

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS AT 31 DECEMBER 2008  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Yapı Kredi Finansal Kiralama A.O.

1. We have audited the balance sheet of Yapı Kredi Finansal Kiralama A.O. ("the Company") as at 31 December 2008 and income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's responsibility:*

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Communiqué "Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies" published in the Official Gazette dated 17 May 2007, numbered 26525 and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards and in accordance with the other regulations, communiques, interpretations and circulars published by the Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; and selecting and applying appropriate accounting policies.

*Auditor's responsibility:*

3. Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorization 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. An 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. However, our purpose is not expressing an opinion on the effectiveness of the Entity's internal control but for identifying the relationship of the financial statements prepared by the management and the internal control environment in order to design the audit techniques in accordance with the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

*Opinion:*

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Yapı Kredi Finansal Kiralama A.O. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

*Additional paragraph for convenience translation*

5. The financial reporting standards as described in Note 2 to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. Accordingly, the accompanying 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

Alper Önder, SMMM  
Partner

Istanbul, 23 February 2009

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
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**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**BALANCE SHEET AT 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated)

ASSETS	Note	Audited 31 December 2008			Audited 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
<b>I.</b>		-	-	-	-	-	-
<b>II.</b>		-	-	-	-	-	-
<b>III.</b>		-	-	-	-	-	-
<b>IV.</b>		-	-	-	-	-	-
<b>V.</b>		-	-	-	-	-	-
<b>VI.</b>		-	-	-	-	-	-
<b>VII.</b>		-	-	-	-	-	-
<b>VIII.</b>		-	-	-	-	-	-
<b>IX.</b>		-	-	-	-	-	-
<b>X.</b>		-	-	-	-	-	-
<b>XI.</b>		-	-	-	-	-	-
<b>XII.</b>		-	-	-	-	-	-
<b>XIII.</b>		-	-	-	-	-	-
<b>XIV.</b>		-	-	-	-	-	-
<b>XV.</b>		-	-	-	-	-	-
<b>XVI.</b>		-	-	-	-	-	-
<b>XVII.</b>		-	-	-	-	-	-
<b>XVIII.</b>		-	-	-	-	-	-
<b>XIX.</b>		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>621.372.952</b>	<b>2.214.665.675</b>	<b>2.836.038.627</b>	<b>719.962.175</b>	<b>1.768.479.989</b>	<b>2.488.442.164</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
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**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**BALANCE SHEET AT 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira ("YTL"), unless otherwise indicated.)

LIABILITIES	Note	Audited 31 December 2008			Audited 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
<b>I. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>6</b>	<b>1.109.289</b>	<b>2.847.938</b>	<b>3.957.227</b>	<b>9.587.012</b>	<b>8.173</b>	<b>9.595.185</b>
<b>II. BORROWINGS</b>	<b>7</b>	<b>45.843.910</b>	<b>2.087.018.690</b>	<b>2.132.862.600</b>	<b>33.667.231</b>	<b>1.784.582.490</b>	<b>1.818.249.721</b>
<b>III. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IV. LEASE PAYABLES</b>		<b>26.554</b>	-	<b>26.554</b>	-	-	-
4.1 Financial Lease Payables		28.119	-	28.119	-	-	-
4.2 Operational Lease Payables		-	-	-	-	-	-
4.3 Other		-	-	-	-	-	-
4.4 Deferred Financial Lease Expenses (-)		1.565	-	1.565	-	-	-
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. MISCELLANEOUS PAYABLES</b>	<b>8</b>	<b>4.836.301</b>	<b>24.150.103</b>	<b>28.986.404</b>	<b>9.146.594</b>	<b>38.634.899</b>	<b>47.781.493</b>
<b>VII. OTHER LIABILITIES</b>	<b>17</b>	<b>9.911.635</b>	<b>8.370.544</b>	<b>18.282.179</b>	<b>4.376.460</b>	<b>14.499.606</b>	<b>18.876.066</b>
<b>VIII. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>		-	-	-	-	-	-
8.1 Fair Value Hedge		-	-	-	-	-	-
8.2 Cash Flow Hedge		-	-	-	-	-	-
8.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>IX. TAX LIABILITY</b>		<b>460.372</b>	-	<b>460.372</b>	<b>416.115</b>	-	<b>416.115</b>
<b>X. PROVISIONS</b>		<b>19.230.352</b>	<b>16.063.528</b>	<b>35.293.880</b>	<b>31.157.345</b>	<b>9.419.022</b>	<b>40.576.367</b>
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserves for Employee Rights		-	-	-	-	-	-
10.3 Other Provisions	12	19.230.352	16.063.528	35.293.880	31.157.345	9.419.022	40.576.367
<b>XI. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XII. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
12.1 Held for Sale Purpose		-	-	-	-	-	-
12.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XIV. SHAREHOLDERS' EQUITY</b>		<b>616.169.411</b>	-	<b>616.169.411</b>	<b>552.947.217</b>	-	<b>552.947.217</b>
14.1 Paid-in Capital	16	389.927.705	-	389.927.705	389.927.705	-	389.927.705
14.2 Capital Reserves		(34.597.720)	-	(34.597.720)	(34.597.720)	-	(34.597.720)
14.2.1 Share Premium		2.013	-	2.013	2.013	-	2.013
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		-	-	-	-	-	-
14.2.4 Tangible and Intangible Assets Revaluation Reserve		-	-	-	-	-	-
14.2.5 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
14.2.6 Hedging Reserves (Effective portion)		-	-	-	-	-	-
14.2.7 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
14.2.8 Other capital reserves		(34.599.733)	-	(34.599.733)	(34.599.733)	-	(34.599.733)
14.3 Profit Reserves		38.549.972	-	38.549.972	29.616.509	-	29.616.509
14.3.1 Legal Reserves		38.549.972	-	38.549.972	29.616.509	-	29.616.509
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		-	-	-	-	-	-
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Income or (Loss)		222.289.454	-	222.289.454	168.000.723	-	168.000.723
14.4.1 Prior Years' Income or (Loss)		89.491.074	-	89.491.074	36.125.063	-	36.125.063
14.4.2 Current Period Income or (Loss)		132.798.380	-	132.798.380	131.875.660	-	131.875.660
<b>TOTAL LIABILITIES</b>		<b>697.587.824</b>	<b>2.138.450.803</b>	<b>2.836.038.627</b>	<b>641.297.974</b>	<b>1.847.144.190</b>	<b>2.488.442.164</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira ("YTL"), unless otherwise indicated.)

INCOME AND EXPENSE ITEMS		Note	Audited 1 January - 31 December 2008	Audited 1 January - 31 December 2007
<b>I.</b>	<b>OPERATING INCOME</b>		<b>298.760.418</b>	<b>263.172.541</b>
<b>1.1</b>	<b>FACTORING INCOME</b>		-	-
1.1.1	Interest Received from Factoring Receivables		-	-
1.1.1.1	Discounted		-	-
1.1.1.2	Other		-	-
1.1.2	Fees and Commissions Received from Factoring Receivables		-	-
1.1.2.1	Discounted		-	-
1.1.2.2	Other		-	-
<b>1.2</b>	<b>FINANCE LOAN INCOME</b>		-	-
1.2.1	Interest Received from Finance Loans		-	-
1.2.2	Fees and Commissions Received from Finance Loans		-	-
<b>1.3</b>	<b>LEASE INCOME</b>		<b>298.760.418</b>	<b>263.172.541</b>
1.3.1	Financial Lease Income		298.760.418	263.172.541
1.3.2	Operational Lease Income		-	-
1.3.3	Fees and Commissions Received from Lease Transactions		-	-
<b>II.</b>	<b>OPERATING EXPENSE (-)</b>	<b>18</b>	<b>(21.437.835)</b>	<b>(19.487.151)</b>
2.1	Personnel Expenses		(14.539.479)	(12.984.949)
2.2	Provision Expense for Employment Termination Benefits		(62.772)	(39.504)
2.3	Research and Development Expenses		-	-
2.4	General Administration Expenses		(5.921.020)	(5.717.495)
2.5	Other		(914.564)	(745.203)
<b>III.</b>	<b>OTHER OPERATING INCOME</b>		<b>1.285.558.133</b>	<b>330.919.284</b>
3.1	Interest Received from Banks		1.387.331	28.380
3.2	Interest Received from Reverse Repurchase Agreements		-	-
3.3	Interest Received from Marketable Securities Portfolio		-	-
3.3.1	Trading Financial Assets		-	-
3.3.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
3.3.3	Available-for-sale Financial Assets		-	-
3.3.4	Held to Maturity Investments		-	-
3.4	Dividend Income		-	-
3.5	Trading Gains on Securities		42.276.060	52.037.465
3.5.1	From Derivative Financial Transactions		42.276.060	52.037.465
3.5.2	Other		-	-
3.6	Foreign Exchange Gains		1.190.588.544	242.189.384
3.7	Other	19	51.306.198	36.664.055
<b>IV.</b>	<b>FINANCIAL EXPENSES (-)</b>		<b>(121.349.767)</b>	<b>(90.602.781)</b>
4.1	Interest on Funds Borrowed		(119.816.736)	(88.838.561)
4.2	Interest on Factoring Payables		-	-
4.3	Financial Lease Expense		(22.745)	-
4.4	Interest on Securities Issued		-	-
4.5	Other Interest Expenses		-	-
4.6	Fees and Commissions Given		(1.510.286)	(1.764.220)
<b>V.</b>	<b>SPECIFIC PROVISIONS FOR FOLLOW-UP RECEIVABLES (-)</b>	<b>9</b>	<b>(83.564.296)</b>	<b>(45.913.175)</b>
<b>VI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>		<b>(1.230.492.086)</b>	<b>(306.213.058)</b>
6.1	Impairment of Marketable Securities		-	-
6.1.1	Impairment of Financial Assets at Fair Value through Profit or (Loss)		-	-
6.1.2	Impairment of Available-for-sale Financial Assets		-	-
6.1.3	Impairment of Held to Maturity Investments		-	-
6.2	Impairment of Fixed Assets		-	-
6.2.1	Impairment of Tangible Assets		-	-
6.2.2	Impairment of Non-current Assets Held for Sale and Discontinued Operations		-	-
6.2.3	Impairment of Goodwill		-	-
6.2.4	Impairment of Other Intangible Non-current Assets		-	-
6.2.5	Loss from impairment of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
6.3	Loss from Derivative Financial Transaction		(55.961.109)	(39.393.007)
6.4	Foreign Exchange Loss		(1.173.283.575)	(264.354.337)
6.5	Other	19	(1.247.402)	(2.465.714)
<b>VII.</b>	<b>NET OPERATING INCOME/EXPENSE (I+...+VI)</b>		<b>127.474.567</b>	<b>131.875.660</b>
<b>VIII.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>IX.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>X.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (VII+VIII+IX) (VII+VIII+IX)</b>		<b>127.474.567</b>	<b>131.875.660</b>
<b>XI.</b>	<b>TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>20</b>	<b>5.323.813</b>	-
11.1	Current Tax Provision		-	-
11.2	Deferred Tax Expense Effect (+)		-	-
11.3	Deferred Tax Income Effect (-)		5.323.813	-
<b>XII.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (X±XI)</b>		<b>132.798.380</b>	<b>131.875.660</b>
<b>XIII.</b>	<b>INCOME FROM DISCONTINUING OPERATIONS (-)</b>		-	-
13.1	Income from Assets Held for Sale		-	-
13.2	Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-
13.3	Other income		-	-
<b>XIV.</b>	<b>EXPENSES FROM DISCONTINUING OPERATIONS (-)</b>		-	-
14.1	Expenses from Assets Held for Sale		-	-
14.2	Loss on Investment and Associates, Subsidiaries and Joint Ventures		-	-
14.3	Other Expenses		-	-
<b>XV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XIII-XIV)</b>		-	-
<b>XVI.</b>	<b>TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)</b>		-	-
16.1	Current Tax Provision		-	-
16.2	Deferred Tax Income Effect (+)		-	-
16.3	Deferred Tax Loss Effect (-)		-	-
<b>XVII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (±)</b>		-	-
<b>XVIII.</b>	<b>NET PROFIT/LOSSES (XII+XVII)</b>		<b>132.798.380</b>	<b>131.875.660</b>
	Earnings/Losses per Share	21	0,3406	0,3382

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

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**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR  
THE YEAR ENDED 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira ("YTL"), unless otherwise indicated.)

