in Note X of Section Five, decision of the Board of Directors dated 28 January 2009, Füsün Akkal Bozok was assigned in lieu of Ahmet F. Ashaboğlu as the member of audit committee.

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

**IV. INFORMATION ON QUALIFIED SHAREHOLDERS:**

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

**V. SUMMARY INFORMATION ON THE BANK'S ACTIVITIES AND SERVICES:**

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

The Bank's purpose and subject matter in accordance with the Banking Law, regulations and existing laws; includes:

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

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

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



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**YAPI VE KREDİ BANKASI A.Ş.  
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007**  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)

**SECTION TWO  
UNCONSOLIDATED FINANCIAL STATEMENTS**

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

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

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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**YAPI VE KREDİ BANKASI A.Ş.**

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

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

I. BALANCE SHEET	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>24.695.882</b>	<b>17.009.447</b>	<b>41.705.329</b>	<b>18.863.332</b>	<b>13.302.621</b>	<b>32.165.953</b>
1.1 Deposits of Bank's risk group		1.602.990	2.599.818	4.202.808	1.386.568	1.444.162	2.830.730
1.2 Other		23.092.892	14.409.629	37.502.521	17.476.764	11.858.459	29.335.223
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>	<b>177.384</b>	<b>24.722</b>	<b>202.106</b>	<b>185.086</b>	<b>6.501</b>	<b>191.587</b>
<b>III. BORROWINGS</b>	<b>II-c</b>	<b>1.162.959</b>	<b>5.000.877</b>	<b>6.163.836</b>	<b>179.267</b>	<b>4.056.734</b>	<b>4.236.001</b>
<b>IV. MONEY MARKETS</b>		<b>150.233</b>	<b>236.709</b>	<b>386.942</b>	<b>1.572.724</b>	<b>204.890</b>	<b>1.777.614</b>
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	150.980	-	150.980
4.3 Funds Provided Under Repurchase Agreements		150.233	236.709	386.942	1.421.744	204.890	1.626.634
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>2.335.129</b>	<b>241.210</b>	<b>2.576.339</b>	<b>2.058.983</b>	<b>149.909</b>	<b>2.208.892</b>
<b>VIII. OTHER LIABILITIES</b>	<b>II-d</b>	<b>474.130</b>	<b>1.013.190</b>	<b>1.487.320</b>	<b>440.584</b>	<b>497.434</b>	<b>938.018</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>		<b>1.917</b>	<b>6.022</b>	<b>7.939</b>	-	<b>23.594</b>	<b>23.594</b>
10.1 Financial Lease Payables	<b>II-e</b>	1.939	6.414	8.353	-	24.540	24.540
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		(22)	(392)	(414)	-	(946)	(945)
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-f</b>	-	-	-	<b>27.786</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-g</b>	<b>1.662.615</b>	<b>285.424</b>	<b>1.948.039</b>	<b>1.495.813</b>	<b>261.611</b>	<b>1.757.424</b>
12.1 General Loan Loss Provision		408.036	247.396	655.432	433.346	232.548	665.894
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		138.307	-	138.307	126.225	-	126.225
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		1.116.272	38.028	1.154.300	936.242	29.063	965.305
<b>XIII. TAX LIABILITY</b>	<b>II-h</b>	<b>171.635</b>	-	<b>171.635</b>	<b>137.058</b>	-	<b>137.058</b>
13.1 Current Tax Liability		171.635	-	171.635	137.058	-	137.058
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>II-i</b>	-	<b>2.220.601</b>	<b>2.220.601</b>	-	<b>1.772.914</b>	<b>1.772.914</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-j</b>	<b>6.830.322</b>	<b>22.725</b>	<b>6.853.047</b>	<b>4.860.522</b>	<b>43.227</b>	<b>4.903.749</b>
16.1 Paid-in Capital		4.347.051	-	4.347.051	3.427.051	-	3.427.051
16.2 Capital Reserves		573.937	22.725	596.662	551.679	43.227	594.906
16.2.1 Share Premium		543.881	-	543.881	541.633	-	541.633
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences	<b>II-k</b>	11.543	22.725	34.268	4.748	43.227	47.975
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		18.513	-	18.513	5.298	-	5.298
16.3 Profit Reserves		866.733	-	866.733	343.184	-	343.184
16.3.1 Legal Reserves		44.089	-	44.089	17.159	-	17.159
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		822.644	-	822.644	326.025	-	326.025
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		1.042.601	-	1.042.601	538.608	-	538.608
16.4.1 Prior Years' Income or (Loss)		-	-	-	(170.577)	-	(170.577)
16.4.2 Current Year Income or (Loss)		1.042.601	-	1.042.601	709.185	-	709.185
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>37.662.206</b>	<b>26.060.927</b>	<b>63.723.133</b>	<b>29.821.155</b>	<b>20.319.435</b>	<b>50.140.590</b>

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

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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>26.640.877</b>	<b>22.759.301</b>	<b>49.400.178</b>	<b>22.155.591</b>	<b>14.192.776</b>	<b>36.348.367</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>IV-a-2,3</b>	<b>6.041.331</b>	<b>10.268.520</b>	<b>16.309.851</b>	<b>5.797.524</b>	<b>7.953.203</b>	<b>13.750.727</b>
1.1	Letters of Guarantee		6.037.727	6.980.118	13.017.845	5.772.747	5.062.683	10.835.430
1.1.1	Guarantees Subject to State Tender Law		440.708	533.824	974.532	437.494	409.529	847.023
1.1.2	Guarantees Given for Foreign Trade Operations		662.959	6.446.294	7.109.253	650.971	4.653.154	5.304.125
1.1.3	Other Letters of Guarantee		4.934.060	-	4.934.060	4.684.282	-	4.684.282
1.2	Bank Acceptances		-	211.367	211.367	-	184.493	184.493
1.2.1	Import Letter of Acceptance		-	211.367	211.367	-	184.493	184.493
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		547	2.635.375	2.635.922	787	2.009.776	2.010.563
1.3.1	Documentary Letters of Credit		547	2.635.375	2.635.922	787	2.009.776	2.010.563
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		143	2.017	2.160	143	1.553	1.696
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		2.914	250.224	253.138	23.847	548.393	572.240
1.9	Other Collaterals		-	189.419	189.419	-	146.305	146.305
<b>II.</b>	<b>COMMITMENTS</b>	<b>IV-a-1</b>	<b>14.710.049</b>	<b>1.055.723</b>	<b>15.765.772</b>	<b>13.330.953</b>	<b>852.372</b>	<b>14.183.325</b>
2.1	Irrevocable Commitments		14.710.049	1.055.723	15.765.772	13.330.953	852.372	14.183.325
2.1.1	Asset Purchase and Sale Commitments		-	446.310	446.310	-	431.565	431.565
2.1.2	Deposit Purchase and Sales Commitments		62.765	58.976	121.741	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		1.914.608	542.492	2.457.100	1.482.180	420.760	1.902.940
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		1.391.826	-	1.391.826	1.359.423	-	1.359.423
2.1.8	Tax and Fund Liabilities from Export Commitments		40.495	-	40.495	39.945	-	39.945
2.1.9	Commitments for Credit Card Limits		11.244.536	-	11.244.536	10.449.281	-	10.449.281
2.1.10	Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		55.819	7.945	63.764	124	47	171
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>IV-c,d</b>	<b>5.889.497</b>	<b>11.435.058</b>	<b>17.324.555</b>	<b>3.027.114</b>	<b>5.387.201</b>	<b>8.414.315</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		5.889.497	11.435.058	17.324.555	2.907.351	5.285.197	8.192.548
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.256.956	2.828.652	4.085.608	955.130	1.235.526	2.190.656
3.2.1.1	Forward Foreign Currency Transactions-Buy		542.322	1.496.768	2.039.090	375.653	713.805	1.089.458
3.2.1.2	Forward Foreign Currency Transactions-Sell		714.634	1.331.884	2.046.518	579.477	521.721	1.101.198
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		4.197.395	7.958.836	12.156.231	1.069.229	2.923.019	3.992.248
3.2.2.1	Foreign Currency Swap-Buy		3.185.007	674.435	3.859.442	305.407	956.634	1.262.041
3.2.2.2	Foreign Currency Swap-Sell		291.016	3.295.374	3.586.390	40.000	1.222.741	1.262.741
3.2.2.3	Interest Rate Swap-Buy		33.375	2.362.490	2.395.865	33.375	646.700	680.075
3.2.2.4	Interest Rate Swap-Sell		687.997	1.626.537	2.314.534	690.447	96.944	787.391
3.2.3	Foreign Currency, Interest rate and Securities Options		435.146	642.300	1.077.446	882.981	1.124.248	2.007.229
3.2.3.1	Foreign Currency Options-Buy		118.700	265.772	384.472	431.680	568.325	1.000.005
3.2.3.2	Foreign Currency Options-Sell		156.254	229.088	385.342	445.729	555.923	1.001.652
3.2.3.3	Interest Rate Options-Buy		-	147.440	147.440	-	-	-
3.2.3.4	Interest Rate Options-Sell		119.000	-	119.000	-	-	-
3.2.3.5	Securities Options-Buy		17.816	-	17.816	3.240	-	3.240
3.2.3.6	Securities Options-Sell		23.376	-	23.376	2.332	-	2.332
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	5.270	5.270	11	2.404	2.415
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>74.252.218</b>	<b>14.512.155</b>	<b>88.764.373</b>	<b>71.401.397</b>	<b>9.219.570</b>	<b>80.620.967</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>50.797.768</b>	<b>1.469.385</b>	<b>52.267.153</b>	<b>53.411.780</b>	<b>999.643</b>	<b>54.411.423</b>
4.1	Customer Fund and Portfolio Balances		-	106	106	-	2.603	2.603
4.2	Investment Securities Held in Custody		44.107.219	1.220.900	45.328.119	45.505.901	791.271	46.297.172
4.3	Checks Received for Collection		5.305.825	36.725	5.342.550	4.797.997	26.350	4.824.347
4.4	Commercial Notes Received for Collection		1.384.724	190.029	1.574.753	3.106.718	154.172	3.260.890
4.5	Other Assets Received for Collection		-	21.625	21.625	-	25.247	25.247
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	1.164	-	1.164
<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>100.893.095</b>	<b>37.271.456</b>	<b>138.164.551</b>	<b>93.556.988</b>	<b>23.412.346</b>	<b>116.969.334</b>

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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**YAPI VE KREDİ BANKASI A.Ş.  
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007**  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)

<b>IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>		
<b>INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>(31/12/2008)</b>	<b>(31/12/2007)</b>
<b>I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>1.679</b>	<b>14.082</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>12.843</b>	<b>(7.101)</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>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>(3.430)</b>	<b>(660)</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>9.248</b>	<b>4.311</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>24.799</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 under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	-	-
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)</b>	<b>(15.551)</b>	<b>(4.052)</b>

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**YAPI VE KREDİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2007**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordina- ry Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
31 December 2007																		
I.	Period Opening Balance		3.142.818	-	45.781	-	17.159	-	326.025	-	513.908	(670.545)	50.017	-	-	-	-	3.425.163
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)		3.142.818	-	45.781	-	17.159	-	326.025	-	513.908	(670.545)	50.017	-	-	-	-	3.425.163
Changes in the Period																		
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(2.042)	-	-	-	-	(2.042)
VI.	Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		284.233	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	277.601
14.1	Cash increase	II-j-3	277.601	-	-	-	-	-	-	-	-	-	-	-	-	-	-	277.601
14.2	Internal Resources		6.632	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-
XV.	Share Premium	II-j-3	-	-	495.852	-	-	-	-	-	-	-	-	-	-	-	-	495.852
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	(2.010)	-	-	-	-	-	-	-	(2.010)
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	709.185	-	-	-	-	-	-	709.185
XX.	Profit Distribution		-	-	-	-	-	-	-	7.308	(513.908)	506.600	-	-	-	-	-	-
20.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	-	-	-	-	7.308	(513.908)	506.600	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance																		
(III+IV+V+.....+XVIII+XIX+XX)			3.427.051	-	541.633	-	17.159	-	326.025	5.298	709.185	(170.577)	47.975	-	-	-	-	4.903.749

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**YAPI VE KREDİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2008**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordina- ry Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
31 December 2008																		
I.	Prior Period End Balance		3.427.051	-	541.633	-	17.159	-	326.025	5.298	709.185	(170.577)	47.975	-	-	-	-	4.903.749
	Changes in the Period																	
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(13.707)	-	-	-	-	(13.707)
IV.	Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Differences due to Revaluation of Property and Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation Differences due to Revaluation of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	II-j-3	920.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	920.000
12.1	Cash increase		920.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	920.000
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	2.248	-	-	-	-	-	-	-	-	-	-	-	-	2.248
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	(1.844)	-	-	-	-	-	-	-	(1.844)
XVII.	Current Year Income or Loss		-	-	-	-	-	-	-	-	1.042.601	-	-	-	-	-	-	1.042.601
XVIII.	Profit Distribution		-	-	-	-	26.930	-	496.619	15.059	(709.185)	170.577	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	26.930	-	496.619	15.059	(709.185)	170.577	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+II+III+.....+XVI+XVII+XVIII)		4.347.051	-	543.881	-	44.089	-	822.644	18.513	1.042.601	-	34.268	-	-	-	-	6.853.047

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**YAPI VE KREDİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENTS OF CASH FLOWS AT 31 DECEMBER 2008 AND 2007**

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

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

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**YAPI VE KREDİ BANKASI A.Ş.**

**PROFIT APPROPRIATION STATEMENTS AT 31 DECEMBER 2008 AND 2007**

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

<b>VII. PROFIT APPROPRIATION STATEMENT <sup>(1)</sup></b>		
	<b>(31/12/2008)</b>	<b>(31/12/2007)</b>
<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.

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION:**

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

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 10 February 2007 and "Draft Communiqués Regarding the Change in the Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published as of 22 September 2007.

