

**YAPI VE KREDİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH REVIEW REPORT  
AT 30 SEPTEMBER 2008**

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

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REVIEW REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 30 September 2008 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at 30 September 2008 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM  
Partner

Istanbul, 12 November 2008

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN  
NOTE I. OF SECTION THREE**

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF  
YAPI VE KREDİ BANKASI A.Ş. AS OF 30 SEPTEMBER 2008**

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

- **Section one** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section two** - CONSOLIDATED FINANCIAL STATEMENTS
- **Section three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section four** - INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- **Section five** - EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section six** - OTHER EXPLANATIONS AND NOTES
- **Section seven** - EXPLANATIONS ON REVIEW REPORT

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows.

**Subsidiaries (\*)**

1. Yapı Kredi Sigorta A.Ş.
2. Yapı Kredi Emeklilik A.Ş.
3. Yapı Kredi Finansal Kiralama A.O.
4. Yapı Kredi Faktoring A.Ş.
5. Yapı Kredi Yatırım Menkul Değerler A.Ş.
6. Yapı Kredi Yatırım Ortaklığı A.Ş.
7. Yapı Kredi Portföy Yönetimi A.Ş.
8. Yapı Kredi Holding B.V.
9. Yapı Kredi Bank Nederland N.V.
10. Yapı Kredi Bank Moscow
11. Sticking Custody Services YKB
12. Yapı Kredi Bank Azerbaijan Closed Joint Stock Company
13. Yapı Kredi Invest LLC

**Associates**

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

(\*) Additionally, although Yapı Kredi Diversified Payment Rights Finance Company, the “Special Purpose Entity”, is not a subsidiary of the Bank, as our Bank has a control of 100% it has been included in the consolidation.

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

**Dr. Bülent BULGURLU**  
Chairman of the  
Board of Directors

**Tayfun BAYAZIT**  
Member of the  
Board of Directors and  
General Manager

**Marco CRAVARIO**  
Chief Financial Officer

**M. Gökmen Uçar**  
Head of Financial  
Reporting Unit

**Ranieri De MARCHIS**  
President of Audit Committee

**Herbert HANGEL**  
Member of Audit Committee

**Ahmet F. ASHABOĞLU**  
Member of Audit Committee

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

**Name-Surname / Title:** M. Serkan Keskin -Head of International Reporting and Consolidation Department  
**Telephone Number** : 0212 339 72 73  
**Fax Number** : 0212 339 61 05

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**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE GROUP**

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

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

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

The Parent Bank’s shares have been traded on the Istanbul Stock Exchange (“ISE”) since 1987. As of 30 September 2008, 18,21% shares of the Bank are publicly traded (31 December 2007: 18,21%). The Bank’s publicly traded shares are traded in ISE and the representatives of these shares, Global Depository Receipts, is quoted to London Stock Exchange.

As of 28 September 2005, 57,4% of the Bank’s shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund (“SDIF”) were purchased by Koçbank A.Ş. (“Koçbank”). Besides, during April 2006 Koçbank purchased 9,1% of the shares of the Bank which were publicly traded on the ISE and 0,8% of the shares of an investment fund owned by the Bank by 100% which were in the available for sale portfolio of the Bank. As a result, Koçbank increased its participation ratio to 67,3%. All rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been registered as at 2 October 2006. After the merger, 80,18% of the direct and indirect control of the Bank’s shares was transferred to the Koç Finansal Hizmetler A.Ş. (“KFH”).

With and in scope of the Share Exchange Agreement signed with KFH and approved by the Banking Regulatory and Supervisory Agency (“BRSA”) and the Capital Markets Board (“CMB”), allowing the transfer of Yapı Kredi Faktoring A.Ş., Yapı Kredi Finansal Kiralama A.O. and Yapı Kredi Bank Azerbaijan Joint Stock Company shares from KFH, the increase in capital by YTL277.601.284 from YTL3.149.450.000 to YTL3.427.051.284 giving the share to KFH has been approved in the Extraordinary General Assembly meeting held on 30 September 2007 and the decisions of the meeting have been registered as of 18 October 2007. The share transfer transactions in the framework of the agreement have been finalised as of 31 October 2007 and after the transaction, the share of KFH in YKB has increased to 81,79%.