	Note	Audited 31 December 2008	Audited 31 December 2007
<b>I.</b>	<b>ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	-	-
1.1	Net Change in Available-for-sale Financial Assets Carried at Fair Value	-	-
1.2	Net Change in Available-for-sale Financial Assets Carried at Fair Value (Transfer to Income/Loss)	-	-
<b>II.</b>	<b>REVALUATION DIFFERENCES OF TANGIBLE ASSETS</b>	-	-
<b>III.</b>	<b>REVALUATION DIFFERENCES OF INTANGIBLE ASSETS</b>	-	-
<b>IV.</b>	<b>FOREIGN EXCHANGE DIFFERENCES</b>	-	-
<b>V.</b>	<b>INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS</b>	-	-
5.1	Income/Loss on Fair Value Hedge (Effective Part of Fair Value Differences)	-	-
5.2	Part of Reclassified and Recorded in Income Statement	-	-
<b>VI.</b>	<b>INCOME/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS</b>	-	-
6.1	Income/Loss Related with Fair Value Hedge (Effective Part of Fair Value Differences)	-	-
6.2	Part of Reclassified and Recorded in Income Statement	-	-
<b>VII.</b>	<b>EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS</b>	-	-
<b>VIII.</b>	<b>OTHER INCOME/EXPENSE ITEMS RECORDED IN SHAREHOLDERS' EQUITY ACCORDANCE WITH TAS</b>	-	-
<b>IX.</b>	<b>DEFERRED TAXES RELATED TO REVALUATION DIFFERENCES</b>	-	-
<b>X.</b>	<b>NET INCOME/LOSS DIRECTLY RECORDED IN SHAREHOLDERS' EQUITY (I+II+...+IX) GELİR/GİDER (I+II+...+IX)</b>	-	-
<b>XI.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	-	-
<b>XII.</b>	<b>TOTAL INCOME/LOSS RECORDED IN THE PERIOD (X±XI)</b>	-	-

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**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**STATEMENT OF AUDITED CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise indicated.)

STATEMENT OF CHANGES IN EQUITY	Note	Paid in Capital	Inflation Adjustment to Share Capital	Share Premium	Share Cancellation Profit	Legal reserves	Status Reserves	Extraordinary Reserve	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Differences	Tangible and Intangible Assets Revaluation Fund	Bonus Shares Obtained From Investments	Hedging Reserves	Valuation Differences of AHS and Discontinued Operations	Total Equity
<b>PRIOR PERIOD</b>																	
<b>I. Period Beginning Balance (01/01/2007)</b>		389.927.705	(34.599.733)	2.013	-	24.071.054	-	-	-	111.942.076	(14.817.013)	-	-	-	-	-	476.526.102
<b>II. Changes in Accounting Policies according to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	16	389.927.705	(34.599.733)	2.013	-	24.071.054	-	-	-	111.942.076	(14.817.013)	-	-	-	-	-	476.526.102
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Hedging Reserves (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Tangibles Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Changes due to Disposal of Securities</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Changes due to Reclassification of Securities</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Increase in Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Issuance of Share Certificates</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Bonds Convertible to Shares</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Subordinated Loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Current Period Income or Loss</b>		-	-	-	-	-	-	-	-	131.875.660	-	-	-	-	-	-	131.875.660
<b>XIX. Profit Distribution</b>		-	-	-	-	5.545.455	-	-	-	(111.942.076)	50.942.076	-	-	-	-	-	(55.454.545)
19.1 Dividend Paid		-	-	-	-	-	-	-	-	(55.454.545)	-	-	-	-	-	-	(55.454.545)
19.2 Transfers to Reserves		-	-	-	-	5.545.455	-	-	-	-	-	-	-	-	-	-	-
19.3 Other		-	-	-	-	-	-	-	-	(50.942.076)	50.942.076	-	-	-	-	-	-
<b>Period End Balance (31/12/2007)</b>		389.927.705	(34.599.733)	2.013	-	29.616.509	-	-	-	131.875.660	36.125.063	-	-	-	-	-	552.947.217
<b>CURRENT PERIOD</b>																	
<b>I. Period Beginning Balance (01/01/2008)</b>		389.927.705	(34.599.733)	2.013	-	29.616.509	-	-	-	131.875.660	36.125.063	-	-	-	-	-	552.947.217
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Hedging Reserves (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Tangibles Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Changes due to the Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes due to the Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Increase in Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Issuance of Share Certificates</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Bonds Convertible to Shares</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Subordinated Loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Current Period Income or Loss</b>		-	-	-	-	-	-	-	-	132.798.380	-	-	-	-	-	-	132.798.380
<b>XVII. Profit Distribution</b>		-	-	-	-	8.933.463	-	-	-	(131.875.660)	53.366.011	-	-	-	-	-	(69.576.186)
17.1 Dividend Paid	16	-	-	-	-	-	-	-	-	(69.576.186)	-	-	-	-	-	-	(69.576.186)
17.2 Transfers to Reserves	16	-	-	-	-	8.933.463	-	-	-	(8.933.463)	-	-	-	-	-	-	-
17.3 Other		-	-	-	-	-	-	-	-	(53.366.011)	53.366.011	-	-	-	-	-	-
<b>Period End Balance (31/12/2008)</b>		389.927.705	(34.599.733)	2.013	-	38.549.972	-	-	-	132.798.380	89.491.074	-	-	-	-	-	616.169.411

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise indicated )

	Note	Audited 31 December 2008	Audited 31 December 2007
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		23.395.564	86.954.662
1.1.1 Interests Received/ Leasing Income		291.938.018	255.386.521
1.1.2 Leasing Expenses		(118.851.862)	(76.228.136)
1.1.3 Dividend Received		5.418	1.342
1.1.4 Fees and Commissions Received		-	-
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Doubtful Receivables	9	38.073.113	32.498.139
1.1.7 Payments to Personnel and Service Suppliers	18	(14.539.479)	(12.984.949)
1.1.8 Taxes Paid		-	-
1.1.9 Other		(173.229.644)	(111.718.255)
1.2 Changes in Operating Assets and Liabilities			
1.2.1 Net Increase/(Decrease) in Factoring Receivables		-	-
1.2.1 Net Increase/(Decrease) in Finance Loans		-	-
1.2.1 Net Increase/(Decrease) in Lease Receivables	9	(258.410.589)	(715.269.491)
1.2.2 Net Increase/(Decrease) in Other Assets		4.313.223	(907.719)
1.2.3 Net Increase/(Decrease) in Factoring Payables		-	-
1.2.3 Net Increase/(Decrease) in Lease Payables		26.554	-
1.2.4 Net Increase in Funds Borrowed		-	-
1.2.5 Net Increase/(Decrease) in Payables		-	-
1.2.6 Net Increase/(Decrease) in Other Liabilities		(23.759.861)	(16.189.496)
<b>I. Net Cash Used in Operating Activities</b>		<b>(254.435.109)</b>	<b>(645.412.044)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		-	-
2.4 Disposals of Property and Equipment		-	-
2.5 Purchase of Investments Available-for-sale	5	(36.771)	-
2.6 Sale of Investments Available-for-sale		-	-
2.7 Purchase of Investment Securities Held to Maturity		-	-
2.8 Sale of Investment Securities Held to Maturity		-	-
2.9 Other	10,11	(236.396)	(211.912)
<b>II. Net Cash (Used in)/Provided from Investing Activities</b>		<b>(273.167)</b>	<b>(211.912)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash Obtained from Funds Borrowed and Securities Issued	7	313.648.005	710.797.712
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		(69.576.186)	(55.454.545)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>III. Net Cash Provided from Financing Activities</b>		<b>244.071.819</b>	<b>655.343.167</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>			
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>(10.636.457)</b>	<b>9.719.211</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>4</b>	<b>14.286.384</b>	<b>4.567.173</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>4</b>	<b>3.649.927</b>	<b>14.286.384</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

YAPI KREDİ FİNANSAL KİRALAMA A.O. PROFIT DISTRIBUTION TABLE		
	New Turkish Lira	
	Current period (31/12/2008) (*)	Prior period (31/12/2007)
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1 CURRENT YEAR INCOME	132.798.380	131.875.660
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate taxes (Income taxes)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR(1.1 - 1.2)</b>	<b>132.798.380</b>	<b>131.875.660</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	(6.639.919)	(3.925.483)
1.5 OTHER STATUTORY RESERVES (-) (***)	440	275
<b>B. NET DISTRIBUTABLE INCOME [(A-1.3+1.4+1.5)](**)</b>	<b>126.158.901</b>	<b>127.950.452</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(25.590.091)
1.6.1 To Owners of Ordinary Shares (****)	-	(25.590.091)
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 (-)	-	(43.986.095)
1.9.1 To Owners of Ordinary Shares (****)	-	(43.986.095)
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 (-)	-	(5.007.980)
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	53.366.011
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<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 (YTL)	-	0,3382
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	%33,82
3.3 TO OWNERS OF PRIVILEGED SHARES (YTL)	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>	-	-
4.1 TO OWNERS OF ORDINARY SHARES (YTL)	-	0,1784
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	%17,84
4.3 TO OWNERS OF PRIVILEGED SHARES (YTL)	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-

(\*) Since the profit distribution decision has not yet been approved by the Board of Directors, the profit has only been disclosed as distributable profit for the year 2008.

(\*\*) As of 31 December 2008, deferred tax income amounting to YTL5.323.813 resulting from the deferred tax assets is not subject to profit distribution based on the decision of Banking Regulation and Supervision Agency regarding the income resulting from deferred tax assets. According to BRSA, this income can not be regarded as cash or internal source of funding therefore the part of current profit resulting from the related assets can not be subject to profit distribution and capital increase.

(\*\*\*) The amount is composed of the donation amount realized in the current year and that should be added to the distributable current year profit.

(\*\*\*\*) The dividend is delivered to the Shareholders in cash.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise indicated.)

OFF BALANCE SHEET COMMITMENTS	Note	Audited 31 December 2008			Audited 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
<b>RECOURSE FACTORING</b>							
<b>I TRANSACTIONS</b>		-	-	-	-	-	-
<b>II NON-RECOURSE FACTORING</b>							
<b>TRANSACTIONS</b>		-	-	-	-	-	-
<b>III GUARANTEES RECEIVED</b>	9	778.595.920	515.993.659	1.294.589.579	692.601.330	436.361.114	1.128.962.444
<b>IV GUARANTEES GIVEN</b>	13	8.404.208	21.710.253	30.114.461	3.180.634	18.207.230	21.387.864
<b>V COMMITMENTS</b>							
5.1 Irrevocable Commitments		-	-	-	-	-	-
5.2 Revocable Commitments		-	-	-	-	-	-
5.2.1 Lease Commitments		-	-	-	-	-	-
5.2.1.1 Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2 Operational Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>IV DERIVATIVE FINANCIAL INSTRUMENTS</b>	13	139.563.030	92.671.755	232.234.785	-	88.712.681	88.712.681
6.1 Hedging Derivative Financial Instruments							
6.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
6.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
6.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
6.2 Trading Transactions		139.563.030	92.671.755	232.234.785	-	88.712.681	88.712.681
6.2.1 Forward Buy/Sell Transactions		139.563.030	92.671.755	232.234.785	-	88.712.681	88.712.681
6.2.2 Swap Buy/Sell Transactions		-	-	-	-	-	-
6.2.3 Options Buy/Sell Transactions		-	-	-	-	-	-
6.2.4 Futures Buy/Sell Transactions		-	-	-	-	-	-
6.5.5 Other		-	-	-	-	-	-
<b>VII ITEMS HELD IN CUSTODY</b>		131.688.955	201.638.922	333.327.877	16.938.566	41.959.739	58.898.305
<b>III TOTAL OFF BALANCE SHEET COMMITMENTS</b>		1.058.252.113	832.014.589	1.890.266.702	712.720.530	585.240.764	1.297.961.294

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING  
31 DECEMBER 2008**

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise expressed.)