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

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

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

**Additional paragraph for convenience translation into English:**

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

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

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

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

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

Foreign currency denominated investments in associates and subsidiaries are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rate prevailing at the transaction date and are reflected to the financial statements after deducting the provision for impairment, if one exists. To comply with the current period evaluation policies, the effect of the related change has been reflected to the previous period's financial statements.

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

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

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-valued at their fair values. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

At the transaction date, the Bank documents the relation between hedge items and hedged balances, together with the risk management policies and the strategies on hedging transactions. Besides, the Bank regularly documents the hedge effectiveness of fair value hedges.

Changes in the fair value of derivative instruments subject to fair value hedges are recognised under profit or loss accounts together with the variation in the fair value of hedged items. If the underlying hedge does not conform to the hedge accounting requirements, the corrections in the hedged item for which the effective interest rate is considered, is discounted within the time to maturity and recognised under the profit and loss accounts.

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

"Financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "trading derivative financial assets" and if the fair value difference is negative, it is disclosed under "trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement. Differences in the fair value of fair value hedge derivative instruments are accounted under "trading income/loss" in the income statement.

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

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:**

All fees and commission income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded using the effective interest method. Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised as income at the time of collection.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Bank classifies and accounts its financial assets as "fair value through profit or loss", "available-for-sale", "loans and receivables" or "held-to-maturity". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

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

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

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

Derivative financial instruments are treated as trading financial assets unless they are not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

**b. Held-to-maturity financial assets:**

Held-to-maturity financial assets are assets that are not classified under loans and receivables and are held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortised cost" using the "effective interest method" after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

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

**c. Loans and receivables:**

Loans and receivables are financial assets which are created by providing money, service or goods to debtors. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated 1 November 2006. and the "Communiqué regarding the changes in the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and other Receivables" and the provision for these loans and other receivables published in the Official Gazette No. 27119 dated 23 January 2009. In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture. General provisions are determined in accordance with the "incurred loss" model taking into consideration of the factors listed above and principles of TAS 39. As of 31 March 2008, as a result of the studies performed, the Bank revised the general loan loss provisions by considering new loss detection periods, which were formerly set as 1 year, differentiating them by segment/type of products. The general loan loss provision determined through this methodology is higher than the minimum amount required by the related regulations.

Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in the previous years, the recovery amount is classified under "other operating income". If a receivable is collected which is provisioned in the same year, it is deducted from the "provisions for loan losses and other receivables". Uncollectible receivables are written-off after all the legal procedures are finalised.

**d. Available-for-sale financial assets:**

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

Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. "Unrealised gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders' equity as "Marketable securities value increase fund", until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:**

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective interest method", or the fair value if one exists, is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:**

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

**X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:**

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

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

The Bank has no securities lending transactions.

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

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

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

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

The Bank has no discontinued operations.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

**a. Goodwill:**

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

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to depreciation but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. The Bank allocated its goodwill to Retail Banking, Private Banking, Corporate Banking and Credit Card operations.

**b. Other intangible assets:**

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

When the book value of an other intangible asset exceeds the recoverable amount, the related asset is meant to be impaired. Some indicators of a possible loss out of impairment can be identified. If any of these indicators exists, the Bank develops a recoverable amount expectation. If not, there is no need to forecast the recoverable amount.

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

Credit card brand value, deposit base and customer portfolio	10 years
Other intangible assets	5 years



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

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

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

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

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

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

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

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a "lessor".

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES:**

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

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

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

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

**a. Employee Termination Benefit**

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

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

**b. Pension Rights**

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

Temporary article 23 paragraph one of the Banking Act published in the Official Gazette dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution (“SSI”) within three years beginning from the published date of the article.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA and SDIF representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% taking into consideration the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds. In accordance with the New Law, the social rights and payments of Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will be provided by the Fund and the employers of the Fund members.

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

**XVII. EXPLANATIONS ON TAXATION:**

**a. Current tax:**

"Corporate Tax Law"("New Tax Law") No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No.26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

**b. Deferred tax:**

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

**XVIII. EXPLANATIONS ON BORROWINGS:**

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

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

**XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity.

No dividend payments were announced after the balance sheet date.

**XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

Avalized drafts and acceptances shown as liabilities against assets are included in the "off-balance sheet commitments".

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 31 December 2008 and 2007, the Bank has no government grants.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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>
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	1,042.601	709.185
Weighted Average Number of Issued Ordinary Shares(Thousand)	346.538.433	320.573.075
<b>Earnings Per Share (Disclosed in full YTL)</b>	<b>0,0030</b>	<b>0,0022</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 the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

**XXVI. EXPLANATIONS ON OPERATING SEGMENTS:**

Information about operating segments which are determined in line with "Turkish Accounting Standard about Segment Reporting" ("TAS 14") together with organisational and internal reporting structure of the Bank, are disclosed in Note X. of Section Four.

**XXVII. RECLASSIFICATIONS:**

Reclassifications have been made on comparative figures as of 31 December 2007, to conform to changes in presentation in the 31 December 2008 financials.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Bank is 15,74% (2007: 13,67%).
- b. The capital adequacy ratio of the Bank is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders Equity" published as of 1 November 2006 and "Regulation Regarding the Change in the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" published as of 10 October 2007 and 22 March 2008 (together referred as "Regulation Regarding Capital Adequacy"). The following tables show the details of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio:

	Risk Weights <sup>(1)</sup>					
	%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, head offices and branches abroad	-	2.127.703	-	33.657	-	-
Interbank money market placements	40.000	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	1.655.594	-	-	-	-	-
Loans	1.989.724	744.034	6.457.595	27.753.011	234.386	2.444
Non-performing receivables (Net)	-	-	-	644.169	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	676.185	47.846	-	221.639	-	-
Held-to-maturity investments	11.096.290	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	14.351	-	-
Miscellaneous receivables	-	94	-	190.653	-	-
Interest and income accruals	592.334	20.132	148.100	637.326	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	1.783.383	-	-
Fixed assets	-	-	-	1.231.008	-	-
Other assets	197.289	19.452	-	230.342	-	-
<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 BANK (Continued)**

**d. Summary information about capital adequacy ratio ("CAR"):**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Amount subject to credit risk (ASCR)	47.773.374	38.688.000
Amount subject to market risk (ASMR)	290.150	331.825
Amount subject to operational risk (ASOR)	4.839.316	3.640.891
<b>Shareholders' equity</b>	<b>8.329.495</b>	<b>5.831.740</b>
<b>Shareholders' equity /(ASCR+ASMR+ASOR) *100</b>	<b>15,74</b>	<b>13,67</b>

**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 and extraordinary reserves	-	-
Profit	1.042.601	709.185
Current period net profit	1.042.601	709.185
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	60.172	83.040
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	18.513	5.298
Primary subordinated loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	-	(170.577)
Current period loss (net)	-	-
Prior periods loss	-	(170.577)
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
<b>Total Core Capital</b>	<b>6.878.951</b>	<b>4.938.814</b>

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

<b>SUPPLEMENTARY CAPITAL</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
General provisions	655.432	533.259
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary Subordinated Loans that are not considered in the calculation of core capital	-	-
Secondary Subordinated Loans	2.172.900	1.742.336
45 % of Marketable Securities valuation fund	15.420	21.589
From investments in associates and subsidiaries	-	-
Available-for-Sale financial assets	15.420	21.589
Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>2.843.752</b>	<b>2.297.184</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>9.722.703</b>	<b>7.235.998</b>
<b>DEDUCTIONS FROM THE CAPITAL <sup>(1)</sup></b>	<b>1.393.208</b>	<b>1.404.258</b>
Special costs	-	26.217
Prepaid expenses	166.355	116.258
Intangible Assets	1.151.072	1.187.125
Deferred tax asset amount exceeding 10% of core capital	-	-
Investments in Unconsolidated Financial Institutions (Domestic, foreign) and Banks in which 10% or more equity interest exercised	75.486	74.204
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	295	454
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date.	-	-
Other	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8.329.495</b>	<b>5.831.740</b>

<sup>(1)</sup> According to the temporary article 1. of the “Regulation Regarding Capital Adequacy”; “Special Costs”, “Prepaid Expenses”, “Intangible Assets” and “Amount of deferred tax asset exceeding 10% of core capital” will be considered as “Deductions from the Capital” until 1 January 2009. After this date, aforementioned amounts to be deducted from core capital.



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

**II. EXPLANATIONS ON CREDIT RISK:**

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

As a part of internal scoring system, the loan proposals received from branches are not accepted by the system unless they include detailed financial information of the companies. All rated corporate and commercial loan customers (excluding construction companies and financial institutions) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management - Risk Monitoring Department.

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

	31 December 2008	31 December 2007
Above average (1-4)	32,7%	20,2%
Average (5+ -6)	48,3%	53,6%
Below Average (7+ -9)	19,0%	26,2%

- b. The Bank has control limits over the positions of forwards, options and similar agreements.
- c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.
- d. In line with the Regulation on provisions, if the cash risk of a customer classified as non performing, the non-cash is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

- e. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.

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

- f. 1. The proportion of the Bank's top 100 cash loan balances in total cash loans is 22% (2007: 21%).
2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 44% (2007: 43%).
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 22% of total cash loans and non-cash loans (2007: 23%).
- g. The Bank provided a general loan loss provision amounting to 655.432YTL thousand (2007: YTL665.894 thousand).
- h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to Banks and other financial Institutions		Marketable Securities <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	22.075.711	16.329.423	608.677	520.976	11.107	8.227	339.030	396.314	16.611.002	15.679.992
Public Sector	1.380.437	791.487	-	-	12.488.774	12.421.504	40.358	-	2.471.665	618.805
Banks	-	-	624.876	53.259	271.828	47.323	2.489.895	765.107	1.674.414	1.159.897
Individual Customers	13.983.251	10.813.742	-	-	-	-	847	727	11.318.542	10.475.358
Share certificates	-	-	-	-	22.886	28.936	1.858.866	1.467.904	-	-
<b>Total</b>	<b>37.439.399</b>	<b>27.934.652</b>	<b>1.233.553</b>	<b>574.235</b>	<b>12.794.595</b>	<b>12.505.990</b>	<b>4.728.996</b>	<b>2.630.052</b>	<b>32.075.623</b>	<b>27.934.052</b>
<b>Information according to geographical concentration</b>										
Domestic	37.093.937	27.702.793	921.678	555.914	12.532.612	12.388.872	1.841.702	1.710.620	30.380.760	26.833.938
European Union Countries	230.128	2.870	299.304	4.124	147.683	50.048	1.903.826	528.131	1.067.383	558.471
OECD Countries <sup>(3)</sup>	26.234	-	-	8.516	-	-	264.672	59.139	335.121	298.831
Off-shore banking regions	-	171.530	-	-	76.298	-	90	85	6.996	84
USA, Canada	184	6.813	-	-	38.002	67.070	570.725	237.126	34.479	42.645
Other Countries	88.916	50.646	12.571	5.681	-	-	147.981	94.951	250.884	200.083
<b>Total</b>	<b>37.439.399</b>	<b>27.934.652</b>	<b>1.233.553</b>	<b>574.235</b>	<b>12.794.595</b>	<b>12.505.990</b>	<b>4.728.996</b>	<b>2.630.052</b>	<b>32.075.623</b>	<b>27.934.052</b>

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

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

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

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

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

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Balance sheet items that are exposed to credit risk:</b>		
Bank placements	2.164.469	730.975
Loans and advances to customers	38.672.952	28.508.881
-Credit cards	7.632.866	6.700.602
-Consumer loans	6.350.385	4.113.140
-Corporate, commercial and other loans	24.689.701	17.695.139
Trading Securities	666.825	228.942
-Government Securities	242.706	183.140
-Other marketable securities	35.545	-
-Derivative financial instruments	388.574	45.802
Investment Securities	12.516.344	12.322.850
-Government Debt Securities	12.246.068	12.238.364
-Share certificates	22.886	28.936
-Other marketable securities	247.390	55.550
Other assets	715.687	619.316
<b>Credit risk exposures relating to off-balance sheet items:</b>		
Financial guarantees	15.653.767	12.845.993
Loan commitments and other credit related liabilities	656.084	904.734

**j. Loans and other receivables past due:**

<b>31 December 2008</b>	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Past due up to 30 days	520.891	388.553	496.932	1.406.376
Past due 30-60 days	165.170	197.596	275.626	638.392
Past due 60-90 days	40.346	53.017	119.282	212.645
<b>Total</b>	<b>726.407</b>	<b>639.166</b>	<b>891.840</b>	<b>2.257.413</b>

<b>31 December 2007</b>	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Past due up to 30 days	88.162	120.931	252.597	461.690
Past due 30-60 days	60.934	70.995	101.323	233.252
Past due 60-90 days	53.486	24.223	8.316	86.025
<b>Total</b>	<b>202.582</b>	<b>216.149</b>	<b>362.236</b>	<b>780.967</b>

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

**k. Debt securities, treasury bills and other eligible bills:**

<b>31 December 2008</b>	<b>Financial Assets At Fair Value Through Profit Or Loss (Net)</b>	<b>Available-for- sale Financial Assets (Net)</b>	<b>Held to Maturity Investments (Net)</b>	<b>Total</b>
<b>Moody's Credit Rating Model</b>				
Aaa	-	16.173	-	16.173
Aa	-	147.683	-	147.683
A	-	-	-	-
Baa	35.364	40.934	-	76.298
Ba3 <sup>(1)</sup>	242.706	700.886	11.529.009	12.472.601
Unrated	181	58.773	-	58.954
<b>Total</b>	<b>278.251</b>	<b>964.449</b>	<b>11.529.009</b>	<b>12.771.709</b>