KFH, was established on 16 March 2001 to combine Koç Group finance companies under one organization and it became the main shareholder of Koçbank in 2002. As of 22 October 2002, Koç Group established a strategic partnership with UniCredit SpA (“UCI”) over KFH. Therefore, the Bank is a joint venture of UCI and Koç Group.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFH Group launched structural reorganisation and the following subsidiaries have been legally merged:

<b>Merging Entities</b>		<b>Merger Date</b>	<b>Merged Entity</b>
Yapı Kredi	Koçbank	2 October 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Leasing”)	Koç Leasing	25 December 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. (“Yapı Kredi Faktoring”)	Koç Faktoring	29 December 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy”)	Koç Portföy	29 December 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. (“Yapı Kredi Menkul”)	Koç Yatırım	12 January 2007	Yapı Kredi Menkul
Yapı Kredi Nederland N.V. (“Yapı Kredi NV”)	Koçbank Nederland N.V.	2 July 2007	Yapı Kredi NV

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**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008**

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

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

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

As of 30 September 2008, the Parent Bank's Board of Directors, Members of the Audit Committee, General Manager and Vice General Managers are listed below:

<b>Title</b>	<b>Name</b>	<b>Responsibility</b>	<b>Education Level</b>
<b>Chairman of the Board of Directors:</b>	Bülent BULGURLU	Chairman	Undergraduate
<b>Board of Directors Members:</b>	Federico GHIZZONI	Vice Chairman	Undergraduate
	Tayfun BAYAZIT	Chief Executive Officer	Graduate
	Alessandro M. DECIO	Chief Operating Officer	Graduate
	Aykut Ümit TAFTALI	Member	Undergraduate
	Füsün Akkal BOZOK	Member	PhD
	Ranieri De MARCHIS	Member	Undergraduate
	Ahmet Fadil ASHABOĞLU	Member	Undergraduate
	Herbert HANGEL	Member	Graduate
	Thomas GROSS <sup>(1)</sup>	Member	Undergraduate
<b>General Manager:</b>	Tayfun BAYAZIT	Chief Executive Officer	Graduate
<b>Vice General Managers:</b>	Stüleyman Cihangir KAVUNCU	Human Resources Management	Graduate
	Cemal Aybars SANAL	Legal Activities Management	Undergraduate
	Muzaffer ÖZTÜRK	Retail Banking Management	Undergraduate
	Erhan ÖZÇELİK	Private Banking and Foreign Operations Management	Undergraduate
	Hamit AYDOĞAN	Corporate Banking Management	Undergraduate
	Mert GÜVENEN	Commercial Banking Management	Graduate
	Mert YAZICIOĞLU	Treasury Management	Graduate
	Mehmet Murat ERMERT	Corporate Identity and Communication	Undergraduate
	Zeynep Nazan SOMER	Credit Cards and Consumer Lending	Undergraduate
	Marco CRAVARIO	Financial Planning, Administration and Control/CFO	Graduate
	Mehmet Güray ALPKAYA <sup>(2)</sup>	Credit Management	Graduate
	Mehmet Güray ALPKAYA	Risk Management	Graduate
	Fahri ÖBEK	Information Technology Management	Graduate
	Muzaffer ÖZTÜRK	Retail Sales Management	Undergraduate
	Mehmet Erkan ÖZDEMİR	Compliance Officer	Undergraduate
	Stefano PERAZZINI	Internal Audit	Undergraduate
	Luca RUBAGA	Organisation Management, Logistics and Cost Management	Undergraduate
<b>Audit Committee Members:</b>	Ranieri De MARCHIS	Chairman	Undergraduate
	Herbert HANGEL	Member	Graduate
	Ahmet Fadil ASHABOĞLU	Member	Undergraduate
<b>Statutory auditors:</b>	M Abdullah GEÇER	Auditor	Graduate
	Adil G. ÖZTOPRAK	Auditor	Undergraduate

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

<sup>(1)</sup> Thomas Gross has resigned from being Board of Directors Members as of 31 October 2008 and no assignment has been done instead.

<sup>(2)</sup> Massimiliano Fossati has been assigned to Vice General Manager in charge of Credit Management as of 22 October 2008.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008**

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

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

**IV. INFORMATION ON QUALIFIED SHAREHOLDERS:**

<b>Name/Commercial title</b>	<b>Share Amounts (Nominal)</b>	<b>Share Percentage</b>	<b>Paid-in Capital (Nominal)</b>	<b>Unpaid Portion</b>
Koç Finansal Hizmetler A.Ş.(*)	2.802.933.461,57	81,79%	2.802.933.461,57	-

(\*)Unregistered capital increase amounting to YTL 920.000 thousand is not included.

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

The Parent Bank's core business activities include retail banking, corporate banking, private banking, credit cards and international banking.

As of 30 September 2008, the Bank has 834 branches operating in Turkey, 1 branch in off-shore region and 1 representative offices operating abroad (31 December 2007: 675 branches operating in Turkey, 1 branch in off-shore region and 1 representative offices operating abroad) and 15.023 employees (31 December 2007: 14.249 employees).

The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements.

As of 30 September 2008, the Group has 17.587 employees (31 December 2007: 16.779 employees).