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**NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES**

Yapı Kredi Finansal Kiralama A.O. (“the Company”) was established on 19 February 1987 in Istanbul, Turkey, pursuant to the license obtained from the Undersecretariat of Treasury for the purpose of performing financial leasing activities in Turkey and abroad as permitted by Law numbered 3226. Certain shares of the Company have been listed on the Istanbul Stock Exchange since 11 January 1994.

The Company’s major shareholder is Yapı ve Kredi Bankası A.Ş.

As at 31 December 2008 the Company has 166 employees (31 December 2007: 171). The Company operates predominantly in one geographical region, Turkey, and in one industry segment, financial leasing.

The address of the registered office is Barbaros Bulvarı Morbasan Sokak Koza İş Merkezi C Blok 34349 Balmumcu-Beşiktaş-İstanbul/Türkiye.

The Board of Directors has approved for publishing financial statements of the Company on 23 February 2009. General Assembly has the right to amend the financial statements.

**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 BASIS OF PRESENTATION**

**2.1.1 Accounting standards**

The Company maintains its books of account and prepares its financial statements in New Turkish lira (“YTL”) in accordance with the communiqué “Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies”(“Financial Statement’s Communiqué”) issued by the Banking Regulation and Supervision Agency (“BRSA”) in the Official Gazette dated 17 May 2007, numbered 26525; and in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and their additions and comments issued by the Turkish Accounting Standard’s Board (“TASB”) and with the Communiqué: “The Procedures Regarding The Provisions to be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies” (“Communiqué of Provision”) issued by BRSA in the Official Gazette numbered 26588 dated 20 July 2007.

In accordance with the decision of Capital Market Board (“CMB”) dated 9 January 2009 and numbered 1/33, it is determined that leasing, factoring and consumer finance companies that are quoted at the Stock Exchange, have to prepare and present their financial statements based on the format determined for such companies by the BRSA.

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise expressed.)

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#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

In accordance with the Article 1 of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix “New” used in the “New Turkish Lira” and the “New Kuruş” will be removed as of January 1, 2009. When the prior currency, New Turkish lira (“YTL”), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

#### 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 these financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these financial statements. Accordingly, these 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.

#### 2.1.2 Accounting for the effects of hyperinflation

Financial statements were subject to inflation accounting in accordance with (“Turkish Accounting Standards Financial Reporting in Hyperinflationary Economies”) (“TMS 29”) until 31 December 2004. It has been announced that the application of inflation accounting is no longer required for the companies operating in Turkey with the circular dated 28 April 2005 issued by BRSA and inflation accounting has not been applied in the consolidated financial statements for the fiscal year commencing from 1 January 2005.

#### 2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### 2.1.4 Going concern

The Company prepared its financial statements considering the going concern principal.

### 2.2. CHANGES IN ACCOUNTING POLICIES

#### 2.2.1 Comparatives and restatement of prior year financial statements

In order to enable the determination of the financial position and performance trends, the Company’s financial statements have been presented comparatively with the prior period. The Company presented the balance sheet as of 31 December 2008 comparatively with the balance sheet as of 31 December 2007 and presented the statements of income, cash flows and changes in equity for the year 1 January- 31 December 2008 comparatively with the prior year 1 January - 31 December 2007.

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise expressed.)

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#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Company prepared its financial statements in accordance with the Communiqué declared by CMB Serial:XI, No:25 “Principles Regarding Accounting Standards in Capital Markets” until 31 December 2007. Effective from 1 January 2008, the Company management started to apply the Financial Statements Communiqué as described in Note 2.1.1. The financial statements of the year 2007 have been restated in accordance with the Financial Statements Communiqué dated 17 May 2007 issued by BRSA.

#### 2.2.2 Amendments in standards and interpretations

##### **Adoption of New or Amended International Financial Reporting Standards and Interpretations**

The Company adopted the standards, amendments and interpretations published by the IASB and International Financial Reporting Interpretation Committee (“IFRIC”) and which are mandatory for the accounting periods beginning on or after 1 January 2008.

##### **The standards, amendments and interpretations to published standards which are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Company’s financial statements:**

- IFRIC 11, “IFRS 2 - Group and Treasury Share Transactions” (effective for annual periods beginning on or after 1 March 2007.)
- IFRIC 12, “Service Concession Arrangements” (effective for annual periods beginning on or after 1 January 2008.)
- IFRIC 13, “Customer Loyalty Programmes” (effective for annual periods beginning on or after 1 July 2008.)
- IFRIC 14, “IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective for annual periods beginning on or after 1 January 2008.)
- IFRIC 16, “Hedges of a Net Investment in a Foreign Operation” (effective for annual periods beginning on or after 1 November 2008.)

##### **Standards, amendments and interpretations to existing standards that are not mandatory and early adopted by the Company:**

Standards and interpretations which are mandatory for the accounting periods beginning on or after 1 January 2009:

- IAS 1, “Presentation of Financial Statements” significant changes in comprehensive income statements;
- IAS 23, “(Revised) Borrowing Costs” significant changes removing the option to expense borrowing costs;
- IAS 27, “Consolidated and Separate Financial Statements” Change in cost of investment in the first time adoption of IFRSs;
- IAS 28, “Investments in Associates”;
- IAS 32, “Financial Instruments-Presentation” Change in the disclosure of puttable financial instruments and obligations arising on liquidation;
- IAS 39, “Financial Instruments: Recognition and Measurement” Changes in hedging instruments;
- IAS 40, “Investment Property”;
- IFRS 1, “First-time Adoption of International Financial Reporting Standards” Change in cost of investment in the first time adoption of IFRSs;
- IFRS 2, “Share based Payments”;
- IFRS 8, “Operating Segments”;
- IFRIC 15, “Agreements for the Construction of Real Estate”.

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise expressed.)

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#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Standards and interpretations which are mandatory for the accounting periods beginning on or after 1 July 2009:

- IAS 27, “Consolidated and Separate Financial Statements”;
- IAS 31, “Interests in Joint Ventures”
- IFRS 3, “Business Combinations”;
- IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”.

The Company management does not foresee any material impact of adoption of the aforementioned standards and interpretations on the financial statements of the Company in the upcoming periods.

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are summarized below:

##### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with original maturity periods of less than three months (Note 4).

##### **Related parties**

For the purposes of these financial statements, shareholders, key management personnel and Board members, in each case together with companies controlled by/or affiliated with them, associated companies and other companies within the UCI, Koç Holding group, and Bank Austria Creditanstalt (BA-CA) are considered and referred to as related parties. Transactions with related parties are made in accordance with general commercial terms and they are priced predominantly at market rates (Note 22).

##### **Leases**

###### *(i) As lessor*

Assets which are subject to leasing transactions are presented as a receivable which equals to the investment amount made for the related leasing transactions. Lease income is recognised over the term of the lease using the net investment method, which reflects a periodic constant rate of return. The income which is not accrued yet is booked as unearned finance income.

###### *(ii) As lessee*

Operational leases are recognised on an accrual basis according to their agreements.

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**Allowances for impairment of lease receivables**

The lease receivables provision for the impairment of investments in direct finance leases and accounts receivables is established based on a credit review of the receivables portfolio. The Company has set this provision in accordance with the Communiqué of BRSA named “The Procedures Regarding the Provisions to Be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies” which was published in the Official Gazette dated 20 July 2007, numbered 26588. According to the Communiqué, specific provisions are set in following proportions: minimum 20% for lease receivables after deducting the effect of collaterals which are overdue between 150 and 240 days; minimum 50% for lease receivables after deducting the effect of collaterals and 100% for lease receivables which are overdue for more than 1 year after deducting the effect of collaterals.

In accordance with the related Communiqué of Provision, the Company also recognises specific provision even if the over due days are less than the days stated above or receivables are not over due at all, by taking into account all the existing data regarding the creditor and based on the principals of reliability and prudence as indicated in the Communiqué about Preparation and Presentation of Financial Statements published in the Official Gazette dated 16 January 2005, numbered 25702. The Company does not take into account the collateral amounts while determining the specific provision mentioned above.

In the Communiqué of Provision, it is stated that although it is not mandatory, a general provision which is not related to a specific transaction can be recognised for the losses arising from the principal or interest of lease receivables that are not over due or over due less than 150 days but the amount of loss is not certain. In accordance with the Communiqué of Provision, the Company sets a general provision for the lease receivables that have not been considered as doubtful yet.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of lease and accounts receivables for the year.

**Financial assets for investment purposes**

The financial assets for investment purposes are classified and accounted for as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Available-for-sale securities are initially recognised at fair value plus transaction costs. Available-for-sale investments are subsequently re-measured at fair value based on quoted bid prices, or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in shareholders’ equity, unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement. The unlisted securities are valued at their cost (Note 5).

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**Interest income and expense**

Interest income and expenses are recognised in the income statement using effective interest method on an accrual basis.

**Foreign exchange transactions**

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates.

**Property and equipment**

All property and equipment is carried at cost, restated equivalent to purchasing power at 31 December 2004, less depreciation. Depreciation is calculated on the restated amounts of property and equipment using the straight-line method over its estimated useful life as follows:

Furniture and fixtures	5-6 years
Office equipment and motor vehicles	2-15 years
Leasehold improvements	shorter of rental period or useful life

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on the disposal of premises and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit.

**Intangible assets**

Intangible assets comprise computer software costs and are carried at cost restated equivalent to purchasing power at 31 December 2004. Intangible assets are amortised on a straight-line basis over 3-5 years.

**Borrowings**

Borrowings are recognised initially at market value including transaction costs. Subsequently, they are stated at their discounted cost value by using effective interest method.

**Deferred taxes**

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The main temporary differences comprise the differences between the tax value and carrying value of lease receivables, property and equipment, provision for impairment of receivables and the IAS 39 effect of the borrowings (Note 20).

Deferred tax assets or deferred tax liabilities are recognized at the estimated amount that they will increase or decrease future tax payable which temporary differences will disappear. Deferred tax assets or liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised (Note 20).

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**Reserve for employment termination benefits**

Employment termination benefits, as required by the Turkish Labour Law, are recognised in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Company arising from the retirement of the employees (Note 14).

**Corporate taxes**

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**Commitments and contingent liabilities**

Contingent liabilities which do not have high possibility of outflow of resources are not recognised in financial statements but disclosed in notes. Contingent assets which have high possibility of economic inflow are disclosed in notes.

**Share capital and dividends**

Ordinary shares are classified as capital. Dividends on ordinary shares are recognised in the period in which they are declared.

**Finance lease income (Sales income)**

Initial value of the assets which are subject to leasing transaction is recognised as leasing receivables in the balance sheet. Future gross lease rentals receivable, net of unearned future lease income, are classified as the net investment in direct financing leases. The excess of aggregate contract lease rentals, over the original cost of related equipment, represents the total revenue to be recognised over the term of the lease. The revenue is recognised in order to provide a constant periodic rate of return on the net investment remaining in each lease.

**Recognition of income and expense**

Income and expenses are recognised on an accrual basis.

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

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#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts are initially recognised in the balance sheet at cost and are subsequently re-measured at their fair value. The income and losses recognition of derivative transactions change on the bases on which they are classified. Income and losses of the derivatives which are designated to effectively hedge cash flow risk are recognised in the equity. The Company's derivative transactions, even though providing effective economic hedges under the Company's risk management position, do not qualify for hedge accounting and are therefore initially recognised at cost and subsequently valued at fair value and the fair value. The fair value gains and losses are recognised in income statement.

Fair values of forward foreign exchange contracts and swap transactions are determined based on the market rates or discounted cash flows.

##### Earnings per share

Earnings per share disclosed in the statements of income is determined by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings to shareholders' equity. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the period in which they were issued and for each earlier period (Note 21).

##### Subsequent events

Certain subsequent events that provides with additional information regarding the position of Company as at balance sheet date are recognised in the financial statements. Events that do not require adjustment are presented at the notes to these financial statements, if they have a certain level of importance.

#### 2.4 CRITICAL ACCOUNTING EVALUATIONS, ESTIMATES AND ASSUMPTIONS

Preparation of these financial statements requires estimates and judgments about the reported amount of assets and liabilities or contingent assets and liabilities and reported amount of income and expenses of the related period. Such estimates and judgments are based on the Company's best estimates regarding current events and transactions, however, the actual results may differ from these estimates.