<b>31 December 2007</b>	<b>Financial Assets At Fair Value Through Profit Or Loss (Net)</b>	<b>Available-for- sale Financial Assets (Net)</b>	<b>Held to Maturity Investments (Net)</b>	<b>Total</b>
<b>Moody's Credit Rating Model</b>				
Aaa	-	11.875	40.327	52.202
Aa	-	-	49.917	49.917
A	-	-	-	-
Baa	-	-	-	-
Ba3 <sup>(1)</sup>	183.140	183.503	11.952.742	12.319.385
Unrated	-	55.550	-	55.550
<b>Total</b>	<b>183.140</b>	<b>250.928</b>	<b>12.042.986</b>	<b>12.477.054</b>

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

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

	<b>Assets</b>	<b>Liabilities <sup>(2)</sup></b>	<b>Non-Cash Loans</b>	<b>Capital Expenditures</b>	<b>Net profit <sup>(3)</sup></b>
<b>31 December 2008</b>					
Domestic	58.520.773	47.426.897	14.614.988	212.873	1.042.601
European Union Countries	2.256.834	8.524.872	1.067.383	-	-
OECD Countries <sup>(1)</sup>	247.350	401.451	335.121	-	-
Off-shore banking regions	77.801	22	6.996	-	-
USA, Canada	609.159	76.354	34.479	-	-
Other Countries	152.347	440.490	250.884	-	-
Subsidiaries, Investments and Joint Ventures	1.858.869	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
<b>Total</b>	<b>63.723.133</b>	<b>56.870.086</b>	<b>16.309.851</b>	<b>212.873</b>	<b>1.042.601</b>
<b>31 December 2007</b>					
Domestic	47.409.901	39.129.181	12.650.613	169.242	709.185
European Union Countries	510.475	5.194.150	558.471	-	-
OECD Countries <sup>(1)</sup>	37.811	815.395	298.831	-	-
Off-shore banking regions	175.170	1.211	84	-	-
USA, Canada	398.179	5.632	42.645	-	-
Other Countries	141.150	91.272	200.083	-	-
Subsidiaries, Investments and Joint Ventures	1.467.904	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
<b>Total</b>	<b>50.140.590</b>	<b>45.236.841</b>	<b>13.750.727</b>	<b>169.242</b>	<b>709.185</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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**m. Sectoral concentrations for cash loans:**

	31 December 2008				31 December 2007			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>410.199</b>	<b>1,66</b>	<b>160.955</b>	<b>1,21</b>	<b>401.405</b>	<b>2,09</b>	<b>129.134</b>	<b>1,45</b>
Farming and Raising Livestock	328.387	1,33	129.842	0,97	314.365	1,63	107.944	1,21
Forestry	68.300	0,28	6.378	0,05	64.769	0,34	4.534	0,05
Fishing	13.512	0,05	24.735	0,19	22.271	0,12	16.656	0,19
<b>Manufacturing</b>	<b>4.571.070</b>	<b>18,53</b>	<b>7.052.321</b>	<b>52,77</b>	<b>4.083.455</b>	<b>21,24</b>	<b>4.603.713</b>	<b>51,53</b>
Mining	109.180	0,44	354.700	2,65	109.069	0,57	151.717	1,70
Production	4.369.276	17,71	5.841.044	43,71	3.928.481	20,43	4.116.548	46,07
Electric, Gas and Water	92.614	0,38	856.577	6,41	45.905	0,24	335.448	3,76
<b>Construction</b>	<b>893.721</b>	<b>3,62</b>	<b>1.079.266</b>	<b>8,08</b>	<b>887.036</b>	<b>4,61</b>	<b>434.725</b>	<b>4,87</b>
<b>Services</b>	<b>2.990.729</b>	<b>12,12</b>	<b>3.144.983</b>	<b>23,54</b>	<b>2.890.028</b>	<b>15,03</b>	<b>2.314.070</b>	<b>25,90</b>
Wholesale and Retail Trade	1.457.709	5,91	421.036	3,15	1.384.656	7,20	305.236	3,42
Hotel Food and Beverage Services	170.680	0,69	551.347	4,13	187.475	0,97	397.406	4,45
Transportation and Telecommunication	527.678	2,14	1.526.875	11,42	542.016	2,83	1.267.028	14,17
Financial Institutions	460.779	1,87	460.899	3,45	398.008	2,07	157.906	1,77
Real Estate and Leasing Services	131.356	0,53	96.436	0,72	117.193	0,61	108.631	1,22
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	22.909	0,09	3.436	0,03	27.683	0,14	163	0,00
Health and Social Services	219.618	0,89	84.954	0,64	232.997	1,21	77.700	0,87
<b>Other</b>	<b>15.800.344</b>	<b>64,07</b>	<b>1.925.195</b>	<b>14,40</b>	<b>10.966.635</b>	<b>57,03</b>	<b>1.451.684</b>	<b>16,25</b>
<b>Total</b>	<b>24.666.063</b>	<b>100,00</b>	<b>13.362.720</b>	<b>100,00</b>	<b>19.228.559</b>	<b>100,00</b>	<b>8.933.326</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	18.608	16.277
(II) Capital to be Employed for Specific Risk - Standard Method	2.564	397
(III) Capital to be Employed for Currency Risk - Standard Method	1.916	3.802
(IV) Capital to be Employed for Commodity Risk - Standard Method	123	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	1	6.070
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	23.212	26.546
<b>(IX) Amount Subject to Market Risk 12,5x(VIII) or (12,5xVII)</b>	<b>290.150</b>	<b>331.825</b>

**b. Average Market Risk Table of Calculated Market Risk At the Month 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	16.754	23.153	19.177	14.332	16.856	7.253
Share Premium Risk	4.236	2.364	1.995	343	160	-
Currency Risk	8.998	11.959	1.917	8.395	21.739	3.475
Commodity Risk	45	1	123	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
<b>Total Amount Subject to Risk</b>	<b>375.413</b>	<b>468.463</b>	<b>290.150</b>	<b>288.375</b>	<b>484.438</b>	<b>134.100</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 30 September 2008, the total amount subject to operational risk is YTL4.839.316 thousand (31 December 2007: YTL3.640.891 thousand) and the amount of the related capital requirement is YTL387.145 thousand (31 December 2007: YTL291.271 thousand).

**V. EXPLANATIONS ON CURRENCY RISK:**

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

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The Bank keeps the amount of exposed currency risk within the related legal limits and the following of exchange position realized is followed on a daily/momentary basis. Notwithstanding, even the internal exchange position limit is the minimal required in terms of when compared to the related legal limit, during the year internal position limits are not exceeded. As a tool of currency risk management, futures such as swap and forward are used to abstain from risk whenever needed. In order to guard against extreme volatility during the year Stress tests are applied. All these applications signalizes the sensitivity of the Bank Management regarding the currency risk, meaning minimum influence from the exchange rate fluctuations caused by the recent global crisis.

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

	<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 Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

USD : YTL1,50304  
Euro : YTL2,01596  
Yen : YTL0,01644

As of 31 December 2007;

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>YTL 1,13550</b>	<b>YTL 1,66740</b>	<b>YTL 0,01002</b>

**Information on currency risk of the Bank:**

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

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	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>Other FC</b>	<b>Total</b>
<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	2.575.477	82.940	130	5.405	2.663.952
Banks	918.783	1.035.217	6.622	175.610	2.136.232
Financial Assets at Fair Value Through Profit or Loss	82.541	115.549	-	-	198.090
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	13.688	576.829	-	-	590.517
Loans <sup>(1)</sup>	4.725.725	10.132.884	85.358	384.079	15.328.046
Investments in Associates, Subsidiaries and Joint Ventures	275.967	113.181	-	43.404	432.552
Held-to-Maturity Investments	427.184	5.407.601	-	-	5.834.785
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	49.312	127.497	-	76.493	253.302
<b>Total Assets</b>	<b>9.068.677</b>	<b>17.591.698</b>	<b>92.110</b>	<b>684.991</b>	<b>27.437.476</b>
<b>Liabilities</b>					
Bank Deposits	22.460	92.156	101	148.813	263.530
Foreign Currency Deposits	4.661.340	11.711.921	14.616	358.040	16.745.917
Funds From Interbank Money Market	43.924	192.785	-	-	236.709
Funds Borrowed From Other Financial Institutions	1.822.161	3.173.581	4.583	552	5.000.877
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	99.095	128.463	75	13.577	241.210
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.768.176	470.523	17	1.097	3.239.813
<b>Total Liabilities</b>	<b>9.417.156</b>	<b>15.769.429</b>	<b>19.392</b>	<b>522.079</b>	<b>25.728.056</b>
<b>Net On-balance Sheet Position</b>	<b>(348.479)</b>	<b>1.822.269</b>	<b>72.718</b>	<b>162.912</b>	<b>1.709.420</b>
<b>Net Off-balance Sheet Position</b>	<b>409.891</b>	<b>(1.713.691)</b>	<b>(69.893)</b>	<b>(162.341)</b>	<b>(1.536.034)</b>
Financial Derivative Assets	983.185	3.799.780	139.604	26.943	4.949.512
Financial Derivative Liabilities	573.294	5.513.471	209.497	189.284	6.485.546
<b>Non-Cash Loans</b>	<b>3.678.414</b>	<b>6.013.556</b>	<b>400.447</b>	<b>176.103</b>	<b>10.268.520</b>
<b>31 December 2007</b>					
Total Assets	6.253.065	12.807.918	30.463	376.171	19.467.617
Total Liabilities	6.921.406	12.619.540	10.596	456.554	20.008.096
<b>Net On-balance Sheet Position</b>	<b>(668.341)</b>	<b>188.378</b>	<b>19.867</b>	<b>(80.383)</b>	<b>(540.479)</b>
<b>Net Off-balance Sheet Position</b>	<b>703.468</b>	<b>(196.072)</b>	<b>(21.878)</b>	<b>104.612</b>	<b>590.130</b>
Financial Derivative Assets	985.773	1.761.524	5.794	235.573	2.988.664
Financial Derivative Liabilities	282.305	1.957.596	27.672	130.961	2.398.534
<b>Non-Cash Loans</b>	<b>2.614.749</b>	<b>4.918.273</b>	<b>270.066</b>	<b>150.115</b>	<b>7.953.203</b>

<sup>(1)</sup> Includes FX indexed loans amounting to YTL1.965.326 thousand (2007: YTL1.084.894 thousand) which have been disclosed as YTL in the financial statements.



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**VI. EXPLANATIONS ON INTEREST RATE RISK:**

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are presented monthly to Asset and Liability Committee ("ALCO"). By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within the current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are closely monitored.

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

<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 of Turkey	1.715.713	-	-	-	-	2.802.930	4.518.643
Banks	844.610	193.854	6.407	-	-	1.119.598	2.164.469
Financial Assets at Fair Value Through Profit/Loss	97.311	112.816	331.359	84.738	40.601	-	666.825
Interbank Money Market Placements	40.358	-	-	-	-	-	40.358
Available-for-Sale Financial Assets	47.858	266.891	115.547	177.253	356.900	22.886	987.335
Loans	9.222.304	4.257.635	10.229.636	9.195.776	5.123.432	644.169	38.672.952
Held-to-Maturity Investments	899.153	3.737.343	1.133.205	1.778.975	3.980.333	-	11.529.009
Other Assets	130.584	-	-	-	-	5.012.958	5.143.542
<b>Total Assets</b>	<b>12.997.891</b>	<b>8.568.539</b>	<b>11.816.154</b>	<b>11.236.742</b>	<b>9.501.266</b>	<b>9.602.541</b>	<b>63.723.133</b>
<b>Liabilities</b>							
Bank Deposits	96.656	146.487	1.115	-	-	234.850	479.108
Other Deposits	30.268.366	4.691.796	732.403	12.091	-	5.521.565	41.226.221
Funds From Interbank Money Market	274.640	853	111.449	-	-	-	386.942
Miscellaneous Payables	1.982.154	-	-	-	-	594.185	2.576.339
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	385.942	4.064.901	567.940	949.139	195.914	-	6.163.836
Other Liabilities and Shareholders' Equity	118.319	1.124.865	1.185.859	1.605	-	10.460.039	12.890.687
<b>Total Liabilities</b>	<b>33.126.077</b>	<b>10.028.902</b>	<b>2.598.766</b>	<b>962.835</b>	<b>195.914</b>	<b>16.810.639</b>	<b>63.723.133</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>9.217.388</b>	<b>10.273.907</b>	<b>9.305.352</b>	<b>-</b>	<b>28.796.647</b>
<b>Balance Sheet Short Position</b>	<b>(20.128.186)</b>	<b>(1.460.363)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7.208.098)</b>	<b>(28.796.647)</b>
Off-balance Sheet Long Position	46.683	43.423	279.252	-	-	-	369.358
Off-balance Sheet Short Position	-	-	-	(449)	-	-	(449)
<b>Total Position</b>	<b>(20.081.503)</b>	<b>(1.416.940)</b>	<b>9.496.640</b>	<b>10.273.458</b>	<b>9.305.352</b>	<b>(7.208.098)</b>	<b>368.909</b>

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<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.433.091	-	-	-	-	2.255.574	3.688.665
Banks	253.199	102.572	6.273	-	-	368.931	730.975
Financial Assets at Fair Value Through Profit/Loss	33.184	32.985	34.449	101.655	26.669	-	228.942
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	47.513	3.816	5.840	166.656	27.103	28.936	279.864
Loans	7.063.232	3.365.101	7.923.353	6.485.701	3.324.498	346.996	28.508.881
Held-to-Maturity Investments	1.150.245	4.021.609	1.783.185	1.213.323	3.874.624	-	12.042.986
Other Assets	161.583	72	529	874	-	4.497.219	4.660.277
<b>Total Assets</b>	<b>10.142.047</b>	<b>7.526.155</b>	<b>9.753.629</b>	<b>7.968.209</b>	<b>7.252.894</b>	<b>7.497.656</b>	<b>50.140.590</b>
<b>Liabilities</b>							
Bank Deposits	306.927	108.277	12.063	-	-	101.162	528.429
Other Deposits	22.765.554	2.090.180	1.575.450	21.977	-	5.184.363	31.637.524
Funds From Interbank Money Market	1.609.630	71.593	96.391	-	-	-	1.777.614
Miscellaneous Payables	2.139.396	7.703	2.546	-	-	59.247	2.208.892
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	35.517	4.009.529	143.099	47.856	-	-	4.236.001
Other Liabilities and Shareholders' Equity	48.263	898.443	1.068.190	984	-	7.736.250	9.752.130
<b>Total Liabilities</b>	<b>26.905.287</b>	<b>7.185.725</b>	<b>2.897.739</b>	<b>70.817</b>	<b>-</b>	<b>13.081.022</b>	<b>50.140.590</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>340.430</b>	<b>6.855.890</b>	<b>7.897.392</b>	<b>7.252.894</b>	<b>-</b>	<b>22.346.606</b>
<b>Balance Sheet Short Position</b>	<b>(16.763.240)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.583.366)</b>	<b>(22.346.606)</b>
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(11.797)	(33.902)	(86.037)	(6.517)	-	-	(138.253)
<b>Total Position</b>	<b>(16.775.037)</b>	<b>306.528</b>	<b>6.769.853</b>	<b>7.890.875</b>	<b>7.252.894</b>	<b>(5.583.366)</b>	<b>(138.253)</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</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</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

**VII. EXPLANATIONS ON LIQUIDITY RISK:**

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy of the Bank in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held. In order to meet an instant cash necessity it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the deposits. During the monthly meetings of the ALCO, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

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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 a maturity of 10 years have been provided in order to extend the short-term funding structure in the banking sector. The liquidity risk according to the mismatching of assets and liabilities is decreased with the placement of these loans in the short-term derivatives and liquid treasury bills.