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**NOTE 3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Trading derivative financial assets:		
Income accruals of derivative financial assets (Note 13)	9.882.455	1.229.248

**NOTE 4 - BANKS**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Due from banks		
- demand deposits	3.649.927	4.261.067
- time deposits	-	10.025.317
	<b>3.649.927</b>	<b>14.286.384</b>

For the purposes of cash flow statement, cash and cash equivalents amount to YTL3.649.927 (31 December 2007: YTL14.261.067).

As at 31 December 2008, the Company has no time deposits (Effective interest rate on YTL time deposits is 18,50% as at 31 December 2007). As at 31 December 2008, the Company has no blocked deposits (31 December 2007: None).

**NOTE 5 - FINANCIAL ASSETS AVAILABLE FOR SALE (NET)**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Available-for-sale securities	73.243	36.472

Securities available-for-sale at 30 December 2008 and 2007 are as follows:

<b>Company</b>	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>
Yapı Kredi Bank Moscow	1.928.489	<1	1.928.489	<1
Yapı Kredi Bank Azerbaycan J.S.B. (*)	50.734	<1	13.963	<1
Koç Kültür Sanat ve Tanıtım A.Ş.	10.058	4,9	10.058	4,9
Yapı Kredi Yatırım Menkul Değerler A.Ş.	7.618	<1	7.618	<1
Yapı Kredi Faktoring Hizmetleri A.Ş.	4.833	<1	4.833	<1
	2.001.732		1.964.961	
Less: Provision for impairment (-)	(1.928.489)		(1.928.489)	
	<b>73.243</b>		<b>36.472</b>	

(\*) Capital increase was made in Yapı Kredi Bank Azerbaycan J.S.B.

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**NOTE 6 - TRADING DERIVATIVE FINANCIAL LIABILITIES**

	31 December 2008	31 December 2007
Expense accruals of derivative financial instruments (Note 13)	3.957.227	9.595.185

**NOTE 7 - BORROWINGS**

	31 December 2008			31 December 2007		
	Effective interest rate (%)	Original currency	YTL	Effective interest rate (%)	Original currency	YTL
<b>Domestic banks:</b>						
Fixed rate borrowings:						
- EUR	11,00	35.489.383	75.975.670	-	-	-
- YTL	21,00	45.843.910	45.843.910	16,25	33.667.231	33.667.231
Floating rate borrowings:						
- US\$	3,71	140.541.389	212.540.743	8,89	1.850.590	2.155.382
- EUR	6,23	30.834.336	66.010.147	-	-	-
		<b>400.370.470</b>				<b>35.822.613</b>
<b>Foreign banks:</b>						
Fixed rate borrowings:						
-US\$	5,93	110.136.413	166.559.298	5,77	101.291.708	117.974.452
-CHF	-	-	-	2,41	310.021	318.485
Floating rate borrowings:						
-EUR	5,62	567.113.162	1.214.075.857	5,68	670.676.370	1.146.990.728
-US\$	4,44	232.663.476	351.856.975	6,17	444.014.289	517.143.443
		<b>1.732.492.130</b>				<b>1.782.427.108</b>
<b>Total borrowings</b>		<b>2.132.862.600</b>				<b>1.818.249.721</b>

**NOTE 8 - MISCELLANEOUS PAYABLES**

Trade payables are mainly related with the purchase of fixed assets from domestic and foreign suppliers regarding the financial leasing agreements.

As of 31 December 2008 and 2007, maturity of trade payables is shorter than 1 year.

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**NOTE 9 - LEASING TRANSACTIONS AND OVERDUE RECEIVABLES**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Finance lease receivables	3.079.097.327	2.796.600.514
Invoiced lease receivables	63.289.106	42.692.157
<b>Lease receivables</b>	<b>3.142.386.433</b>	<b>2.839.292.671</b>
Unearned finance income	(511.911.383)	(496.584.019)
<b>Lease receivables</b>	<b>2.630.475.050</b>	<b>2.342.708.652</b>
Overdue lease receivables	183.101.628	84.156.550
Provision for impaired lease receivables - Specific provisions	(85.276.472)	(47.362.281)
Provision for impaired lease receivables - Watch list provisions (Note 12)	(16.234.733)	(12.956.082)
Provision for impaired lease receivables - General provisions (Note 12)	(12.167.000)	(15.156.000)
<b>Lease receivables, net</b>	<b>2.699.898.473</b>	<b>2.351.390.839</b>
Receivables from leasing transactions	2.630.475.050	2.342.708.652
Assets to be leased	3.359.780	27.185.734
Advances given for leasing transactions	14.970.695	35.125.676
<b>Total receivables from leasing transactions</b>	<b>2.648.805.525</b>	<b>2.405.020.062</b>

As at 31 December 2008 and 2007, finance lease receivables can be analysed according to their interest types as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Fixed rate	2.688.920.862	2.510.214.776
Floating rate	390.176.465	286.385.738
	<b>3.079.097.327</b>	<b>2.796.600.514</b>

The aging of finance lease receivables is as follows:

<b>Period Ending</b>	<b>Lease Receivables</b>	
	<b>Gross</b>	<b>Net</b>
	<b>31 December 2008</b>	<b>31 December 2008</b>
31 December 2009	1.281.507.232	1.037.936.087
31 December 2010	848.251.631	704.867.289
31 December 2011	514.494.089	442.786.439
31 December 2012	259.679.733	229.087.385
31 December 2013 and over	238.453.748	215.797.850
	<b>3.142.386.433</b>	<b>2.630.475.050</b>

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**NOTE 9 - LEASING TRANSACTIONS AND OVERDUE RECEIVABLES (Continued)**

<b>Period Ending</b>	<b>Lease Receivables</b>	
	<b>Gross</b>	<b>Net</b>
	<b>31 December 2007</b>	<b>31 December 2007</b>
31 December 2008	1.254.170.381	997.982.278
31 December 2009	792.282.465	650.603.750
31 December 2010	469.094.484	401.927.662
31 December 2011	235.328.816	206.834.948
31 December 2012 and over	88.416.525	85.360.014
	<b>2.839.292.671</b>	<b>2.342.708.652</b>

Net finance lease receivables can be analysed as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Neither past due nor impaired	2.567.185.944	2.300.016.495
Past due but not impaired	63.289.106	42.692.157
Impaired	183.101.628	84.156.550
	<b>2.813.576.678</b>	<b>2.426.865.202</b>
(Less) allowances for impairment	(113.678.205)	(75.474.363)
	<b>2.699.898.473</b>	<b>2.351.390.839</b>

The Company determines and accounts for the loss resulting from its realised or expected doubtful receivables in accordance with the Communiqué of Provision declared by the BRSA starting from 1 January 2008.

At 31 December 2008, collaterals of YTL31.717.290 (31 December 2007: YTL17.047.040) were obtained for the doubtful finance lease receivables amounting to YTL183.101.628 (31 December 2007: YTL84.156.550). In determining the provision for doubtful lease receivables, in addition to the collaterals received from customers; assets which had been subject to the leasing agreements have also been taken into consideration as YTL57.347.691 (31 December 2007: YTL8.435.387) in accordance with the terms determined in the Communiqué of Provision.

The aging of finance lease receivables past due but not impaired is as follows:

	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>Invoiced Amount</b>	<b>Remaining Principal</b>	<b>Invoiced Amount</b>	<b>Remaining Principal</b>
0-30 days	16.802.094	317.291.163	10.917.073	137.182.254
30-60 days	16.718.687	152.503.302	10.003.116	75.961.940
60 days and over	29.768.325	141.899.863	21.771.968	84.671.507
	<b>63.289.106</b>	<b>611.694.328</b>	<b>42.692.157</b>	<b>297.815.701</b>

YTL26.480.247 of past due but not impaired lease receivables is followed-up by the Company via the watch list. Remaining principal amount of the same lease receivables amounting to YTL136.783.749 is also followed-up via the watch list (31 December 2007: YTL23.736.114 invoiced amount, YTL64.882.590 remaining principal).

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**NOTE 9 - LEASING TRANSACTIONS AND OVERDUE RECEIVABLES (Continued)**

The aging of receivables from impaired lease receivables at 31 December 2008 and 2007 is as follows:

	31 December 2008			31 December 2007		
	Invoiced Amount	Remaining Principal	Total	Invoiced Amount	Remaining Principal	Total
0 - 1 months	2.436.492	2.342.037	4.778.529	1.609.345	4.487.233	6.096.578
1 - 3 months	784.369	3.131.411	3.915.780	3.105.722	9.165.791	12.271.513
3 - 12 months	19.352.710	42.166.154	61.518.864	6.180.118	16.047.783	22.227.901
1 year and over	37.375.948	75.512.507	112.888.455	10.657.505	32.903.053	43.560.558
	<b>59.949.519</b>	<b>123.152.109</b>	<b>183.101.628</b>	<b>21.552.690</b>	<b>62.603.860</b>	<b>84.156.550</b>

Movements in provision for doubtful lease receivables are as follows:

	31 December 2008	31 December 2007
<b>Balance at 1 January</b>	<b>75.474.363</b>	<b>65.990.858</b>
Impairment expense	83.564.296	45.913.175
Recoveries of amounts previously provided for (including foreign currency differences) (Note 19)	(38.073.113)	(32.498.139)
Write-off	(7.287.341)	(3.931.531)
	<b>113.678.205</b>	<b>75.474.363</b>

As of 31 December 2008, total collaterals from the Company’s customers against their outstanding exposures is YTL1.294.589.579 (31 December 2007: YTL1.128.962.444). The Company does not include collaterals that exceed the risk amounts in its risk reporting. The Company’s collateral list which is prepared by this way is as follows:

	31 December 2008	31 December 2007
Mortgages	260.569.634	235.135.098
Transfer of rights of receivables	72.083.406	17.747.264
Buyback guarantees	35.079.925	46.308.899
Cheques received	8.699.835	9.121.895
Pledged automobiles	8.229.920	10.174.470
Pledged machinery	4.835.861	14.087.845
Blocked cash	3.341.289	1.230.129
Guarantee letters	2.651.925	9.083.279
Pledged securities	2.200.564	18.265.112
Protocols	326.735	313.764
Other pledged securities	14.068.027	14.213.401
	<b>412.087.121</b>	<b>375.681.156</b>

As of 31 December 2008 lease receivables amounting to YTL36.189.290 (31 December 2007: YTL23.547.361) have been rescheduled and they are followed-up via the watch list by the Company.

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**NOTE 9 - LEASING TRANSACTIONS AND OVERDUE RECEIVABLES (Continued)**

Economic sector risk concentrations for the gross finance lease receivables as of 31 December 2008 and 2007 are as follows:

	<b>31 December 2008</b>	<b>%</b>	<b>31 December 2007</b>	<b>%</b>
Construction	721.702.291	23	709.399.612	25
Textile	391.939.162	13	384.445.635	13
Transportation	261.983.184	8	227.194.481	8
Machinery and equipment	235.299.694	8	191.441.069	7
Printing	227.183.898	7	231.288.005	8
Steel and mining	170.690.243	6	111.927.875	5
Food and beverage	163.243.779	5	127.686.828	5
Petroleum and chemistry	157.155.619	5	137.197.918	5
Agriculture	138.420.963	4	136.506.579	5
Health	93.722.888	3	105.592.291	3
Tourism	71.833.485	2	72.773.771	2
Automotive	71.140.673	2	68.619.467	3
Wholesale and retail trade	33.878.875	1	34.906.517	1
Financial institutions	16.572.786	1	40.109.408	1
Education	4.472.034	-	4.734.306	-
Other	383.146.859	12	255.468.909	9
	<b>3.142.386.433</b>	<b>100</b>	<b>2.839.292.671</b>	<b>100</b>

Minimum financial lease receivables consist of rentals receivable over the terms of leases. As per the lease agreements made with lessees, the ownership of the items leased is transferred to the lessees at the end of the lease term.

Depending on the customers' inability to repay its obligations arising from financial leases or other similar economic factors, the Company cancelled some of the lease contracts signed with its customers. Assets related to these contracts may be re-leased to the same customer or to the other customers or; may be sold to the third parties, depending upon circumstances.