**Breakdown of assets and liabilities according to their outstanding maturities:**

	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (1),(2)	Total
<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	2.802.930	1.715.713	-	-	-	-	-	4.518.643
Banks	1.119.598	844.610	193.854	6.407	-	-	-	2.164.469
Financial Assets at Fair Value Through Profit or Loss	-	83.525	14.914	354.645	135.427	78.314	-	666.825
Interbank Money Market Placements	-	40.358	-	-	-	-	-	40.358
Available-for-sale Financial Assets	47.846	12	9.233	115.547	393.977	397.834	22.886	987.335
Loans	-	8.269.401	4.072.535	9.889.185	9.588.301	6.209.361	644.169	38.672.952
Held-to-maturity Investments	-	-	31.630	387.822	5.473.285	5.636.272	-	11.529.009
Other Assets (1)	321.220	204.574	2.392	25.922	-	-	4.589.434	5.143.542
<b>Total Assets</b>	<b>4.291.594</b>	<b>11.158.193</b>	<b>4.324.558</b>	<b>10.779.528</b>	<b>15.590.990</b>	<b>12.321.781</b>	<b>5.256.489</b>	<b>63.723.133</b>
<b>Liabilities</b>								
Bank Deposits	234.850	96.656	146.487	1.115	-	-	-	479.108
Other Deposits	5.521.565	30.268.366	4.691.796	732.403	12.091	-	-	41.226.221
Funds Borrowed From Other Financial Institutions	-	385.942	618.805	2.047.739	2.525.792	585.558	-	6.163.836
Funds From Interbank Money Market	-	274.640	853	111.449	-	-	-	386.942
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	199.858	2.376.481	-	-	-	-	-	2.576.339
Other Liabilities (2)	138.036	1.889.257	223.692	207.772	973.865	2.431.146	7.026.919	12.890.687
<b>Total Liabilities</b>	<b>6.094.309</b>	<b>35.291.342</b>	<b>5.681.633</b>	<b>3.100.478</b>	<b>3.511.748</b>	<b>3.016.704</b>	<b>7.026.919</b>	<b>63.723.133</b>
<b>Net Liquidity Gap</b>	<b>(1.802.715)</b>	<b>(24.133.149)</b>	<b>(1.357.075)</b>	<b>7.679.050</b>	<b>12.079.242</b>	<b>9.305.077</b>	<b>(1.770.430)</b>	<b>-</b>
<b>31 December 2007</b>								
<b>Total Assets</b>	<b>2.901.442</b>	<b>8.170.736</b>	<b>3.653.738</b>	<b>9.534.308</b>	<b>12.076.280</b>	<b>9.471.464</b>	<b>4.332.622</b>	<b>50.140.590</b>
<b>Total Liabilities</b>	<b>5.439.104</b>	<b>28.106.076</b>	<b>3.082.541</b>	<b>3.808.298</b>	<b>2.050.737</b>	<b>2.568.747</b>	<b>5.085.087</b>	<b>50.140.590</b>
<b>Net Liquidity Gap</b>	<b>(2.537.662)</b>	<b>(19.935.340)</b>	<b>571.197</b>	<b>5.726.010</b>	<b>10.025.543</b>	<b>6.902.717</b>	<b>(752.465)</b>	<b>-</b>

(1) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments in associates, subsidiaries, stationery stocks, prepaid expenses and loans under follow-up, are classified in this column.

(2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

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

**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	36.279.862	4.910.289	761.893	13.588	-
Funds Borrowed From Other Financial Institutions	391.147	677.189	2.307.534	2.768.844	1.115.647
Funds From Interbank Money Market	275.205	870	113.880	-	-
<b>Total</b>	<b>36.946.214</b>	<b>5.588.348</b>	<b>3.183.307</b>	<b>2.782.432</b>	<b>1.115.647</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	28.550.548	2.294.738	1.623.396	37.563	-
Funds Borrowed From Other Financial Institutions	37.127	636.396	1.997.137	1.379.594	856.069
Funds From Interbank Money Market	1.616.616	73.166	99.295	-	-
<b>Total</b>	<b>30.204.291</b>	<b>3.004.300</b>	<b>3.719.828</b>	<b>1.417.157</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>53.394.123</b>	<b>41.562.706</b>	<b>53.285.339</b>	<b>41.801.296</b>
Due From Interbank Money Market	40.358	-	40.744	-
Banks	2.164.469	730.975	2.168.213	731.022
Available-for-sale Financial Assets	987.335	279.864	987.335	279.864
Held-to-maturity Investments	11.529.009	12.042.986	11.355.415	12.228.769
Loans	38.672.952	28.508.881	38.733.632	28.561.641
<b>Financial Liabilities</b>	<b>50.445.504</b>	<b>38.610.846</b>	<b>50.536.256</b>	<b>38.626.190</b>
Bank deposits	479.108	528.429	480.006	529.431
Other deposits	41.226.221	31.637.524	41.226.221	31.637.524
Funds Borrowed From Other Financial Institutions	6.163.836	4.236.001	6.253.690	4.250.343
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	2.576.339	2.208.892	2.576.339	2.208.892

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

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

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

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

The expected fair value of the other deposits is determined by adding the cost and the interest expense discounts.

**IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES:**

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

**X. EXPLANATIONS ON OPERATING SEGMENTS:**

The Bank manages its banking operations through four main commercial business units: retail banking, corporate banking, private banking and credit cards.

Retail banking provides products and services to individual customers and small and medium enterprises. Products and services include general purpose loans, car loans, mortgage, deposits, investment accounts, life and non-life insurance products, payroll services, ATMs, telephone banking, internet banking and mobile banking.

Corporate banking is organised into two segments, namely commercial banking, which serves mid-sized company clients, and corporate banking, which serves large-sized multinational company clients. Corporate and commercial banking activities include working capital financing, foreign trade finance, project finance, domestic and international non-cash credit line facilities such as letters of credit and guarantees, cash management and e-banking services.

Private banking serves affluent, high net worth and ultra high net worth customers of the Group and delivers investment products to the Group. Activities include time deposits, fiduciary deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private banking services are enhanced by investment advisory and portfolio management services provided by the Group's portfolio management and brokerage subsidiaries.

The credit cards operations covers the management of products for the member stores as well as the sales and marketing operations for different types of customers. The clubs and programs under the umbrella brand of World include Gold Club, Platinum Club, Crystal Club, Travel Club (Travel Program and VIP Travel Program) Play Club (Young Employees Program and Student Program), Business Club (Corporate Program, Trio Program, Company Program and SME Program), Share Program and Communication Program.

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

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

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

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Private Banking</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
<b>31 December 2008</b>						
Operating revenue	1.327.669	886.554	127.409	1.001.738	696.499	4.039.869
Unallocated costs					(2.911.173)	(2.911.173)
<b>Net Operating Profit</b>	<b>1.327.669</b>	<b>886.554</b>	<b>127.409</b>	<b>1.001.738</b>	<b>(2.214.674)</b>	<b>1.128.696</b>
Dividend income						205.969
<b>Profit before tax</b>						<b>1.334.665</b>
Tax expense						292.064
<b>Net Profit</b>						<b>1.042.601</b>
Segment assets	10.397.262	19.425.679	120.513	7.970.632	23.950.178	61.864.264
Investments in associates, subsidiaries and joint ventures					1.858.869	1.858.869
<b>Total Assets</b>	<b>10.397.262</b>	<b>19.425.679</b>	<b>120.513</b>	<b>7.970.632</b>	<b>25.809.047</b>	<b>63.723.133</b>
Segment liabilities	17.105.710	14.959.444	8.380.277	2.261.743	14.162.912	56.870.086
Shareholders' equity					6.853.047	6.853.047
<b>Total liabilities</b>	<b>17.105.710</b>	<b>14.959.444</b>	<b>8.380.277</b>	<b>2.261.743</b>	<b>21.015.959</b>	<b>63.723.133</b>

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Private Banking</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
<b>31 December 2007</b>						
Operating revenue	1.040.771	712.866	92.605	959.579	582.577	3.388.398
Unallocated costs					(2.574.150)	(2.574.150)
<b>Net Operating Profit</b>	<b>1.040.771</b>	<b>712.866</b>	<b>92.605</b>	<b>959.579</b>	<b>(1.991.573)</b>	<b>814.248</b>
Dividend income						38.617
<b>Profit before tax</b>						<b>852.865</b>
Tax expense						143.680
<b>Net Profit</b>						<b>709.185</b>
Segment assets	7.150.159	13.844.266	85.068	6.742.468	20.850.725	48.672.686
Investments in associates, subsidiaries and joint ventures					1.467.904	1.467.904
<b>Total Assets</b>	<b>7.150.159</b>	<b>13.844.266</b>	<b>85.068</b>	<b>6.742.468</b>	<b>22.318.629</b>	<b>50.140.590</b>
Segment liabilities	14.427.192	12.308.058	5.757.375	470.106	12.274.110	45.236.841
Shareholders' equity					4.903.749	4.903.749
<b>Total liabilities</b>	<b>14.427.192</b>	<b>12.308.058</b>	<b>5.757.375</b>	<b>470.106</b>	<b>17.177.859</b>	<b>50.140.590</b>

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SECTION FIVE  
EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash and the account of The Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash and the account of the CBRT:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Cash	425.081	172.147	307.931	130.758
The CBRT	1.429.610	2.491.433	1.332.660	1.916.237
Other	-	372	-	1.079
<b>Total</b>	<b>1.854.691</b>	<b>2.663.952</b>	<b>1.640.591</b>	<b>2.048.074</b>

2. Information on the account of the CBRT:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Demand Unrestricted Amount <sup>(1)</sup>	1.429.610	827.908	1.332.660	521.735
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	-	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 YTL reserve requirement booked as average has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA as of 3 January 2008.

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, issued by the CBRT and "Changes in Communiqué Regarding the Reserve Requirements" published in the Official Gazette No. 27075 dated 5 December 2008, the banks operating in Turkey are supposed to place reserves in the CBRT for their YTL liabilities by 6% and for their foreign currency liabilities by 9 % as USD and/or EUR. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. In accordance with the communiqué numbered 2008/7 interest payments on the foreign currency denominated reserve requirements have terminated as of 11 December 2008. As of 31 December 2008 the corresponding interest rate for YTL is 12,56%.

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

- As of 31 December 2008, financial assets at fair value through profit and loss subject to repo transactions amount to YTL106.454 thousand (2007: YTL102.027 thousand), and the Bank has no financial assets at fair value through profit and loss those given as collateral/blocked amount (2007: YTL1 thousand).



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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	65.483	3.053	18.806	4.854
Swap Transactions	312.186	6.005	16.601	4.480
Futures Transactions	-	-	-	-
Options	19	1.828	-	1.061
Other	-	-	-	-
<b>Total</b>	<b>377.688</b>	<b>10.886</b>	<b>35.407</b>	<b>10.395</b>

**c. Information on banks:**

1. Information on banks:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Banks	28.237	2.136.232	47.846	683.129
Domestic	18.042	11.593	31.277	11.751
Foreign	10.195	2.124.639	16.569	671.378
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>28.237</b>	<b>2.136.232</b>	<b>47.846</b>	<b>683.129</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	1.314.128	417.227	-	-
USA, Canada	570.730	237.126	-	-
OECD Countries <sup>(1)</sup>	215.892	15.736	-	-
Off-shore Banking Regions	90	85	-	-
Other	33.994	17.773	-	-
<b>Total</b>	<b>2.134.834</b>	<b>687.947</b>	<b>-</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 YTL233.402 thousand (2007: YTL12.767 thousand). There are no available-for-sale financial assets subject to repo transactions (2007: None).

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

	31 December 2008	31 December 2007
Debt Securities	928.302	204.316
Quoted on Stock Exchange <sup>(1)</sup>	728.768	196.067
Not Quoted	199.534	8.249
Share Certificates	64.688	70.738
Quoted on Stock Exchange	-	-
Not Quoted	64.688	70.738
Impairment Provision (-)	(53.501)	(42.491)
Other <sup>(2)</sup>	47.846	47.301
<b>Total</b>	<b>987.335</b>	<b>279.864</b>

(1) As of 31 December 2008, Eurobonds amounting to YTL340.743 thousand (2007: YTL35.448 thousand) have been classified under debt securities quoted on stock exchange even though they are not publicly traded.

(2) As of 31 December 2008, other available-for-sale financial assets include mutual funds amounting to YTL47.846 thousand (2007: YTL47.301 thousand).