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**NOTE 10 - PROPERTY AND EQUIPMENT**

	<b>1 January 2008</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2008</b>
<b><u>Cost</u></b>				
Motor vehicles	28.526	88.282	(235)	116.573
Furniture and fixtures	1.193.601	4.500	(170.453)	1.027.648
Leasehold improvements	414.029	48.439	-	462.468
Office equipment	1.104.812	72.173	(3.386)	1.173.599
	<b>2.740.968</b>	<b>213.394</b>	<b>(174.074)</b>	<b>2.780.288</b>
<b><u>Accumulated depreciation</u></b>				
Motor vehicles	(23.344)	(32.035)	188	(55.191)
Furniture and fixtures	(1.138.904)	(28.351)	170.250	(997.005)
Leasehold improvements	(100.556)	(86.030)	-	(186.586)
Office equipment	(889.140)	(74.514)	2.252	(961.402)
	<b>(2.151.944)</b>	<b>(220.930)</b>	<b>172.690</b>	<b>(2.200.184)</b>
<b>Net book value</b>	<b>589.024</b>			<b>580.104</b>
	<b>1 January 2007</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2007</b>
<b><u>Cost</u></b>				
Motor vehicles	323.563	-	(295.037)	28.526
Furniture and fixtures	2.254.142	-	(1.060.541)	1.193.601
Leasehold improvements	335.413	78.616	-	414.029
Office equipment	1.712.343	119.187	(726.718)	1.104.812
	<b>4.625.461</b>	<b>197.803</b>	<b>(2.082.296)</b>	<b>2.740.968</b>
<b><u>Accumulated depreciation</u></b>				
Motor vehicles	(301.403)	(8.533)	286.592	(23.344)
Furniture and fixtures	(2.143.059)	(51.293)	1.055.448	(1.138.904)
Leasehold improvements	(22.450)	(78.106)	-	(100.556)
Office equipment	(1.515.781)	(98.789)	725.430	(889.140)
	<b>(3.982.693)</b>	<b>(236.721)</b>	<b>2.067.470</b>	<b>(2.151.944)</b>
<b>Net book value</b>	<b>642.768</b>			<b>589.024</b>

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NOTE 11 - INTANGIBLE ASSETS

	1 January 2008	Additions	Disposals	31 December 2008
<b><u>Cost</u></b>				
Rights	2.688.742	449.790	-	3.138.532
	<b>2.688.742</b>	<b>449.790</b>	-	<b>3.138.532</b>
<b><u>Accumulated amortisation</u></b>				
Rights	(2.461.035)	(125.060)	-	(2.586.095)
	<b>(2.461.035)</b>	<b>(125.060)</b>		<b>(2.586.095)</b>
<b>Net book value</b>	<b>227.707</b>			<b>552.437</b>
	1 January 2007	Additions	Disposals	31 December 2007
<b><u>Cost</u></b>				
Rights	2.675.284	14.109	(651)	2.688.742
	<b>2.675.284</b>	<b>14.109</b>	<b>(651)</b>	<b>2.688.742</b>
<b><u>Accumulated amortisation</u></b>				
Rights	(2.343.984)	(117.702)	651	(2.461.035)
	<b>(2.343.984)</b>	<b>(117.702)</b>	<b>651</b>	<b>(2.461.035)</b>
<b>Net book value</b>	<b>331.300</b>			<b>227.707</b>

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**NOTE 12 - OTHER PROVISIONS**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Watch list provision for lease receivables (Note 9)	16.234.733	12.956.082
Portfolio provision for lease receivables (Note 9)	12.167.000	15.156.000
Provision for legal proceedings	2.173.532	1.562.206
Provision for personnel bonuses	2.148.000	1.692.000
Expense accruals	1.446.658	1.702.856
Provision for unused personnel vacation	685.593	629.376
Provision for employment termination benefits	341.943	279.171
Provision for tax lawsuit	-	6.483.380
Other	96.421	115.296
	<b>35.293.880</b>	<b>40.576.367</b>

**Legal proceedings:**

On 6 November 2008, the Company compromised with the Ministry of Finance on the amount that will be paid in relation to the tax investigation of the statutory records of the Company realised by Tax Administration for the years 2000 and 2001. As the compromised amount is less than the amount expended in previous years by YTL3.648.286, the difference is recorded as income in the current year.

The Company has cancelled the provision of YTL6.483.380 and recorded income due to limitation period. This provision was booked against possible tax risks in the form of tax duties and penalties that may arise due to a similar tax investigation to the above, to be carried out by the Tax Administration for the year 2002.

Moreover, the Company has provided for a total provision of YTL2.173.532 against certain pending legal cases as of 31 December 2008 (31 December 2007: YTL1.562.206).

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**NOTE 13 - COMMITMENTS**

**Commitments under derivative instruments:**

	<u>31 December 2008</u>		<u>31 December 2007</u>	
	<u>Nominal</u>	<u>Nominal</u>	<u>Nominal</u>	<u>Nominal</u>
	<u>Original currency</u>	<u>YTL</u>	<u>Original currency</u>	<u>YTL</u>
<b>Forward currency purchases</b>				
YTL	139.563.030	139.563.030	-	-
US\$	10.586.457	16.009.899	4.953.101	5.768.877
EUR	5.148.654	11.022.238	18.646.046	31.888.468
JPY	36.500.000	610.718	94.682.000	973.236
		<b>167.205.885</b>		<b>38.630.581</b>

<b>Swap purchases</b>				
US\$	43.000.000	65.028.900	43.000.000	50.082.100
		<b>232.234.785</b>		<b>88.712.681</b>

	<u>31 December 2008</u>		<u>31 December 2007</u>	
	<u>Nominal</u>	<u>Nominal</u>	<u>Nominal</u>	<u>Nominal</u>
	<u>Original currency</u>	<u>YTL</u>	<u>Original currency</u>	<u>YTL</u>
<b>Forward currency sales</b>				
US\$	73.241.920	110.763.756	850.860	990.997
EUR	15.000.000	32.112.000	-	-
JPY	1.112.200.000	18.609.330	83.000.000	853.157
CHF	2.650.000	3.789.500	4.380.000	4.499.574
YTL	3.756.550	3.756.551	32.340.928	32.340.928
		<b>169.031.137</b>		<b>38.684.656</b>

<b>Swap sales</b>				
YTL	56.975.000	56.975.000	56.975.000	56.975.000
		<b>226.006.137</b>		<b>95.659.656</b>

**Letters of guarantee given:**

The Company has given letters of guarantee amounting to YTL30.114.461 (31 December 2007: YTL21.387.864) to courts, banks and customs.

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**NOTE 14 - OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Provision for employment termination benefits (Note 12)	341.943	279.171
	<b>341.943</b>	<b>279.171</b>

The provision for employment termination benefits is provided for as explained below:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and for whom employment relations with the Company have been terminated without resignation or bad behaviour causes. The amount payable consists of one month's salary limited to a maximum of YTL2.173,18 as of 31 December 2008 (31 December 2007: YTL2.030,19) for each year of service.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

Communiqué requires that actuarial valuation methods be developed to estimate the employee termination benefit provision. The following actuarial assumptions have been used in the calculation of the total provision:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Discount rate (%)	6,26%	5,71%
Turnover rate to estimate the probability of retirement (%)	9,2%	9,2%

The principal assumption is that the maximum liability of employment termination benefits for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.260,04 which is effective from 1 January 2009, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

Movements in the provision for employment termination benefits during the year are as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
1 January	279.171	239.667
Paid during the period	(92.567)	(131.872)
Service cost	23.014	15.552
Interest cost	17.476	13.685
Increase in provision during the period	114.849	142.139
	<b>341.943</b>	<b>279.171</b>

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**NOTE 15 - OTHER ASSETS**

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Other Assets</b>		
VAT deductible	56.609.403	13.988.965
Prepaid expenses	10.965.229	14.408.063
Other	56.079	146.714
	<b>67.630.711</b>	<b>28.543.742</b>

**NOTE 16 - EQUITY**

At 31 December 2008 and 2007 the shareholder’s of the Company and their share capitals with historical amounts are as follows:

	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>Amount</b>	<b>Share in paid in capital (%)</b>	<b>Amount</b>	<b>Share in paid in capital (%)</b>
Yapı ve Kredi Bankası A.Ş.	385.426.574	98,85	385.426.574	98,85
Zer Merkezi Hizmetler A.Ş.	2.878.971	0,74	2.878.971	0,74
Publicly held	1.621.854	0,41	1.621.854	0,41
Other	306	0,00	306	0,00
<b>Share capital</b>	<b>389.927.705</b>	<b>100,00</b>	<b>389.927.705</b>	<b>100,00</b>
Adjustment to share capital	(34.599.733)		(34.599.733)	
	<b>355.327.972</b>		<b>355.327.972</b>	

Share capital of the Company consists of 389.927.705 authorized shares with a nominal value of YTL1 each.

The Company’s registered capital is YTL389.927.705 (31 December 2007: YTL389.927.705).

Adjustment to share capital represents the difference between total amount of capital adjusted in respect of inflation and the capital amount before inflation adjustment.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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**NOTE 16 - EQUITY (Continued)**

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under “accumulated losses” could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under “accumulated losses” could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until 1 January 2008, “Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves” were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under “inflation adjustment differences” at the initial application of inflation accounting. “Equity inflation adjustment differences” could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, “Share capital”, “Restricted Reserves” and “Share Premiums” shall be carried at their statutory amounts. The valuation differences shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of “Paid-in Capital” and not yet been transferred to capital should be classified under the “Inflation Adjustment To Share Capital”;
- if the difference is due to the inflation adjustment of “Restricted Reserves” and “Share Premium” and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under “Retained Earnings”. Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

Also, in accordance with the CMB decision numbered 7/242 dated 25 February, 2005, in the event the entire profit distribution calculated in accordance with the CMB regulations related to minimum profit distribution can be met by distributable profit in the statutory records, the entire amount will be distributed; if not, however, the entire amount of the net distributable profit included in the statutory records will be distributed. In the event that period loss exists in either of the financial statements or statutory records prepared in accordance with the CMB, no profit distribution will be made.

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**NOTE 16 - EQUITY (Continued)**

According to Law No. 5228 “Amendment to Certain Tax Laws”, issued at the Official Gazette numbered 25539, dated 31 July 2004, the fiscal inflation adjustment differences arising at the initial application of fiscal inflation accounting which are recorded under “fiscal inflation adjustment differences (adjustment to equity)” could be offset with accumulated losses or added to share capital and such offsetting would not be considered as dividend distribution.

Inflation adjustment differences recorded under “inflation adjustment differences (adjustment to share capital)” for all the equity items can only be added to share capital or could be offset with accumulated losses; while the carrying amount of extraordinary reserves can be added to share capital, distributed as cash dividend or could be offset with accumulated losses. In accordance with the above explanation, the composition of the Company’s equity is as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Share capital	389.927.705	389.927.705
Inflation adjustment to equity	(34.599.733)	(34.599.733)
Share premiums	2.013	2.013
Restricted reserves	38.549.972	29.616.509
-Legal reserves	38.549.972	29.616.509
Net loss/(income) for the period	132.798.380	131.875.660
Retained earnings	89.491.074	36.125.063
	<b>616.169.411</b>	<b>552.947.217</b>

At the General Assembly Meeting taking place on 25 March 2008, the Company management decided to distribute cash dividend of YTL 69.576.186. These dividends were paid on 12 May 2008 and 14 May 2008. First legal reserve amounting to YTL 3.925.483 and second legal reserve amounting to YTL 5.007.980 - which have both been calculated due to profit distribution - are classified under “restricted reserves”.

**NOTE 17 - OTHER RESOURCES /OTHER LIABILITIES**

	<b>31 December 2008</b>	<b>31 December 2007</b>
Advances received (*)	10.884.111	17.763.038
Tax custody account (**)	6.664.919	-
Other liabilities	733.148	1.113.028
	<b>18.282.179</b>	<b>18.876.066</b>

(\*) Advances received are related with the amounts received from customers regarding the financial leasing agreements.