**e. Explanations on loans:**

1. Information on all types of loans or advance balances given to shareholders and employees of the Bank:

	31 December 2008		31 December 2007	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>447.967</b>	<b>633.294</b>	<b>352.826</b>	<b>679.098</b>
<b>Loans Granted to Employees</b>	<b>63.456</b>	-	<b>56.355</b>	-
<b>Total</b>	<b>511.423</b>	<b>633.294</b>	<b>409.181</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>	<b>36.569.934</b>	-	<b>1.444.930</b>	<b>13.919</b>
Discount and Purchase Notes	318.978	-	7.324	-
Export Loans	3.178.001	-	116.262	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	921.678	-	-	-
Foreign Loans	606.426	-	-	-
Consumer Loans	5.951.238	-	250.613	-
Credit Cards	7.050.502	-	394.908	-
Precious Metal Loans	253.198	-	-	-
Other	18.289.913	-	675.823	13.919
<b>Specialised Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>36.569.934</b>	-	<b>1.444.930</b>	<b>13.919</b>

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3. Loans according to their maturity structure:

	<b>Standard Loans and Other Receivables</b>		<b>Loans and Other Receivables Under Close Monitoring</b>	
	<b>Loans and Other receivables</b>	<b>Restructured or Rescheduled</b>	<b>Loans and Other receivables</b>	<b>Restructured or Rescheduled</b>
<b>Short-term Loans and Other Receivables</b>	<b>20.148.702</b>	-	<b>1.136.189</b>	-
Non-specialised Loans	20.148.702	-	1.136.189	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium And Long-Term Loans and Other Receivables</b>	<b>16.421.232</b>	-	<b>308.741</b>	<b>13.919</b>
Non-Specialised Loans	16.421.232	-	308.741	13.919
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-

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

<b>31 December 2008</b>	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Standart loans	23.568.194	5.951.238	7.050.502	36.569.934
Watch listed	813.328	250.613	394.908	1.458.849
Loans under legal follow-up	973.373	245.837	493.820	1.713.030
Specific Provisions (-)	(665.194)	(97.303)	(306.364)	(1.068.861)
<b>Total</b>	<b>24.689.701</b>	<b>6.350.385</b>	<b>7.632.866</b>	<b>38.672.952</b>

<b>31 December 2007</b>	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Standart loans	17.357.209	3.837.318	6.234.999	27.429.526
Watch listed	142.432	227.691	362.236	732.359
Loans under legal follow-up	1.233.126	100.893	405.236	1.739.255
Specific Provisions (-)	(1.037.628)	(52.762)	(301.869)	(1.392.259)
<b>Total</b>	<b>17.695.139</b>	<b>4.113.140</b>	<b>6.700.602</b>	<b>28.508.881</b>

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

	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>31 December 2008</b>				
Watch listed	301.121	190.007	-	491.128
Loans under legal follow-up	252.701	77.044	-	329.745
<b>Total</b>	<b>553.822</b>	<b>267.051</b>	<b>-</b>	<b>820.873</b>
	<b>Corporate, Commercial and Other Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>31 December 2007</b>				
Watch Listed	39.634	114.244	-	153.878
Loans under legal follow-up	246.077	25.993	-	272.070
<b>Total</b>	<b>285.711</b>	<b>140.237</b>	<b>-</b>	<b>425.948</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>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<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>	-	-	-
With installments	-	-	-
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>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<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>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-YTL (Real Person)<sup>(1)</sup></b>	<b>89.403</b>	-	<b>89.403</b>
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>7.557.355</b>	<b>5.933.068</b>	<b>13.490.423</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 instalment 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>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<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>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit Deposit Account-YTL (Legal Person)</b>	<b>156.645</b>	<b>-</b>	<b>156.645</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>719.852</b>	<b>2.624.023</b>	<b>3.343.875</b>

7. Loans according to types of borrowers:

	31 December 2008	31 December 2007
Public	1.380.437	791.487
Private	36.648.346	27.370.398
<b>Total</b>	<b>38.028.783</b>	<b>28.161.885</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	37.422.357	27.904.507
Foreign loans	606.426	257.378
<b>Total</b>	<b>38.028.783</b>	<b>28.161.885</b>

9. Loans granted to investments in associates and subsidiaries:

	31 December 2008	31 December 2007
Direct loans granted to investments in associates and subsidiaries	172.412	67.986
Indirect loans granted to investments in associates and subsidiaries	-	-
<b>Total</b>	<b>172.412</b>	<b>67.986</b>

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10. Specific provisions provided against loans:

	31 December 2008	31 December 2007
Loans and other receivables with limited collectibility	76.484	30.108
Loans and other receivables with doubtful collectibility	220.661	120.683
Uncollectible loans and other receivables	771.716	1.241.468
<b>Total</b>	<b>1.068.861</b>	<b>1.392.259</b>

10 (i). Provisions related to loans:

2008	Corporate, Commercial and Other Loans	Consumer Loans	Credit Cards	Total
1 January	1.037.628	52.762	301.869	1.392.259
Allowance for impairment	241.843	195.427	360.999	798.269
Amount recovered during the period	(118.951)	(148.536)	(171.159)	(438.646)
Loans written off during the period as uncollectible	(495.326)	(2.350)	(185.345)	(683.021)
<b>31 December</b>	<b>665.194</b>	<b>97.303</b>	<b>306.364</b>	<b>1.068.861</b>

2007	Corporate, Commercial and Other Loans	Consumer Loans	Credit Cards	Total
1 January	1.065.133	22.044	314.840	1.402.017
Allowance for impairment	127.319	66.344	242.630	436.293
Amount recovered during the period	(62.221)	(34.867)	(75.391)	(172.479)
Loans written off during the period as uncollectible	(92.603)	(759)	(180.210)	(273.572)
<b>31 December</b>	<b>1.037.628</b>	<b>52.762</b>	<b>301.869</b>	<b>1.392.259</b>

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>31 December 2008</b>			
(Gross amounts before specific reserves)	-	547	8.927
Restructured loans and other receivables	-	547	8.927
Rescheduled loans and other receivables	-	-	-
<b>31 December 2007</b>			
(Gross amounts before the specific reserves)	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:

	<b>III. Group</b> <b>Loans and other</b> <b>receivables with limited</b> <b>collectibility</b>	<b>IV. Group</b> <b>Loans and other</b> <b>receivables with</b> <b>doubtful</b> <b>collectibility</b>	<b>V. Group</b> <b>Uncollectible loans</b> <b>and other</b> <b>receivables</b>
<b>31 December 2007</b>	<b>159.977</b>	<b>212.840</b>	<b>1.366.438</b>
Additions (+)	1.296.115	149.231	57.310
Transfers from other categories of non-performing loans (+)	-	675.883	479.103
Transfer to other categories of non-performing loans (-)	(675.883)	(479.103)	(8.258)
Collections (-)	(378.960)	(134.359)	(324.283)
Write-offs(-)	-	(297)	(682.724)
Corporate and Commercial Loans	-	(291)	(495.035)
Consumer Loans	-	(6)	(2.344)
Credit Cards	-	-	(185.345)
Other	-	-	-
<b>31 December 2008</b>	<b>401.249</b>	<b>424.195</b>	<b>887.586</b>
Special Provision (-)	(76.484)	(220.661)	(771.716)
<b>Net Balance on Balance Sheet</b>	<b>324.765</b>	<b>203.534</b>	<b>115.870</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 collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2008</b>			
Period end balance	-	32.746	2.273
Specific provision (-)	-	(29.471)	(2.273)
<b>Net Balance on-balance sheet</b>	-	<b>3.275</b>	-
<b>31 December 2007</b>			
Period end balance	-	-	2.416
Specific provision (-)	-	-	(2.359)
<b>Net Balance on-balance sheet</b>	-	-	<b>57</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 collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2008 (Net)</b>	<b>324.765</b>	<b>203.534</b>	<b>115.870</b>
Loans granted to real persons and corporate entities (Gross)	401.249	391.449	802.600
Specific provision amount (-)	(76.484)	(191.190)	(686.730)
Loans granted to real persons and corporate entities (Net)	324.765	200.259	115.870
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	32.746	84.986
Specific provision amount (-)	-	(29.471)	(84.986)
Other loans and receivables (Net)	-	3.275	-
<b>31 December 2007 (Net)</b>	<b>129.869</b>	<b>92.157</b>	<b>124.970</b>
Loans granted to real persons and corporate entities (Gross)	159.977	212.840	1.281.452
Specific provision amount (-)	(30.108)	(120.683)	(1.156.482)
Loans granted to real persons and corporate entities (Net)	129.869	92.157	124.970
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.986
Specific provision amount (-)	-	-	(84.986)
Other loans and receivables (Net)	-	-	-



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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 communiqué, are liquidated through restructuring and/or the collection of collaterals by will or legal procedures as other follow-up accounts (i.e. the "Loans and other receivables with limited collectability" and "Loans and other receivables with doubtful collectability"). The policy of the Bank regarding the write-off of the loans under legal follow up is as write-off the ones that is proved as uncollectible by legal follow-up.

**f. Information on held-to-maturity investments:**

1. Information on government debt securities held-to-maturity:

	31 December 2008	31 December 2007
Government Bond	11.529.009	11.952.742
Treasury Bill	-	-
Other debt securities <sup>(1)</sup>	-	90.244
<b>Total</b>	<b>11.529.009</b>	<b>12.042.986</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	11.573.300	12.070.661
Quoted to Stock Exchange <sup>(1)</sup>	11.573.300	11.921.396
Not Quoted	-	149.265
Impairment Provision (-)	(44.291)	(27.675)
<b>Total</b>	<b>11.529.009</b>	<b>12.042.986</b>

<sup>(1)</sup> Eurobonds amounting to YTL4.974.422 thousand have been classified under debt securities quoted on stock exchange even though they are not publicly traded. (2007: YTL4.682.818 thousand).

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

	31 December 2008	31 December 2007
<b>Beginning balance</b>	<b>12.042.986</b>	<b>15.879.899</b>
FC differences on monetary assets	1.342.689	(981.293)
Purchases during year	404.365	2.886.776
Disposals through sales and redemptions	(2.244.415)	(5.718.209)
Impairment provision (-)	(16.616)	(24.187)
<b>Period end balance</b>	<b>11.529.009</b>	<b>12.042.986</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 YTL1.948.317 thousand (2007: YTL1.324.464 thousand). Held-to-maturity investments subject to repo transactions amount to YTL354.910 thousand (2007: YTL1.764.891 thousand).

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**g. Information on investments in associates (Net):**

**1. General information on unconsolidated investments in associates:**

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

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Market value
1	2.467.414	130.011	5.839	94.504	7.679	11.593	10.113	-
2	26.049	19.265	1.837	2.950	6	6.559	3.457	-
3	15.271	12.004	4.544	1.665	-	1.139	1.228	-

Financial statement information disclosed above shows 31 December 2008 results.

<sup>(1)</sup> Financial statement information is disclosed in thousands of CHF. As of 31 December 2008, the evaluation rate for CHF is YTL1,3942 (2007: YTL1,0016).

**3. Movement of unconsolidated investments in associates:**

	31 December 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>46.062</b>	<b>46.932</b>
<b>Movements during the period</b>	<b>1.282</b>	<b>(870)</b>
Purchases	-	-
Transfers	1.282	-
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation (decrease)/increase	-	-
Impairment provision	-	(870)
<b>Balance at the end of the period</b>	<b>47.344</b>	<b>46.062</b>
<b>Capital Commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

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

	31 December 2008	31 December 2007
Banks	43.404	43.404
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	3.940	2.658
<b>Total Financial Investments</b>	<b>47.344</b>	<b>46.062</b>

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5. Valuation of unconsolidated investments in associates:

	31 December 2008	31 December 2007
Valuation with cost	47.344	46.062
Valuation with fair value	-	-
Valuation with equity method	-	-
<b>Total</b>	<b>47.344</b>	<b>46.062</b>

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

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

1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş. (Yapı Kredi Portföy)	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V. <sup>(1)</sup>	Amsterdam/The Netherlands	100,00	100,00
3	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	99,98	99,99
4	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/ Turkey	99,99	100,00
5	Yapı Kredi Faktoring A.Ş.	Istanbul/ Turkey	99,95	100,00
6	Yapı Kredi Moscow <sup>(2)</sup>	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	99,58
9	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	30,45	30,45
10	Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	11,09	56,07
11	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Turkey	99,96	99,99
12	Yapı Kredi Azerbaycan <sup>(3)</sup>	Baku/Azerbaijan	99,80	100,00
13	Yapı Kredi Nederland N.V. <sup>(1)</sup>	Amsterdam/The Netherlands	67,24	100,00

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

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

(3) Financial statement information is expressed in AZM thousands in Note 2. As of 31 December 2008, the evaluation rate for AZM is YTL1,8407 (2007: YTL1,3432).

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

No	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Market value <sup>(1)</sup>
1	79.646	70.732	660	10.231	3.227	47.206	44.669	-
2	45.507	45.480	-	11	-	(5.387)	2.410	-
3	310.476	232.762	17.059	29.738	19.391	52.094	48.768	-
4	9.661	7.604	193	80	-	759	806	-
5	1.095.349	86.357	717	128.053	-	19.037	19.766	-
6	200.450	44.823	6.406	16.090	2.707	355	5.723	-
7	736.856	307.271	22.119	46.561	21.195	54.384	25.357	353.600
8	2.836.039	616.169	1.133	300.148	-	132.798	131.876	522.500
9	151.538	98.769	3.200	13.085	308	(11.755)	11.358	24.400
10	54.698	53.879	28	3.034	3.034	(6.123)	13.341	15.100
11	37.134	12.875	4.095	49	-	1.361	(20.954)	-
12	104.495	38.443	3.063	7.739	3.449	5.292	4.082	-
13	1.605.418	156.269	386	109.277	37.912	14.535	13.211	-

Financial statement information disclosed above shows 31 December 2008 results.