(\*\*) Lawsuits relating to the tax investigation of the statutory records of the Company for the years 2000 and 2001 were concluded and the Company compromised with the Ministry of Finance on the amount that will be paid. Until the compromised amount is paid, YTL6.664.919 will be kept in this account (Note 12).

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**NOTE 18 - OPERATING EXPENSES**

Operating expenses for the period ended 31 December 2008 are as follows:

	<b>1 January - 31 December 2008</b>	<b>1 January - 31 December 2007</b>
Personnel expenses	14.539.479	12.984.949
Audit and consultancy expenses	1.465.629	1.099.344
Rent expenses	1.052.166	811.399
Taxes, duties and charges	908.314	745.203
Transportation and vehicle expenses	747.989	607.276
Communication expenses	493.360	557.104
Depreciation and amortization expenses	345.990	354.423
Marketing and advertisement expenses	124.518	375.029
Office expenses	77.006	71.672
Provision expense for employment termination benefits	62.772	39.504
Insurance expenses	57.775	100.910
Court expenses	51.342	348.289
Other	1.511.495	1.392.049
	<b>21.437.835</b>	<b>19.487.151</b>

**NOTE 19 - OTHER OPERATING INCOME/EXPENSES**

	<b>1 January - 31 December 2008</b>	<b>1 January - 31 December 2007</b>
<b>Other Operating Income</b>		
Recoveries from prior periods		
provisions for lease receivables (Note 9)	38.073.113	32.498.139
Reversal of provision for tax lawsuit (Note 12)	10.131.666	-
Insurance agency income	2.105.111	2.951.169
Proceeds from sale of property and equipment (*)	691.396	1.086.443
Other	304.912	128.304
	<b>51.306.198</b>	<b>36.664.055</b>
	<b>1 January - 31 December 2008</b>	<b>1 January - 31 December 2007</b>
<b>Other Operating Expenses</b>		
Provision for legal proceedings	1.105.667	738.656
Provision for tax lawsuit expense	-	1.591.900
Other	141.735	135.158
	<b>1.247.402</b>	<b>2.465.714</b>

(\*) These are comprised of sales proceeds of the assets related with the impaired finance lease receivables, transfer amounts of the leased assets and Company fixed asset sales.

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**NOTE 20 - TAX ASSETS AND LIABILITIES**

Corporate Tax Law numbered 5422 was altered by Law No.5520 which is published at the Official Gazette numbered 26205 on 13 June 2006 and many of its articles have become effective retrospectively starting from 1 January 2006. Corporation tax rate in Turkey starting from 1 January 2006 is 20% (2007: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on an investment incentive allowance utilised within the scope of Income Tax Law transitional article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or 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 is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax declaration is made by the 14th day of the following month and payable by the 17th day of the second month following each calendar quarter end by companies. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities according to inflation adjustments. In accordance with the aforementioned law’s provisions, in order to apply inflation adjustment, the cumulative inflation rate (State Institute of Statistics-Wholesale Price Indices) over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not met for the years ended 31 December 2008 and 31 December 2007.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time 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.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

Investment allowance, applied for several years and calculated as 40% of fixed asset acquisitions exceeding a certain amount, was abolished with law no. 5479 dated 30 March 2006. However, in accordance with temporary law no. 69 added to the Income Tax Law, as of 31 December 2005 corporate and income taxpayers can offset the investment allowance amounts which they could not offset against income in 2005.

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**NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)**

- a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law No. 193, with Law No.4842, dated 9 April 2003.
- b) Investment allowance amounts to be calculated in accordance with legislation effective on 31 December 2005 in relation to investments which exhibit an integrity technically and economically and which were started prior to 1 January 2006 within the scope of repealed Article 19 of the Income Tax Law numbered 193, can solely be offset against income related to the years 2006, 2007 and 2008, in accordance with the legislation current as of 31 December 2005 (including provisions related to tax rates).

Within the scope of Temporary Article 69 of the Income Tax Law (for the years of 2006, 2007 and 2008) income tax payers, and corporate taxpayers who are benefiting from investment allowance practice, will compute their income or corporate tax base related to the aforementioned years by applying to their income for the year in which the allowance was requested the tax rate applicable as of 31 December 2005, and the tax rate of 30% stated in the Article 25 of the annulled Corporate Tax Law No. 5422, respectively.

**Deferred Taxation**

The Company did not pay any corporation tax until 31 December 2008 due to its accumulated investment allowances related with capital expenditures which are deductible from taxable income. The Company’s deferred taxes calculated as at 31 December 2008 based on the taxable temporary differences is subject to the tax calculation as the Company is no longer subject to investment allowance as of 1 January 2009. Therefore, the Company recognized its deferred taxes as of 31 December 2008.

Deferred tax liability or deferred tax asset is not recognised as of 31 December 2007 as the effective tax rate was considered as nil.

As of 31 December 2007, total amount of the investment allowances that can be deducted from the taxable income of the Company is YTL761.119.186. Details of cumulative timing differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2008 and 2007 were as follows:

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**NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)**

	<u>Taxable temporary differences</u>		<u>Deferred income tax assets/liabilities</u>	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>Deferred tax assets</b>				
Provision for impaired receivables	49.848.519	65.141.880	9.969.704	-
Valuation of derivative financial instruments	3.957.227	9.595.185	791.445	-
Provision for impairment on investments	1.928.489	1.928.489	96.424	-
Expense accruals	312.033	1.817.687	62.407	-
Provision for personnel bonus	-	1.692.000	-	-
Provision for legal proceedings	273.507	1.165.694	54.701	-
Difference between carrying value and tax base of property, equipment and intangible assets	-	1.118.229	-	-
Provision for unused vacation	685.593	629.376	137.119	-
Provision for litigation related to Fund for Resource Use Support	253.497	396.512	50.699	-
Provision for employment termination benefits	341.943	279.171	68.389	-
Valuation difference on borrowings	576.127	-	115.225	-
Other	802.588	802.588	40.129	-
			11.386.242	-
<b>Deferred tax liabilities</b>				
Difference between carrying value and tax base of financial leases	20.097.168	27.641.422	(4.019.434)	-
Valuation of derivative financial instruments	9.882.455	1.229.248	(1.976.491)	-
Income accrual on lease receivables	20.746	298.339	(4.149)	-
Valuation difference on borrowings	311.777	238.248	(62.355)	-
			(6.062.429)	
<b>Deferred tax assets - net</b>			<b>5.323.813</b>	<b>-</b>

**NOTE 21 - EARNINGS PER SHARE**

	31 December 2008	31 December 2007
Net income for the period	132.798.380	131.875.660
Number of outstanding shares with a nominal value of 1 YTL	389.927.705	389.927.705
<b>Earnings per share (YTL)</b>	<b>0,3406</b>	<b>0,3382</b>

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NOTE 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<b>Balance sheet items</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Due from banks (Cash and cash equivalents)</b>		
<b>Demand deposit</b>		
Yapı ve Kredi Bankası A.Ş.	2.231.612	2.369.306
Yapı Kredi Bank Nederland N.V.	4.771	9.897
	<b>2.236.383</b>	<b>2.379.203</b>
<b>Finance lease receivables:</b>		
Yapı ve Kredi Bankası A.Ş.	7.721.925	23.599.221
Vehbi Koç Vakfı Amerikan Hastanesi	5.770.321	16.545.000
Koçnet Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	4.404.686	-
Koç Sistem Bilgi ve İletişim	1.962.686	1.277.777
Setur Servis Turistik A.Ş.	1.051.813	2.065.169
Koç Üniversitesi	112.977	463.251
Palmira Turizm Ticaret A.Ş.	90.726	136.260
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	59.614	124.531
Yapı Kredi Sigorta A.Ş.	7.538	320.102
Koç Allianz Sigorta A.Ş.	-	1.075.738
Vehbi Koç Vakfı Koç Özel İlköğretim Okulu ve Lisesi	-	309.094
Koç Allianz Hayat Sigorta A.Ş.	-	290.341
Yapı Kredi Emeklilik A.Ş.	-	181.695
Other	135.404	279.154
	<b>21.317.690</b>	<b>46.667.333</b>
<b>Other assets:</b>		
Yapı Kredi Sigorta A.Ş.	381.437	-
<b>Borrowings:</b>		
Unicredito Italiano S.p.A.	538.283.254	370.248.957
Yapı ve Kredi Bankası A.Ş.	98.588.934	6.136.747
Bulbank Ltd. Sofia	-	34.530.706
	<b>636.872.188</b>	<b>410.916.410</b>
<b>Trade Payables:</b>		
Yapı ve Kredi Bankası A.Ş.	560.364	353.655
Yapı Kredi Sigorta A.Ş.	241.749	-
	<b>802.113</b>	<b>353.655</b>
<b>Advances received:</b>		
Yapı ve Kredi Bankası A.Ş.	343.901	-

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NOTE 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

**Off-balance sheet items**

	31 December 2008	31 December 2007
<b>Guarantee letters</b>		
Yapı ve Kredi Bankası A.Ş.	4.922.138	3.216.430
<b>Derivative financial instruments:</b>		
<b>Foreign currency forward transactions</b>		
Yapı ve Kredi Bankası A.Ş.	167.205.885	6.375.641
Yapı Kredi Bank Nederland N.V.	-	32.254.940
	<b>167.205.885</b>	<b>38.630.581</b>

**Income statement items**

	31 December 2008	31 December 2007
<b>Interest income from finance leases:</b>		
Vehbi Koç Vakfı Amerikan Hastanesi	1.927.175	2.951.577
Yapı ve Kredi Bankası A.Ş.	1.471.310	1.863.015
Setur Servis Turistik A.Ş.	325.037	445.085
Koçnet Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	199.102	-
Koç Sistem Bilgi ve İletişim	113.502	133.618
Koç Allianz Sigorta A.Ş.	60.689	83.203
Koç Üniversitesi	28.527	81.995
Koç Allianz Hayat Sigorta A.Ş.	14.907	11.858
Vehbi Koç Vakfı Koç Özel İlköğretim Okulu ve Lisesi	13.579	36.008
Palmira Turizm Ticaret A.Ş.	12.517	22.411
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	9.696	12.263
Yapı Kredi Emeklilik A.Ş.	8.723	37.107
Düzye Tüketim Malları Pazarlama A.Ş.	-	38.957
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	10.534
Other	81.653	89.878
	<b>4.266.417</b>	<b>5.817.509</b>

	31 December 2008	31 December 2007
<b>Interest income on bank deposits:</b>		
Yapı ve Kredi Bankası A.Ş.	606.713	2.891

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NOTE 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2008	31 December 2007
<b>Interest expenses of bank borrowings:</b>		
Unicredito Italiano S.p.A.	26.327.886	10.901.536
Bulbank Ltd. Sofia	2.081.485	2.076.494
Yapı ve Kredi Bankası A.Ş.	1.888.310	5.849.635
Yapı Kredi Bank Nederland N.V.	227.904	-
	<b>30.525.585</b>	<b>18.827.665</b>
<b>Rent expenses:</b>		
Yapı ve Kredi Bankası A.Ş.	713.093	704.171
<b>Commission income:</b>		
Yapı Kredi Sigorta A.Ş.	1.906.871	1.236.885
Koç Allianz Sigorta A.Ş.	110.200	1.172.367
	<b>2.017.071</b>	<b>2.409.252</b>
<b>Commission expenses:</b>		
Yapı ve Kredi Bankası A.Ş.	269.800	25.738
Yapı Kredi Bank Nederland N.V.	469	-
	<b>270.269</b>	<b>25.738</b>
<b>Service expenses:</b>		
Yapı ve Kredi Bankası A.Ş.	581.690	354.889
Zer Merkezi Hizmetler A.Ş.	580.455	506.903
Yapı Kredi Sigorta A.Ş.	429.304	231.960
Otokoç A.Ş.	366.693	313.205
Opet Petrolcülük A.Ş.	255.231	216.693
Setur Servis Turistik A.Ş.	65.949	113.375
Yapı Kredi Emeklilik A.Ş.	29.365	20.601
Other	72.411	-
	<b>2.381.098</b>	<b>1.757.626</b>
<b>Dividend income:</b>		
Yapı Kredi Faktoring A.Ş.	4.761	1.131
Yapı Kredi Yatırım Menkul Değerler A.Ş.	657	211
	<b>5.418</b>	<b>1.342</b>
<b>Payments made to members of the Board and key management personnel:</b>		
Payments made to members of the Board and key management personnel	1.898.178	1.897.072

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Financial instruments and financial risk management**

**Credit risk**

Credit risk is the risk that the counterparty may be unable to meet the terms of the agreements. The Company is exposed to credit risk due to financial lease transactions. This risk is managed by limiting the aggregate risk to any individual counterparty and financial institution. The Company’s exposure to credit risk is concentrated in Turkey where the majority of the activities are carried out. The credit risk is generally diversified due to the large number of entities comprising the customer bases and their dispersion across different industries.