<sup>(1)</sup> Calculated with the ISE market prices as of 31 December 2008 considering the total number of shares.

3. Movement schedule of subsidiaries:

	31 December 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>1.421.842</b>	<b>791.219</b>
<b>Movements during the period</b>	<b>389.683</b>	<b>630.623</b>
Purchases <sup>(1)</sup>	389.683	804.103
Transfers	-	(54.299)
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales	-	(24.500)
Revaluation (decrease) / increase	-	-
Impairment provision	-	(94.681)
<b>Balance at the end of the period</b>	<b>1.811.525</b>	<b>1.421.842</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 YTL 36.003 thousand.

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4. Sectoral information on financial subsidiaries and the related carrying amounts:

Subsidiaries	31 December 2008	31 December 2007
Banks	278.244	77.178
Insurance Companies	148.019	148.019
Factoring Companies	183.325	183.325
Leasing Companies	722.491	722.491
Finance Companies	-	-
Other Financial Subsidiaries	477.146	288.529
<b>Total Financial Subsidiaries</b>	<b>1.809.225</b>	<b>1.419.542</b>

5. Subsidiaries quoted to stock exchange:

	31 December 2008	31 December 2007
Quoted to domestic stock exchanges	904.240	904.240
Quoted to foreign stock exchanges	-	-

i. Information on hedging derivative financial assets:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Fair Value Hedge	-	-	1.018	666
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.018</b>	<b>666</b>

j. Information on property and equipment: (Net)

	Immovables	Leased Fixed Assets	Vehicles	Other Tangible Fixed Assets	Total
<b>31 December 2007</b>					
Cost	2.238.581	270.231	4.788	576.578	3.090.178
Accumulated depreciation (-)	(1.386.711)	(137.961)	(4.445)	(492.975)	(2.022.092)
<b>Net book value</b>	<b>851.870</b>	<b>132.270</b>	<b>343</b>	<b>83.603</b>	<b>1.068.086</b>
<b>31 December 2008</b>					
<b>Net book value at beginning of the Period</b>	<b>851.870</b>	<b>132.270</b>	<b>343</b>	<b>83.603</b>	<b>1.068.086</b>
Additions	835	33.167	320	145.004	179.326
Transfers from intangible assets	-	-	-	30.524	30.524
Disposals (-), net	(25.724)	(971)	(12)	(17.454)	(44.161)
Reversal of impairment, net	28.553	-	-	-	28.553
Impairment (-)	(1.895)	-	-	-	(1.895)
Depreciation (-)	(44.633)	(37.792)	(311)	(35.021)	(117.757)
<b>Net book value at beginning of the Period</b>	<b>809.006</b>	<b>126.674</b>	<b>340</b>	<b>206.656</b>	<b>1.142.676</b>
Cost at the end of the period	2.191.845	301.624	4.909	717.586	3.215.964
Accumulated depreciation at the period end (-)	(1.382.839)	(174.950)	(4.569)	(510.930)	(2.073.288)
<b>31 December 2008</b>	<b>809.006</b>	<b>126.674</b>	<b>340</b>	<b>206.656</b>	<b>1.142.676</b>

As of 31 December 2008, the Bank had total provision for impairment on immovables amounting to YTL600.445 thousand (2007: YTL627.103 thousand) for the property and equipment.

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**k. Information on intangible assets:**

	31 December 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>1.187.125</b>	<b>1.152.548</b>
Additions during the Period	33.547	65.981
Unused and Disposed Items (-)	(289)	(707)
Transfers	(30.524)	-
Impairment Charges on Income Statement (-)	-	-
Amortisation Expenses (-)	(38.787)	(30.697)
<b>Balance at the end of the period</b>	<b>1.151.072</b>	<b>1.187.125</b>

Koçbank acquired 57,42% of the shares of Yapı Kredi Bank's as of 28 September 2005. As a result of the acquisition transaction, the cost of the acquisition exceeding the fair value of acquired identifiable assets, liabilities and commitments is accounted as goodwill which amounts to YTL979.493 thousand.

Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 December 2008, the net book value of these intangible assets amounts to YTL110.083 thousand (2007: YTL126.391 thousand).

**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	138.307	27.661	126.225	25.245
Provision for the actuarial deficit of the pension fund	774.366	154.873	604.278	120.856
Trading derivative financial liabilities	202.106	40.421	191.587	38.317
Subsidiaries, investment in associates and share certificates	119.094	23.819	132.472	26.494
Other	214.181	42.838	175.481	35.097
<b>Total deferred tax asset</b>	<b>1.448.054</b>	<b>289.612</b>	<b>1.230.043</b>	<b>246.009</b>
Trading derivative financial assets	(388.574)	(77.715)	(45.802)	(9.160)
Valuation difference of securities portfolio	(29.704)	(5.941)	(48.213)	(9.642)
Property, equipment and intangibles , net	(294.547)	(33.832)	(226.991)	(18.669)
Other	(1.884)	(377)	(3.693)	(739)
<b>Total deferred tax liability</b>	<b>(714.709)</b>	<b>(117.865)</b>	<b>(324.699)</b>	<b>(38.210)</b>
<b>Deferred Tax Asset, net</b>	<b>733.345</b>	<b>171.747</b>	<b>905.344</b>	<b>207.799</b>

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

	31 December 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>108.363</b>	<b>180.447</b>
Additions	59.620	73.884
Disposals (-), net <sup>(1)</sup>	(120.129)	(341.202)
Impairment reversal	44.579	223.385
Impairment (-)	(515)	(11.204)
Depreciation (-)	(3.586)	(16.947)
<b>Net Book Value at the end of the period</b>	<b>88.332</b>	<b>108.363</b>
Cost at the end of the period	96.741	126.922
Depreciation at the end of the period (-)	(8.409)	(18.559)
<b>Net Book Value at the end of the period</b>	<b>88.332</b>	<b>108.363</b>

<sup>(1)</sup> By the decision of the board of directors at 3 October 2007; shares of Yapı Kredi Bank (Deutschland), which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV, amounting to YTL54.298 thousand is reclassified under assets held for sale according to the sale agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note I of this section 6, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

As of 31 December 2008, the Bank booked impairment provision on assets held for resale with an amount of YTL19.440 thousand (2007: YTL63.502 thousand).

n. Information on other assets:

As of 31 December 2008, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES**

**a. Information on deposits:**

1. Information on maturity structure of deposits/collected funds <sup>(1)</sup> :

1 (i). 31 December 2008:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months- 1 year</b>	<b>1 year and over</b>	<b>Total</b>
Saving Deposits	1.043.963	3.170.548	11.323.811	146.823	30.531	61.535	15.777.211
Foreign Currency Deposits	2.886.468	5.920.008	6.391.203	676.108	165.502	562.436	16.601.725
Residents in Turkey	2.796.741	5.802.897	5.891.909	637.966	151.402	492.943	15.773.858
Residents Abroad	89.727	117.111	499.294	38.142	14.100	69.493	827.867
Public Sector Deposits	250.889	63.322	98.567	336	661	307	414.082
Commercial Deposits	1.190.299	2.250.655	3.956.410	455.238	34.570	11.015	7.898.187
Other Institutions Deposits	20.134	33.702	336.288	234	103	365	390.826
Gold Vault	129.812	10.285	223	595	940	2.335	144.190
Bank Deposits	234.850	54.567	43.084	-	145.492	1.115	479.108
The CBRT	85.483	-	-	-	-	-	85.483
Domestic Banks	7.572	41.267	8.120	-	-	-	56.959
Foreign Banks	43.053	13.300	34.964	-	145.492	1.115	237.924
Special Financial Institutions	98.742	-	-	-	-	-	98.742
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>5.756.415</b>	<b>11.503.087</b>	<b>22.149.586</b>	<b>1.279.334</b>	<b>377.799</b>	<b>639.108</b>	<b>41.705.329</b>

1 (ii). 31 December 2007:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months- 1 year</b>	<b>1 year and over</b>	<b>Total</b>
Saving Deposits	930.436	2.913.831	7.136.187	176.172	29.122	63.605	11.249.353
Foreign Currency Deposits	2.773.702	4.843.571	3.143.355	687.897	186.509	1.137.875	12.772.909
Residents in Turkey	2.695.687	4.439.224	3.031.222	660.202	166.576	1.041.101	12.034.012
Residents Abroad	78.015	404.347	112.133	27.695	19.933	96.774	738.897
Public Sector Deposits	221.383	55.564	13.811	3.979	109.652	542	404.931
Commercial Deposits	1.177.592	3.145.445	2.234.202	282.095	12.659	101.394	6.953.387
Other Institutions Deposits	15.872	21.298	139.642	333	107	271	177.523
Gold Vault	65.378	10.126	375	283	624	2.635	79.421
Bank Deposits	101.162	305.643	126	1.848	116.438	3.212	528.429
The CBRT	72	-	-	-	-	-	72
Domestic Banks	6.633	263.722	-	-	3.153	-	273.508
Foreign Banks	53.653	41.921	126	1.848	113.285	3.212	214.045
Special Financial Institutions	40.804	-	-	-	-	-	40.804
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>5.285.525</b>	<b>11.295.478</b>	<b>12.667.698</b>	<b>1.152.607</b>	<b>455.111</b>	<b>1.309.534</b>	<b>32.165.953</b>

<sup>(1)</sup> The Bank has no cumulative deposits and deposits with 7 days notifications.



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2. Information on saving deposits insurance:

2 (i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	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 the saving deposits insurance fund:

	31 December 2008	31 December 2007
Saving Deposits in Foreign Branches	-	-
Saving Deposits in Off-shore Banking Regions	142.047	83.319
<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 persons:

	31 December 2008	31 December 2007
Foreign Branches' Deposits and other accounts	-	-
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children in care	18.747	19.825
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities Solely	142.047	83.319

**b. Information on trading derivative financial liabilities:**

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	69.595	931	24.528	5.522
Swap Transactions	107.785	23.274	160.558	-
Futures Transactions	-	-	-	-
Options	4	517	-	979
Other	-	-	-	-
<b>Total</b>	<b>177.384</b>	<b>24.722</b>	<b>185.086</b>	<b>6.501</b>

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**c. Information on borrowings:**

**1. Information on borrowings:**

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	216.788	125.668	178.941	116.453
From Foreign Banks, Institutions and Funds	946.171	4.875.209	326	3.940.281
<b>Total</b>	<b>1.162.959</b>	<b>5.000.877</b>	<b>179.267</b>	<b>4.056.734</b>

**2. Information on maturity structure of borrowings:**

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Short-term	266.592	939.805	179.267	1.376.738
Medium and Long-term	896.367	4.061.072	-	2.679.996
<b>Total</b>	<b>1.162.959</b>	<b>5.000.877</b>	<b>179.267</b>	<b>4.056.734</b>

**3. Repayment schedule of securitisation credits:**

The Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to equivalent of YTL1.966.298 thousand using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

	31 December 2008	31 December 2007
2010	369.495	289.196
2011	399.927	312.977
2012	399.927	312.977
2013	399.927	312.977
2014	357.538	280.332
2015	30.431	23.781
Interest Expense Accrual	9.053	10.369
<b>Total</b>	<b>1.966.298</b>	<b>1.542.609</b>

**d. Information on miscellaneous payables:**

As of 31 December 2008, miscellaneous payables do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

**e. Information on financial leasing agreements:**

	31 December 2008		31 December 2007	
	Gross	Net	Gross	Net
Less than 1 year	8.313	7.937	24.483	23.581
Between 1-4 years	40	2	57	13
More than 4 years	-	-	-	-
<b>Total</b>	<b>8.353</b>	<b>7.939</b>	<b>24.540</b>	<b>23.594</b>

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

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

**g. Information on provisions:**

**1. Information on general provisions:**

	31 December 2008	31 December 2007
Provisions for Group I loans and receivables	444.508	528.050
Provisions for Group II loans and receivables	71.419	42.466
Provisions for non cash loans	111.410	81.623
Other	28.095	13.755
<b>Total</b>	<b>655.432</b>	<b>665.894</b>

**2. Information on reserve for employment termination benefits:**

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated over today's possible liability of the Bank in case of the retirement of employees. TAS 19 necessitates the actuarial valuation methods to calculate the liabilities of enterprises.

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

	31 December 2008	31 December 2007
Discount rate (%)	6,26	5,71
The Rate Used Related to Retirement Expectation (%)	95,53	96,20

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.260,05 (1 January 2008: 2.087,92 YTL) effective from 1 January 2009 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	31 December 2008	31 December 2007
<b>Prior period ending balance</b>	<b>88.549</b>	<b>94.345</b>
Provisions recognised during the period	12.512	11.198
Paid during the period	(16.036)	(16.994)
<b>Balance at the end of the period</b>	<b>85.025</b>	<b>88.549</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to YTL53.282 thousand as of 31 December 2008 (2007: YTL37.676 thousand).

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3. Other provisions:

	31 December 2008	31 December 2007
Pension fund provision	774.366	604.278
Tax risk provision <sup>(1)</sup>	40.273	72.043
Non-cash loan provision	62.288	50.249
Provisions on credit cards and promotion campaigns related to banking services	56.674	36.014
Provision on export commitment estimated liability	40.495	39.945
Legal risk provision <sup>(1)</sup>	19.899	10.997
Other	160.305	151.779
<b>Total</b>	<b>1.154.300</b>	<b>965.305</b>

<sup>(1)</sup> Considered as provisions for possible risks.

i) Pension Fund provision:

As of 31 December 2008, the Bank provided provision amounting to YTL774.366 thousand for the technical deficit based on the report prepared by a registered actuary as of 30 November 2008 in accordance with the technical interest rate of 9.8% determined by the New Law and CSO 1980 mortality table. In the financial statements of the Bank prepared as of 31 December 2007, the provision for the technical deficit calculated as of 31 December 2006 in accordance with the decision of the Council of Ministers numbered 2006/11345 published in the Official Gazette No.26377 dated 15 December 2006 using a technical interest rate 10,24% amounts to YTL604.278 thousand.

	31 December 2008	31 December 2007
Income statement charge	170.088	120.996

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

	31 December 2008	31 December 2007
Present value of funded obligations	1.063.181	774.820
- Pension benefits transferable to SSI	1.036.138	708.438
- Post employment medical benefits transferable to SSI	27.043	66.382
Fair value of plan assets	(288.815)	(170.542)
<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.

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Plan assets are comprised as follows:

	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
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).

**h. Information on taxes payable:**

- (i) Information on taxes payable:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Corporate Tax Payable		3.103
Taxation of Marketable Securities	106.717	84.246
Property Tax	997	1.051
Banking Insurance Transaction Tax (BITT)	39.835	28.033
Foreign Exchange Transaction Tax	-	3.167
Value Added Tax Payable	2.155	2.738
Other	16.518	13.580
<b>Total</b>	<b>166.222</b>	<b>135.918</b>

- (ii) Information on premium payables:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	-	-
Bank Pension Fund Premiums – Employee	-	-
Bank Pension Fund Premiums – Employer	-	-
Pension Fund Deposit and Provisions – Employee	1.936	-
Pension Fund Deposit and Provisions – Employer	2.207	-
Unemployment Insurance – Employee	423	380
Unemployment Insurance – Employer	847	760
Other	-	-
<b>Total</b>	<b>5.413</b>	<b>1.140</b>

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**i. Information on subordinated loans:**

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	2.220.601	-	1.772.914
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>2.220.601</b>	-	<b>1.772.914</b>

At 30 March 2006, Yapı Kredi obtained a subordinated loan amounting to EUR500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on 28 April 2006 amounting to EUR350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained with decrees from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on 25 June 2007 amounting to EUR200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated 3 April 2006, 2 May 2006 and 19 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

**j. Information on shareholders' equity:**

**1. Presentation of paid-in capital (as nominal; inflation unadjusted balances):**

	31 December 2008	31 December 2007
Common Stock	4.347.051	3.427.051
Preferred Stock	-	-

**2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling (As nominal; inflation unadjusted balances):**

The Bank's paid-in-capital is amounting to YTL4.347.051 thousand and in accordance with the decision taken in the Ordinary General Assembly at 7 April 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is YTL5.000.000 thousand.

**3. Information on the share capital increases during the period and the sources:**

Increase Date	Increase Amount	Cash	Profit Reserve Regarding Increase	Capital Reserve Regarding Increase
15 December 2008	920.000	920.000	-	-

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In 2008, the Bank increased its issued capital by YTL920.000.000 from YTL3.427.051.284 to YTL4.347.051.284 all in cash within the Bank's registered capital ceiling of YTL5.000.000.000 (2007: With the transfer of KFS's shares in Yapı Kredi Factoring, Yapı Kredi Leasing and Yapı Kredi Azerbaijan Closed Joint Stock Company to the Bank; the Bank's issued capital is increased by YTL 277.601thousand, as of 31 October 2007. The difference between the fair value of the transferred shares and the increase in capital amounted YTL 495.852 thousand is recorded under the account of share premium).

4. Information on transfers from revaluation funds to capital during the current period: None.
5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.
6. Information on privileges given to shares representing the capital by considering the banks income profitability, prior period indicators on liquidity and uncertainty on these indicators:

The interest, liquidity, and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk and legal limits.

7. Privilege on the corporate stock: None.

**k. Information on marketable securities value increase fund:**

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	11.543	22.725	4.748	43.227
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>11.543</b>	<b>22.725</b>	<b>4.748</b>	<b>43.227</b>

**III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:**

**a. Information on interest income:**

1. Information on interest income on loans:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Short-term Loans	3.048.339	291.733	2.649.827	185.840
Medium/Long-term Loans	1.376.199	403.684	834.934	317.110
Interest on Loans Under Follow-up	80.483	6.152	82.655	306
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total <sup>(1)</sup></b>	<b>4.505.021</b>	<b>701.569</b>	<b>3.567.416</b>	<b>503.256</b>

<sup>(1)</sup> Includes fees and commissions received for cash loans.

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2. Information on interest income on banks:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
From the CBRT	-	-	-	-
From Domestic Banks	8.351	3.876	4.900	3.169
From Foreign Banks	6.074	48.769	5.468	72.421
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>14.425</b>	<b>52.645</b>	<b>10.368</b>	<b>75.590</b>

3. Information on interest income on marketable securities:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
From Trading Financial Assets	3.124	14.174	2.860	17.370
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	34.129	14.308	21.273	7.306
From Held-to-maturity investments	1.025.831	383.703	1.102.465	480.703
<b>Total</b>	<b>1.063.084</b>	<b>412.185</b>	<b>1.126.598</b>	<b>505.379</b>

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

	31 December 2008	31 December 2007
Interests Received From Investments in Associates and Subsidiaries	6.529	11.108

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	31 December 2008		31 December 2007	
	YTL	FC	YTL	FC
Banks	79.668	354.756	33.664	257.262
The CBRT	2	-	1	-
Domestic Banks	27.330	6.025	26.080	8.791
Foreign Banks	52.336	348.731	7.583	248.471
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	38.176	-	99.081
<b>Total <sup>(1)</sup></b>	<b>79.668</b>	<b>392.932</b>	<b>33.664</b>	<b>356.343</b>

<sup>(1)</sup> Includes fees and commissions related to borrowings.

2. Information on interest expense given to investments in associates and subsidiaries:

	31 December 2008	31 December 2007
Interests paid to Investments in Associates and Subsidiaries	40.099	18.751



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**3. Maturity structure of the interest expense on deposits:**

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total	31 December 2007
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year			
<b>YTL</b>									
Bank Deposit	2.265	8.054	6.470	-	-	151	-	16.940	14.528
Saving Deposit	1.855	513.446	1.661.638	23.469	3.721	8.939	-	2.213.068	1.785.132
Public Sector Deposit	-	3.159	5.689	641	5.280	80	-	14.849	29.051
Commercial Deposit	24.572	413.185	683.129	49.412	5.201	9.122	-	1.184.621	997.288
Other Deposit	1	17.790	49.922	86	15	45	-	67.859	35.544
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>28.693</b>	<b>955.634</b>	<b>2.406.848</b>	<b>73.608</b>	<b>14.217</b>	<b>18.337</b>	<b>-</b>	<b>3.497.337</b>	<b>2.861.543</b>
<b>FC</b>									
Foreign Currency Deposit	7.253	236.558	213.649	33.171	6.273	39.400	-	536.304	438.894
Bank Deposit	-	49	-	-	5.647	-	-	5.696	3.375
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-	-
Gold Vault	-	69	4	5	11	102	-	191	131
<b>Total</b>	<b>7.253</b>	<b>236.676</b>	<b>213.653</b>	<b>33.176</b>	<b>11.931</b>	<b>39.502</b>	<b>-</b>	<b>542.191</b>	<b>442.400</b>
<b>Grand Total</b>	<b>35.946</b>	<b>1.192.310</b>	<b>2.620.501</b>	<b>106.784</b>	<b>26.148</b>	<b>57.839</b>	<b>-</b>	<b>4.039.528</b>	<b>3.303.943</b>

**c. Information on dividend income:**

	31 December 2008	31 December 2007
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	38.298	825
Subsidiaries and associates	167.671	37.792
<b>Total</b>	<b>205.969</b>	<b>38.617</b>

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

	31 December 2008	31 December 2007
<b>Income</b>	<b>10.870.296</b>	<b>8.220.072</b>
Income from Capital Market Transactions	5.365.761	4.138.547
Derivative Financial Transactions	5.311.578	4.106.289
Other	54.183	32.258
Foreign Exchange Gains	5.504.535	4.081.525
<b>Loss(-)</b>	<b>(10.875.460)</b>	<b>(8.146.989)</b>
Loss from Capital Market Transactions	(5.061.527)	(4.339.423)
Derivative Financial Transactions	(5.042.387)	(4.305.892)
Other	(19.140)	(33.531)
Foreign Exchange Loss	(5.813.933)	(3.807.566)
<b>Net Gain/Loss</b>	<b>(5.164)</b>	<b>73.083</b>

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**e. Information on other operating income:**

Other operating income mainly consists of collections from provisions recorded as expense in the previous years and income from sales of fixed assets due to reversal of impairments charged in previous years.

**f. Provision expenses related to loans and other receivables of the Bank:**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Specific provisions for loans and other receivables	378.512	232.576
III. Group Loans and Receivables	46.376	10.070
IV. Group Loans and Receivables	99.979	18.969
V. Group Loans and Receivables	232.157	203.537
General Provision Expenses	133.357	44.742
Provision Expense for Possible Risks	40.714	38.673
Marketable Securities Impairment Expenses	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities	-	-
Value Decrease	-	95.551
Investments in Associates	-	870
Subsidiaries	-	94.681
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	8.598
<b>Total</b>	<b>552.583</b>	<b>420.140</b>

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

	<b>31 December 2008</b>	<b>31 December 2007</b>
Personnel Expenses	873.717	788.343
Reserve For Employee Termination Benefits	913	157
Provision Expense for Pension Fund	170.088	120.996
Impairment Expenses of Fixed Assets	1.895	27.820
Depreciation Expenses of Fixed Assets	117.757	122.884
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	38.787	30.697
Impairment Expenses of Equity Participations for which Equity Method Applied	-	-
Impairment Expenses of Assets Held For Resale	515	5.639
Depreciation Expenses of Assets Held for Resale	3.586	16.947
Impairment Expenses of Fixed Assets Held for Sale	-	5.565
Other Operating Expenses	747.466	744.654
Operational Lease Expenses	87.213	59.510
Maintenance Expenses	33.184	25.655
Advertising Expenses	85.009	116.428
Other Expense	542.060	543.061
Loss on Sales of Assets	606	33.906
Other	403.260	256.402
<b>Total</b>	<b>2.358.590</b>	<b>2.154.010</b>

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**h. Explanations on profit and loss from continuing operations before tax:**

Profit and loss before tax consists of net interest income amounting to YTL 2.415.117 thousand (2007: YTL2.122.718 thousand), net fee and commission income amounting to YTL1.262.736 thousand (2007: YTL973.785 thousand) and total other operating expense amounting YTL2.358.590 thousand (2007: YTL2.154.010 thousand).

**i. Provision for taxes on income from continuing operations:**

As of 31 December 2008, the Bank has current tax expense amounting to YTL207.854 thousand (2007: YTL217.406 thousand) and deferred tax income amounting to YTL84.210 thousand (2007: YTL73.726 thousand deferred tax expense).

The Bank made an agreement with local tax authorities in relation to the corporate tax declarations for the periods 2003/2005 and gave up the legal process against Boğaziçi Kurumlar Vergi Dairesi according to Law Numbered 5736 which came into force on 27 February 2008 and published in the Official Gazette numbered 26800. In relation to the agreement, a payment amounting to YTL49.064 thousand was made to the related tax office and has been accounted under deferred tax expense account.

**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.**

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**IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS**

**a. Information on off balance sheet commitments:**

1. The amount and type of non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Commitments on credit cards limits	11.244.536	10.449.281
Loan granting commitments	2.457.100	1.902.940
Commitments for cheque books	1.391.826	1.359.423
<b>Total</b>	<b>15.093.462</b>	<b>13.711.644</b>

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

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

	<b>31 December 2008</b>	<b>31 December 2007</b>
Bank acceptance loans	211.367	184.493
Letter of credits	2.635.922	2.010.563
Other guarantees and collaterals	444.717	720.241
<b>Total</b>	<b>3.292.006</b>	<b>2.915.297</b>

- 2 (ii). Revocable, irrevocable guarantees, contingencies and other similar commitments:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Temporary letter of guarantees	565.241	638.848
Definite letter of guarantees	9.215.573	7.778.742
Advance letter of guarantees	2.244.072	1.539.381
Letter of guarantees given to customs	599.021	579.354
Other letter of guarantees	393.938	299.105
<b>Total</b>	<b>13.017.845</b>	<b>10.835.430</b>

- 3 (i). Total amount of non-cash loans:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Non-cash Loans Given Against Cash Loans	249.928	180.627
With Original Maturity of 1 Year or Less Than 1 Year	69.564	28.046
With Original Maturity of More Than 1 Year	180.364	152.581
Other Non-cash Loans	16.059.923	13.570.100
<b>Total</b>	<b>16.309.851</b>	<b>13.750.727</b>