The table below summarises the geographic distribution of the Company’s assets and liabilities at 31 December 2008 and 2007.

<b>31 December 2008</b>	<b>Assets</b>	<b>%</b>	<b>Liabilities</b>	<b>%</b>
Turkey	2.746.915.124	97	471.017.422	21
European countries	20.201.661	1	1.367.483.363	62
Other	68.921.842	2	381.368.431	17
	<b>2.836.038.627</b>	<b>100</b>	<b>2.219.869.216</b>	<b>100</b>

  

<b>31 December 2007</b>	<b>Assets</b>	<b>%</b>	<b>Liabilities</b>	<b>%</b>
Turkey	2.457.396.097	99	123.322.911	6
European countries	21.349.957	1	1.351.818.436	70
Other	9.696.110	-	460.353.600	24
	<b>2.488.442.164</b>	<b>100</b>	<b>1.935.494.947</b>	<b>100</b>

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

***Maximum amount of credit risk exposed***

	31 December 2008			31 December 2007		
	Leasing Receivables	Other Receivables	Derivative Instruments	Leasing Receivables	Other Receivables	Derivative Instruments
Maximum amount of credit risk exposed as of reporting date (*)	2.699.898.473	18.386.551	9.882.455	2.351.390.839	62.531.068	1.229.248
- Maximum credit risk secured guarantees etc. (***)	412.087.121	-	-	375.681.156	-	-
A. Net book value of financial assets either not due or not impaired	2.555.018.944	18.386.551	9.882.455	2.284.860.495	62.531.068	1.229.248
- Not due or not impaired (gross book value)	2.567.185.944	18.386.551	9.882.455	2.300.016.495	62.531.068	1.229.248
- Impairment amount (-) (**)	(12.167.000)	-	-	(15.156.000)	-	-
- Net value secured by guarantees etc.	347.703.921	-	-	339.366.783	-	-
B. Book value of financial assets with renegotiated conditions, otherwise would be classified as past due or impaired	6.328.305	-	-	5.384.783	-	-
- Conditions are renegotiated (gross book value)	6.433.039	-	-	5.384.783	-	-
- Impairment amount (-) (**)(****)	(104.734)	-	-	-	-	-
C. Net book value of assets past due but not impaired	40.726.068	-	-	24.351.292	-	-
- Past due (gross book value)	56.856.067	-	-	37.307.374	-	-
- Impairment amount (-) (**)(****)	(16.129.999)	-	-	(12.956.082)	-	-
- Net value secured by guarantees etc	32.665.910	-	-	19.267.333	-	-
D. Net book value of assets impaired	97.825.156	-	-	36.794.269	-	-
- Past due (gross book value)	183.101.628	-	-	84.156.550	-	-
- Impairment amount (-)	(85.276.472)	-	-	(47.362.281)	-	-
- Net value secured by guarantees etc	31.717.290	-	-	17.047.040	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

(\*) The elements that increase the credibility such as guarantees received are not taken into account while determining the amount.

(\*\*) In accordance with the Provisions Communiqué, the Company sets specific provision at the determined amounts even if the over due days of the receivables do not exceed the days indicated at the Communiqué considering reliability and prudence principals. Aging of the over due but not impaired lease receivables is presented in the Note 9.

(\*\*\*) Collaterals that exceed the risk are not taken into account. The assets that are subject to lease agreements are not taken into account.

(\*\*\*\*) Impairment is also calculated for the undue amounts of the related over due lease receivables. Undue lease receivables are classified in the Group A.

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

***Market risk***

Market risk is the risk that the Company’s earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates including credit spreads, foreign exchange rates, equity prices and commodity prices. The Company manages liquidity risk, foreign exchange risk and interest rate risk by considering market risk.

The Investment Policy is subject to the approval of the Board of Directors. It will be the Company’s responsibility to assure regular compliance with these principles and limits.

As a leasing company, the Company is exposed to risks such as foreign exchange risk, interest rate risk and liquidity risk. The Treasury mainly focuses on the structure of the Company’s assets and liabilities while analysing these risks. The Treasury’s mission is to provide funds to the Company, to manage the structural excess of liquidity to match the foreign currency exposure and interest rate risk of the Company; in addition it tries to achieve the projected revenues of the Treasury budget, while minimising the volatility of the results. The Treasury also aims to satisfy the Regulator’s requirements.

For the market risk management some general guidelines apply;

- Yapı ve Kredi Bankası A.Ş. (“YKB”) Risk Management and the Company’s Board of Directors are informed of and they approve any major change in the risk portfolio or any important decision regarding market risk before any action is taken.
- All market risks are managed by the Company’s Treasury,
- Planning and Control is independent from the Treasury and reports directly to general manager and Asset Liability Committee,
- Interest rate and foreign exchange risk is managed by the Treasury and it is the Treasury’s responsibility to keep these within the limits,
- Derivative trading is allowed only for hedging purposes,
- Investments in government bonds are allowed if in Turkish domestic debt. Other government bonds are subject to the approval of the Board of Directors.

***Liquidity risk***

Liquidity risk is the possibility that the Company will be unable to fund its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. The Treasury has daily control over liquidity risk. To hedge against this risk, management has diversified funding sources, and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. Moreover, the ability to fund the existing and prospective debt requirements and cover withdrawals at unexpected levels of demand is managed by maintaining the availability of adequate funding lines from shareholders and high quality investors.

The table below analyses the assets and liabilities of the Company in relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. Also the Company’s unearned and unpaid interests related to its assets and liabilities are included to the table below.

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2008						
	<u>Book Value</u>	<u>Total cash inflows/outflows per agreement</u>	<u>Up to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>No definite maturity</u>
Trading derivative financial assets	9.882.455	9.882.455	1.870.685	8.011.770	-	-	-
Banks	3.649.927	3.649.927	3.649.927	-	-	-	-
Lease receivables	2.746.630.681	3.227.607.593	376.049.114	899.186.183	1.750.151.808	104.398.898	97.821.590
Available-for-sale financial assets	73.243	73.243	-	-	-	-	73.243
Property and equipment	580.104	580.104	-	-	-	-	580.104
Intangible assets	552.437	552.437	-	-	-	-	552.437
Deferred tax assets	5.323.813	5.323.813	-	-	-	-	5.323.813
Assets held for resale	1.715.256	1.715.256	-	-	-	-	1.715.256
Other assets	67.630.711	67.630.711	52.721.059	11.367.033	1.005.925	87.187	2.449.507
<b>Total assets</b>	<b>2.836.038.627</b>	<b>3.317.015.539</b>	<b>434.290.785</b>	<b>918.564.986</b>	<b>1.751.157.733</b>	<b>104.486.085</b>	<b>108.515.950</b>
Trading derivative financial liabilities	3.957.227	3.957.227	1.310.258	2.646.969	-	-	-
Borrowings	2.132.862.600	2.249.610.301	202.145.950	1.427.131.360	555.703.162	64.629.829	-
Lease payables	26.554	26.554	25.454	1.100	-	-	-
Miscellaneous payables	28.986.404	28.986.404	28.986.404	-	-	-	-
Other liabilities	18.282.179	18.282.179	-	-	-	-	18.282.179
Taxes payable	460.372	460.372	-	-	-	-	460.372
Provisions	35.293.880	35.293.880	3.146.990	7.924.348	16.290.750	1.039.645	6.892.147
<b>Total liabilities</b>	<b>2.219.869.216</b>	<b>2.336.616.917</b>	<b>235.615.056</b>	<b>1.437.703.777</b>	<b>571.993.912</b>	<b>65.669.474</b>	<b>25.634.698</b>
<b>Net liquidity position</b>	<b>616.169.411</b>	<b>980.398.622</b>	<b>198.675.729</b>	<b>(519.138.791)</b>	<b>1.179.163.821</b>	<b>38.816.611</b>	<b>82.881.252</b>
Derivative financial instruments							
Cash inflow	232.234.785	232.234.785	150.585.268	81.649.517	-	-	-
Cash outflow	226.006.137	226.006.137	149.904.720	76.101.417	-	-	-

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NOT 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2007						
	<u>Book Value</u>	<u>Total cash outflows per agreement</u>	<u>Up to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>No definite maturity</u>
Trading derivative financial assets	1.229.248	1.229.248	37.977	1.191.271	-	-	-
Banks	14.286.384	14.296.546	10.035.479	-	-	-	4.261.067
Lease receivables	2.441.814.331	2.938.398.350	417.551.585	822.416.814	1.586.195.293	75.440.394	36.794.265
Available-for-sale financial assets	36.472	36.472	-	-	-	-	36.472
Property and equipment	589.024	589.024	-	-	-	-	589.024
Intangible assets	227.707	227.707	-	-	-	-	227.707
Assets held for resale	1.715.256	1.715.256	-	-	-	-	1.715.256
Other assets	28.543.742	28.543.742	17.477.238	6.935.185	4.131.319	-	-
<b>Total assets</b>	<b>2.488.442.164</b>	<b>2.985.036.345</b>	<b>445.102.279</b>	<b>830.543.270</b>	<b>1.590.326.612</b>	<b>75.440.394</b>	<b>43.623.791</b>
Trading derivative financial liabilities	9.595.185	9.595.185	72.111	9.523.074	-	-	-
Borrowings	1.818.249.721	1.987.424.410	123.576.872	1.034.194.096	829.653.442	-	-
Miscellaneous payables	47.781.493	47.781.493	45.848.305	1.933.188	-	-	-
Other liabilities	18.876.066	18.876.066	1.094.728	-	-	-	17.781.338
Taxes payable	416.115	416.115	-	-	-	-	416.115
Provisions	40.576.367	40.576.367	3.517.263	8.142.820	15.705.057	746.942	12.464.285
<b>Total liabilities</b>	<b>1.935.494.947</b>	<b>2.104.669.636</b>	<b>174.109.279</b>	<b>1.053.793.178</b>	<b>845.358.499</b>	<b>746.942</b>	<b>30.661.738</b>
<b>Net liquidity position</b>	<b>552.947.217</b>	<b>880.366.709</b>	<b>270.993.000</b>	<b>(223.249.908)</b>	<b>744.968.113</b>	<b>74.693.452</b>	<b>12.962.053</b>
Derivative financial instruments							
Cash inflow	88.712.681	88.712.681	38.255.397	-	50.457.284	-	-
Cash outflow	(95.659.656)	(95.659.656)	(38.286.421)	-	(57.373.235)	-	-

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

*Currency risk*

Foreign currency risk is a result of the Company’s assets and liabilities denominated in foreign currencies. The Company has a foreign currency position as a result of its operations. The Treasury monitors daily the foreign currency position of the Company. Monthly reporting of the foreign currency position, in detailed tables by maturity and currency, is the responsibility of Planning and Control. A maximum limit of (+/-) US\$3.000.000 for foreign currency exposure is projected by the Company. The Company invests in derivative financial instruments to match its assets and liabilities denominated in foreign currencies. The foreign currency positions of the Company as of 31 December 2008 and 2007 are stated in the table below:

<b>31 December 2008</b>	<b>YTL Equivalent</b>	<b>US\$</b>	<b>EUR</b>	<b>Other</b>
<b>Assets</b>				
Trading derivative financial assets	1.547.676	1.453.154	-	94.522
Banks	2.688.418	686.707	1.961.447	40.264
Finance lease receivables	2.210.429.581	783.679.317	1.398.640.704	28.109.560
<b>Total assets</b>	<b>2.214.665.675</b>	<b>785.819.178</b>	<b>1.400.602.151</b>	<b>28.244.346</b>
<b>Liabilities</b>				
Trading derivative financial liabilities	2.847.938	-	-	2.847.938
Borrowings	2.087.018.691	730.957.016	1.356.061.675	-
Miscellaneous payables	24.150.104	4.287.171	17.819.051	2.043.882
Other liabilities	8.370.544	2.828.107	4.714.255	828.182
Provisions	16.063.528	15.732.289	327.449	3.790
<b>Total liabilities</b>	<b>2.138.450.805</b>	<b>753.804.583</b>	<b>1.378.922.430</b>	<b>5.723.792</b>
<b>Net foreign currency position</b>	<b>76.214.870</b>	<b>32.014.595</b>	<b>21.679.721</b>	<b>22.520.554</b>
<b>Derivative financial instruments</b>	<b>(72.602.831)</b>	<b>(29.724.957)</b>	<b>(21.089.762)</b>	<b>(21.788.112)</b>

The FX rates used by the Company at 31 December 2008 and 2007 are as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
US\$	1,5123	1,1647
EUR	2,1408	1,7102

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

<b>31 December 2007</b>	<b>YTL Equivalent</b>	<b>US\$</b>	<b>EUR</b>	<b>Other</b>
<b>Assets</b>				
Trading derivative financial assets	1.229.248	1.191.270	9.508	28.470
Banks	3.346.743	1.615.881	1.642.532	88.330
Lease receivables	1.763.842.165	601.802.523	1.155.357.435	6.682.207
Other assets	61.833	4.417	57.416	-
<b>Total assets</b>	<b>1.768.479.989</b>	<b>604.614.091</b>	<b>1.157.066.891</b>	<b>6.799.007</b>
<b>Liabilities</b>				
Trading derivative financial liabilities	8.173	-	-	8.173
Borrowings	1.784.582.490	637.273.277	1.146.990.728	318.485
Miscellaneous payables	38.634.899	5.482.656	30.853.163	2.299.080
Other liabilities	14.499.606	5.329.279	9.153.497	16.830
Provisions	9.419.022	6.864.788	2.554.234	-
<b>Total liabilities</b>	<b>1.847.144.190</b>	<b>654.950.000</b>	<b>1.189.551.622</b>	<b>2.642.568</b>
<b>Net foreign currency position</b>	<b>(78.664.201)</b>	<b>(50.335.909)</b>	<b>(32.484.731)</b>	<b>4.156.439</b>
<b>Derivative financial instruments</b>	<b>82.368.953</b>	<b>54.859.980</b>	<b>31.888.468</b>	<b>(4.379.495)</b>

	<b>31 December 2008</b>	<b>31 December 2007</b>
Total imports	507.892.344	829.252.424
Total exports	30.834.129	19.890.131

Hedging ratios of total foreign currency liabilities are as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
US Dollar	% 101	% 101
Euro	% 100	% 100
Other currencies	% 101	% 97

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2008

	Profit/Loss		Equity (*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 10% against YTL</b>				
1. USD net asset/liability	3.201.460	(3.201.460)	3.201.460	(3.201.460)
2. Secured portion from USD risk	(2.972.496)	2.972.496	(2.972.496)	2.972.496
<b>3. USD Effect - net (1+2)</b>	<b>228.964</b>	<b>(228.964)</b>	<b>228.964</b>	<b>(228.964)</b>
<b>Change of EUR by 10% against YTL</b>				
4. EUR net asset/liability	2.167.972	(2.167.972)	2.167.972	(2.167.972)
5. Secured portion from EUR risk	(2.108.976)	2.108.976	(2.108.976)	2.108.976
<b>6. EUR Effect - net (4+5)</b>	<b>58.996</b>	<b>(58.996)</b>	<b>58.996</b>	<b>(58.996)</b>
<b>Total (3+6)</b>	<b>287.960</b>	<b>(287.960)</b>	<b>287.960</b>	<b>(287.960)</b>

31 December 2007

	Profit/Loss		Equity (*)	
	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
<b>Change of USD by 10% against YTL</b>				
1. USD net asset/liability	(5.033.591)	5.033.591	(5.033.591)	5.033.591
2. Secured portion from USD risk	5.485.998	(5.485.998)	5.485.998	(5.485.998)
<b>3. USD Effect - net (1+2)</b>	<b>452.407</b>	<b>(452.407)</b>	<b>452.407</b>	<b>(452.407)</b>
<b>Change of EUR by 10% against YTL</b>				
4. EUR net asset/liability	(3.248.473)	3.248.473	(3.248.473)	3.248.473
5. Secured portion from EUR risk	3.188.847	(3.188.847)	3.188.847	(3.188.847)
<b>6. EUR Effect - net (4+5)</b>	<b>(59.626)</b>	<b>59.626</b>	<b>(59.626)</b>	<b>59.626</b>
<b>Total (3+6)</b>	<b>392.781</b>	<b>(392.781)</b>	<b>392.781</b>	<b>(392.781)</b>

(\*) Equity effect includes the amounts that will be reflected to the profit/loss table.

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

***Interest rate risk***

Movements in market interest rates which lead to price fluctuations in financial instruments of the Company requires the management of the interest risk. It is the Treasury that follows up the Company’s interest sensitive assets, liabilities and off-balance sheet items. In addition Planning and Control reports the interest rate risk by distributing interest rate risk into time bands according to their maturity. The interest rate risk is measured on a monthly basis using Economic Value Sensitivity Analysis, Interest Rate Stress Testing and various scenarios According to the Economic Value Sensitivity Analysis as at 31 December 2008, in the scenario of a 5% shift in the YTL interest rate and a 1% shift in the foreign currency interest rate with all other variables being constant, there will be a YTL37.794.572 (31 December 2007: YTL34.713.809) decrease in the net present value of interest sensitive assets and liabilities. The difference must be within the limit of 10% of the core Tier1 Capital. According to the Interest Rate Stress Testing carried out on 31 December 2008, in the worst case of eight scenarios of a 10% shift in the YTL interest rate and a 2% shift in foreign currency interest rate, with all other variables being constant, there will be a YTL72.886.379 (31 December 2007: YTL63.101.813) decrease in the net present value of interest sensitive assets and liabilities.

The Company’s interest rate position as of 31 December 2008 and 2007 is presented below:

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Financial instruments with fixed interest rate:</b>		
<u>Financial assets</u>		
Lease receivables	2.688.920.862	2.510.214.776
Income accruals of derivative financial instruments	9.882.455	1.229.248
<u>Financial liabilities</u>		
Borrowings	299.549.210	161.361.723
Expense accruals of derivative financial instruments	3.957.227	9.595.185
<b>Financial instruments with floating interest rate:</b>		
<u>Financial assets</u>		
Lease receivables	390.176.465	286.385.738
<u>Financial liabilities</u>		
Borrowings	1.950.061.091	1.826.062.687

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

The tables below show an analysis of the Company's assets and liabilities at the balance sheet date according to the time remaining to their next interest rate change date and the maturity dates in the agreements.

	<b>31 December 2008</b>					<b>Total</b>
	<b>Up to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	
Trading derivative financial assets	1.870.685	8.011.770	-	-	-	9.882.455
Banks	-	-	-	-	3.649.927	3.649.927
Lease receivables	638.064.517	677.874.111	1.293.484.744	39.385.719	97.821.590	2.746.630.681
Available-for-sale financial assets	-	-	-	-	73.243	73.243
Property and equipment	-	-	-	-	580.104	580.104
Intangible assets	-	-	-	-	552.437	552.437
Deferred tax assets	-	-	-	-	5.323.813	5.323.813
Assets held for sale	-	-	-	-	1.715.256	1.715.256
Other assets	-	-	-	-	67.630.711	67.630.711
<b>Total assets</b>	<b>639.935.202</b>	<b>685.885.881</b>	<b>1.293.484.744</b>	<b>39.385.719</b>	<b>177.347.081</b>	<b>2.836.038.627</b>
Trading derivative financial liabilities	1.310.258	2.646.969	-	-	-	3.957.227
Borrowings	582.905.543	1.536.421.688	13.535.369	-	-	2.132.862.600
Lease payables	-	-	-	-	26.554	26.554
Miscellaneous payables	-	-	-	-	28.986.404	28.986.404
Other liabilities	-	-	-	-	18.282.179	18.282.179
Taxes payable	-	-	-	-	460.372	460.372
Provisions	6.433.023	7.406.221	14.132.174	430.315	6.892.147	35.293.880
<b>Total liabilities</b>	<b>590.648.824</b>	<b>1.546.474.878</b>	<b>27.667.543</b>	<b>430.315</b>	<b>54.647.656</b>	<b>2.219.869.216</b>
<b>Net reprising gap</b>	<b>49.286.378</b>	<b>(860.588.997)</b>	<b>1.265.817.201</b>	<b>38.955.404</b>	<b>122.699.425</b>	<b>616.169.411</b>
Derivative financial instruments						
Cash inflow	150.585.268	81.649.517	-	-	-	232.234.785
Cash outflow	149.904.720	76.101.417	-	-	-	226.006.137
	<b>31 December 2007</b>					<b>Total</b>
	<b>Up to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	
Trading derivative financial assets	37.977	1.191.271	-	-	-	1.229.248
Banks	10.025.317	-	-	-	4.261.067	14.286.384
Lease receivables	500.564.551	622.890.933	1.197.243.018	22.010.154	99.105.675	2.441.814.331
Available-for-sale financial assets	-	-	-	-	36.472	36.472
Property and equipment	-	-	-	-	589.024	589.024
Intangible assets	-	-	-	-	227.707	227.707
Assets held for sale	-	-	-	-	1.715.256	1.715.256
Other assets	-	-	-	-	28.543.742	28.543.742
<b>Total assets</b>	<b>510.627.845</b>	<b>624.082.204</b>	<b>1.197.243.018</b>	<b>22.010.154</b>	<b>134.478.943</b>	<b>2.488.442.164</b>
Trading derivative financial liabilities	72.111	9.523.074	-	-	-	9.595.185
Borrowings	441.537.352	1.376.712.369	-	-	-	1.818.249.721
Miscellaneous payables	-	-	-	-	47.781.493	47.781.493
Other liabilities	-	-	-	-	18.876.066	18.876.066
Taxes payable	-	-	-	-	416.115	416.115
Provisions	3.517.263	8.142.820	15.705.057	746.942	12.464.285	40.576.367
<b>Total liabilities</b>	<b>445.126.726</b>	<b>1.394.378.263</b>	<b>15.705.057</b>	<b>746.942</b>	<b>79.537.959</b>	<b>1.935.494.947</b>
<b>Net reprising gap</b>	<b>65.501.119</b>	<b>(770.296.059)</b>	<b>1.181.537.961</b>	<b>21.263.212</b>	<b>54.940.984</b>	<b>552.947.217</b>
Derivative financial instruments						
Cash inflow	38.255.397	-	50.457.284	-	-	88.712.681
Cash outflow	(38.286.421)	-	(57.373.235)	-	-	(95.659.656)

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

Average interest rates applied to the financial instruments at 31 December 2008 and 2007 are as follows:

	<u>31 December 2008</u>			<u>31 December 2007</u>		
	<u>US \$ (%)</u>	<u>EUR (%)</u>	<u>YTL (%)</u>	<u>US \$ (%)</u>	<u>EUR (%)</u>	<u>YTL (%)</u>
<b>Assets</b>						
Lease receivables	8,64	7,77	23,41	9,35	9,39	23,52
<b>Liabilities</b>						
Borrowings	4,56	5,95	21,00	6,15	5,68	16,25

***Fair value of financial instruments***

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

Fair value of financial instruments is measured according to the assumptions based on quoted bid prices of similar instruments, or amounts derived from cash flow models.

The fair values of certain financial assets and liabilities excluding finance lease receivables and borrowings, are considered to approximate their respective carrying values due to their short-term nature.

The table below indicates the book value and the fair value of the financial assets which are stated at their carrying amounts:

	<u>Book value</u>		<u>Fair value</u>	
	<u>31 December 2008</u>	<u>31 December 2007</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
Lease receivables, net	2.699.898.473	2.351.390.839	2.775.490.325	2.478.948.685
Borrowings	2.132.862.600	1.818.249.721	2.145.718.287	1.845.827.533

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