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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>1,30</b>	<b>163.120</b>	<b>1,58</b>	<b>62.854</b>	<b>1,08</b>	<b>141.387</b>	<b>1,79</b>
Farming and Raising Livestock	53.093	0,88	154.492	1,50	42.028	0,72	131.632	1,66
Forestry	19.613	0,32	7.369	0,07	15.672	0,27	9.298	0,12
Fishing	5.744	0,10	1.259	0,01	5.154	0,09	457	0,01
<b>Manufacturing</b>	<b>2.426.845</b>	<b>40,16</b>	<b>4.481.042</b>	<b>43,64</b>	<b>2.332.805</b>	<b>40,24</b>	<b>3.626.331</b>	<b>45,60</b>
Mining	116.861	1,93	91.652	0,89	110.087	1,90	86.120	1,08
Production	2.060.256	34,10	3.857.760	37,57	2.105.265	36,31	3.253.455	40,91
Electric, Gas and Water	249.728	4,13	531.630	5,18	117.453	2,03	286.756	3,61
<b>Construction</b>	<b>1.610.566</b>	<b>26,66</b>	<b>2.774.448</b>	<b>27,02</b>	<b>1.509.655</b>	<b>26,04</b>	<b>1.752.787</b>	<b>22,04</b>
<b>Services</b>	<b>1.804.141</b>	<b>29,87</b>	<b>1.875.687</b>	<b>18,26</b>	<b>1.823.460</b>	<b>31,45</b>	<b>1.911.885</b>	<b>24,04</b>
Wholesale and Retail Trade	894.521	14,81	312.625	3,04	898.417	15,50	320.201	4,03
Hotel, Food and Beverage Services	68.778	1,14	83.354	0,81	65.138	1,12	73.944	0,93
Transportation and Telecommunication	238.312	3,94	324.751	3,16	272.424	4,70	369.086	4,64
Financial Institutions	358.538	5,93	630.361	6,14	394.968	6,81	727.448	9,15
Real Estate and Leasing Services	92.220	1,53	168.488	1,64	67.599	1,17	95.376	1,20
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	10.017	0,17	2.894	0,03	5.946	0,10	1.918	0,02
Health and Social Services	141.755	2,35	353.214	3,44	118.968	2,05	323.912	4,07
<b>Other</b>	<b>121.329</b>	<b>2,01</b>	<b>974.223</b>	<b>9,50</b>	<b>68.750</b>	<b>1,19</b>	<b>520.813</b>	<b>6,53</b>
<b>Total</b>	<b>6.041.331</b>	<b>100,00</b>	<b>10.268.520</b>	<b>100,00</b>	<b>5.797.524</b>	<b>100,00</b>	<b>7.953.203</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	5.940.501	6.723.077	97.226	257.041
Bank Acceptances	-	211.367	-	-
Letters of Credit	547	2.620.571	-	14.804
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	3.057	415.122	-	26.538
<b>Total</b>	<b>5.944.105</b>	<b>9.970.137</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	5.720.757	5.025.767	51.990	36.916
Bank Acceptances	-	180.488	-	4.005
Letters of Credit	787	2.008.977	-	799
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	15.492	696.251	8.498	-
<b>Total</b>	<b>5.737.036</b>	<b>7.911.483</b>	<b>60.488</b>	<b>41.720</b>

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

31 December 2008 <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 Years	Above 5 years	Total
Letter of Credit	1.418.078	758.646	459.198	-	2.635.922
Letter of Guarantee	7.081.551	1.920.125	3.313.023	703.146	13.017.845
Bank Acceptances	211.367	-	-	-	211.367
Other	27.379	34.442	327.493	55.403	444.717
<b>Total</b>	<b>8.738.375</b>	<b>2.713.213</b>	<b>4.099.714</b>	<b>758.549</b>	<b>16.309.851</b>

31 December 2007 <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 Years	Above 5 years	Total
Letter of Credit	426	1.849.707	160.430	-	2.010.563
Letter of Guarantee	6.211.978	1.416.866	2.874.887	331.699	10.835.430
Bank Acceptances	184.493	-	-	-	184.493
Other	48.395	200.298	335.950	135.598	720.241
<b>Total</b>	<b>6.445.292</b>	<b>3.466.871</b>	<b>3.371.267</b>	<b>467.297</b>	<b>13.750.727</b>

<sup>(1)</sup> 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)	12.301.254	6.717.095
FC trading forward transactions	4.085.608	2.190.656
Trading swap transactions	7.445.832	2.524.782
Futures transactions	-	-
Trading option transactions	769.814	2.001.657
Interest related derivative transactions (II)	4.976.839	1.467.466
Forward interest rate agreements	-	-
Interest rate swaps	4.710.399	1.467.466
Interest rate options	266.440	-
Interest rate futures	-	-
Other trading derivative transactions (III)	46.462	7.987
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>17.324.555</b>	<b>8.192.548</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>-</b>	<b>221.767</b>
<b>Total derivative transactions (A+B)</b>	<b>17.324.555</b>	<b>8.414.315</b>

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

<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>Above 5 years</b>	<b>Total</b>
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	(12.189)	(18.100)	460.224	(471)	-	429.464
– Inflow	3.166.327	519.636	2.770.731	41.602	-	6.498.296
– Outflow	(3.178.516)	(537.736)	(2.310.507)	(42.073)	-	(6.068.832)
Interest rate derivatives	283.180	1.864.850	(144.966)	(1.963.344)	-	39.720
– Inflow	499.929	1.871.994	163.571	17.638	-	2.553.132
– Outflow	(216.749)	(7.144)	(308.537)	(1.980.982)	-	(2.513.412)
<b>Derivatives held for hedging</b>	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
<b>Total inflow</b>	<b>3.666.256</b>	<b>2.391.630</b>	<b>2.934.302</b>	<b>59.240</b>	<b>-</b>	<b>9.051.428</b>
<b>Total outflow</b>	<b>(3.395.265)</b>	<b>(544.880)</b>	<b>(2.619.044)</b>	<b>(2.023.055)</b>	<b>-</b>	<b>(8.582.244)</b>

<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>Above 5 years</b>	<b>Total</b>
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	37.929	27.903	(5.781)	(6.311)	-	53.740
– Inflow	2.763.439	975.836	616.360	73.322	-	4.428.957
– Outflow	(2.725.510)	(947.933)	(622.141)	(79.633)	-	(4.375.217)
Interest rate derivatives	225.862	120.317	10.525	(606.452)	-	(249.748)
– Inflow	225.862	294.941	104.471	45.953	13.326	684.553
– Outflow	-	(174.624)	(93.946)	(652.405)	(13.326)	(934.301)
<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>3.015.528</b>	<b>1.333.327</b>	<b>734.725</b>	<b>119.275</b>	<b>13.326</b>	<b>5.216.181</b>
<b>Total outflow</b>	<b>(2.755.080)</b>	<b>(1.151.142)</b>	<b>(805.473)</b>	<b>(732.038)</b>	<b>(13.326)</b>	<b>(5.457.059)</b>



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**d. Information on contingent liabilities:**

Outstanding legal cases against the Bank have been considered as contingent liabilities and an YTL19.899 thousand (2007: YTL10.997 thousand) provision against these legal cases has been accounted for in the financial statements under the "Other provisions" account.

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

The Bank's activities of saving and depositing in the name of real and legal persons are not considered as material.

**V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY**

**a. Information on dividends:**

None.

**b. Information on available for sale financial assets:**

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

**c. Information on increase/decrease amounts result from the merger:**

None.

**d. Information on share issue premium:**

Explained in details in Note II.j.3 of Section Five.

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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>1.330.660</b>	<b>1.394.615</b>
Cash and Effectives	439.768	435.711
Demand Deposits in Banks	890.892	958.904
<b>Cash Equivalents</b>	<b>353.628</b>	<b>1.567.730</b>
Interbank Money Market	-	-
Deposits in Bank	353.628	1.567.730
<b>Total Cash and Cash Equivalents</b>	<b>1.684.288</b>	<b>2.962.345</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>2.545.161</b>	<b>1.330.660</b>
Cash and Effectives	597.600	439.768
Demand Deposits in Banks	1.947.561	890.892
<b>Cash equivalents</b>	<b>1.114.863</b>	<b>353.628</b>
Interbank Money Market	40.000	-
Time Deposits in Banks	1.074.863	353.628
<b>Total Cash and Cash Equivalents</b>	<b>3.660.024</b>	<b>1.684.288</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 BANK'S MERGER, TRANSFERS AND  
COMPANIES ACQUIRED BY BANKS**

On 28 September 2005, the final version of the Share Purchase Agreement was signed between Çukurova Holding, various Çukurova Companies, Mehmet Emin Karamehmet and Koç Finansal Hizmetler A.Ş., Koçbank N.V., Koçbank regarding the sale of 57,42% of the shares of the Bank. With the signing of the agreement, the Share Purchase Agreement which was agreed on 8 May 2005 officially became valid. According to the agreement on 28 September 2005, 44,52% of the shares of Yapı Kredi owned by Çukurova companies amounting to a nominal YTL335.015 thousand and 12,90% of the shares of Yapı Kredi owned by SDIF amounting to a nominal YTL97.032 thousand were transferred to Koçbank.

Moreover, Koçbank purchased a further 9,09% of Yapı Kredi shares traded on the ISE and 0,79% of the shares under a foreign mutual fund in Yapı Kredi's available-for-sale financial assets portfolio during April 2006 and as a result, the ownership of the Bank increased to 67,31%. The Bank recognised the difference between the acquisition cost and net asset acquired amount directly in the account of "Prior Years' Income/Losses" under Equity, as it was considered as a transaction with minorities.

In addition, the approval of the BRSA with regard to the merger of Koçbank and Yapı Kredi through the transfer of Koçbank with all of its rights, receivables, liabilities and obligations to Yapı Kredi and the consequential dissolution of Koçbank without liquidation; and the transfer of all Koçbank's rights, receivables, liabilities and obligations to Yapı Kredi in accordance with article 19 of the Banking Act and other relevant legislation was published in the Official Gazette dated 1 October 2006. Due to the merger and the consequential dissolution of Koçbank without liquidation, the record of Koçbank was erased from the trade registry as of 2 October 2006. The new capital of Yapı Kredi was registered with the Istanbul Commercial Registrar on 2 October 2006. Yapı Kredi's current capital has increased from YTL1.896.662.493,80 to YTL3.142.818.454,10 and a distribution of the increased portion amounting to YTL1.246.155.960,30 has been made to the shareholders of the Bank, starting from 10 October 2006. The shareholders of the Bank have the right to purchase 0,5313538 units of Ykr1 nominal valued shares in exchange for each Ykr1 nominal valued Bank share.

After the merger, the share of KFS, which owned 99,78% shares of Koçbank, became 80,18% in the merged Bank.

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VIII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP

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

1. 31 December 2008:

Banks' Risk Group <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
Loans and Other Receivables						
Balance at the Beginning of the Period	67.986	110.549	358.699	679.098	211	-
Balance at the End of the Period	172.412	41.885	658.001	633.294	76.526	-
Interest and Commission Income Received	6.529	467	82.683	2.581	10	-

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

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

- 31 December 2007:

Banks' Risk Group <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
Loans and Other Receivables						
Balance at the Beginning of the Period	24.145	85.916	379.620	731.475	-	-
Balance at the End of the Period	67.986	110.549	358.699	679.098	211	-
Interest and Commission Income Received	11.108	857	50.044	2.064	-	-

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

(2) The information in table above includes banks as well as loans.

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

Banks' 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
Deposit						
Beginning of the Period	156.132	145.912	2.890.090	3.134.323	19.825	-
End of the Period	218.984	156.132	4.737.595	2.890.090	18.747	19.825
Interest Expense on Deposits	40.099	18.751	428.090	310.134	592	-

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY  
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**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

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

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

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

Banks' 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 at Fair Value Through Profit or Loss <sup>(2)</sup></b>						
Beginning of the Period <sup>(3)</sup>	844.729	1.472	261.295	213.997	-	-
End of the Period <sup>(3)</sup>	659.622	844.729	711.872	261.295	-	-
<b>Total Profit / (Loss)</b>	<b>(6.031)</b>	<b>12.753</b>	<b>(7.127)</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 Bank's risk group:**

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

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

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

<b>Total Risk Group</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Loans	567.716	399.561
Banks	262.925	27.335
Marketable Securities	76.298	-
Interest Income Received	89.222	61.152
Non- Cash Loans	675.179	789.647
Commission Income Received	3.048	2.921
Deposit	4.202.808	2.830.730
Borrowings	772.518	215.492
Interest Expense Paid	468.781	328.885
Trading Transactions	1.371.494	1.106.024
Trading Transactions (Loss) / Income, net	(13.158)	12.808

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

3. Information regarding benefits provided to the Bank's key management:

Salaries paid to the Bank's key management amount to YTL25.822 thousand (2007: YTL34.684 thousand) as of 31 December 2008.

**IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE  
BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

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

**X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

- 1) According to The Council of Ministers's sentence dated 4 April 2007 and numbered 2007/11963, currency unit of Turkish Republic amended from Yeni Türk Lirası ("YTL") to Türk Lirası ("TL") as of 1 January 2009.
- 2) With the Bank's board resolution dated 30 January 2009 it is approved the changes in the head quarter's organisation structure and the assignments in the top management level.

In that scope;

i) Establishment of an executive committee consist of Tayfun 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 attorney of CEO who is formerly COO,

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

- a) The assignment of Nazan Somer as the vice president of the Credit Cards and Consumer Lending and retail banking who is still the vice president of Credit Cards and Consumer Lending,
- b) The acceptance of the resignation of Hamit Aydoğan from the vice presidency of Corporate Banking,

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

- c) The assignment of Mert Güvenen as the vice president of the Commercial and Corporate Banking and Foreign Participations who is formerly the vice president of Commercial Banking,
  - d) The assignment of Erhan Özçelik as the vice president of Private Banking and Subsidiaries, Portfolio Management and Investment Services Operations who is formerly the vice president of Private Banking and Foreign Operations Management,
  - e) The assignment of Massimiliano Fossati as the vice president of Risk Management who is formerly the vice president of Corporate and Commercial Credits,
  - f) The assignment of Güray Alpkaya as the vice president of Corporate and Commercial Credit Sales who is formerly the vice president of Risk Management,
  - g) The assignment of Feza Tan as the vice president of Corporate and Commercial Credits who is formerly the head of Corporate and Commercial Credit Allocation Group,
  - h) The assignment of Yüksel Rizeli as the Executive Director of Operations and Information Technologies Coordination who is formerly the Executive Director of Operations.
- 3) In the Bank's Board of Directors meetings at 28 January 2009, it was decided to assign Füsün Akkal Bozok in lieu of Ahmet Ashaboğlu by Audit Committee and selected Ranieri De Marchis as a member of Credit committee in lieu of Dr. Bülent Bulgurlu.

**SECTION SIX  
OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS**

As of 29 February 2008, the shares of Yapı Kredi Bank Deutschland, which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV has been sold to Avenue Europe Investments Singapore Pte Ltd. for net assets + EUR250 thousand and EUR4.742 thousand after capital decrease has been deposited to the Bank's account. The effect of this sale to the consolidated financial statements is YTL2.512 thousand profit.

**SECTION SEVEN  
EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT**

The consolidated financial statements for the period ended 31 December 2008 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The independent auditor's report dated 6 March 2009 is presented prior to the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR**

None.

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