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

**YAPI VE KREDİ BANKASI A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 2007  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

**SECTION TWO  
CONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five)	(30/09/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
<b>ASSETS</b>							
<b>I. CASH BALANCES WITH CENTRAL BANK</b>	<b>I-a</b>	<b>1.536.740</b>	<b>2.664.616</b>	<b>4.201.356</b>	<b>1.640.594</b>	<b>2.099.794</b>	<b>3.740.388</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	<b>I-b</b>	<b>162.622</b>	<b>177.735</b>	<b>340.357</b>	<b>165.829</b>	<b>198.368</b>	<b>364.197</b>
2.1 Trading Financial Assets		126.670	163.033	289.703	135.148	180.382	315.530
2.1.1 Government Debt Securities		66.628	163.033	229.661	74.392	179.823	254.215
2.1.2 Share Certificates		17.279	-	17.279	19.226	-	19.226
2.1.3 Other Marketable Securities		42.763	-	42.763	41.530	559	42.089
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Trading Derivative Financial Assets		35.952	14.702	50.654	30.681	17.986	48.667
<b>III. BANKS</b>	<b>I-c</b>	<b>337.571</b>	<b>2.680.312</b>	<b>3.017.883</b>	<b>171.973</b>	<b>1.211.464</b>	<b>1.383.437</b>
<b>IV. MONEY MARKETS</b>		<b>1.023.713</b>	<b>286.976</b>	<b>1.310.689</b>	<b>13.728</b>	<b>419.748</b>	<b>433.476</b>
4.1 Interbank Money Market Placements		1.000.931	286.976	1.287.907	-	419.748	419.748
4.2 Receivables from Istanbul Stock Exchange Money Market		1.624	-	1.624	1.448	-	1.448
4.3 Receivables from Reverse Repurchase Agreements		21.158	-	21.158	12.280	-	12.280
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>I-d</b>	<b>576.772</b>	<b>730.139</b>	<b>1.306.911</b>	<b>560.169</b>	<b>441.390</b>	<b>1.001.559</b>
5.1 Share Certificates		15.555	12.336	27.891	15.622	26.954	42.576
5.2 Government Debt Securities		500.610	572.738	1.073.348	494.702	369.743	864.445
5.3 Other Marketable Securities		60.607	145.065	205.672	49.845	44.693	94.538
<b>VI. LOANS</b>	<b>I-e</b>	<b>25.109.093</b>	<b>11.840.209</b>	<b>36.949.302</b>	<b>19.754.508</b>	<b>9.333.804</b>	<b>29.088.312</b>
6.1 Loans		24.662.292	11.828.101	36.490.393	19.407.569	9.325.472	28.733.041
6.1.1 Bank's risk group		348.371	276.513	624.884	197.614	189.721	387.335
6.1.2 Other		24.313.921	11.551.588	35.865.509	19.209.955	9.135.751	28.345.706
6.2 Loans under Follow-up		1.438.404	64.901	1.503.305	1.736.839	24.265	1.761.104
6.3 Specific Provisions (-)		(991.603)	(52.793)	(1.044.396)	(1.389.900)	(15.933)	(1.405.833)
<b>VII. FACTORING RECEIVABLES</b>		<b>841.568</b>	<b>281.935</b>	<b>1.123.503</b>	<b>529.089</b>	<b>279.948</b>	<b>809.037</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>I-f</b>	<b>5.807.204</b>	<b>5.725.224</b>	<b>11.532.428</b>	<b>6.441.862</b>	<b>6.710.689</b>	<b>13.152.551</b>
8.1 Government Debt Securities		5.807.204	5.720.584	11.527.788	6.441.862	6.701.210	13.143.072
8.2 Other Marketable Securities		-	4.640	4.640	-	9.479	9.479
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>I-g</b>	<b>2.753</b>	<b>50.462</b>	<b>53.215</b>	<b>2.658</b>	<b>38.220</b>	<b>40.878</b>
9.1 Consolidated Based on Equity Method		-	50.462	50.462	-	38.220	38.220
9.2 Unconsolidated		2.753	-	2.753	2.658	-	2.658
9.2.1 Financial Investments in Associates		2.658	-	2.658	2.658	-	2.658
9.2.2 Non-financial Investments in Associates		95	-	95	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	<b>I-h</b>	<b>30.443</b>	<b>-</b>	<b>30.443</b>	<b>30.443</b>	<b>-</b>	<b>30.443</b>
10.1 Unconsolidated Financial Subsidiaries		28.143	-	28.143	28.143	-	28.143
10.2 Unconsolidated Non-financial Subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. JOINT VENTURES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Accounted Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>		<b>568.807</b>	<b>1.890.589</b>	<b>2.459.396</b>	<b>678.315</b>	<b>1.661.425</b>	<b>2.339.740</b>
12.1 Financial Lease Receivables		731.600	2.212.239	2.943.839	881.119	1.954.183	2.835.302
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		(162.793)	(321.650)	(484.443)	(202.804)	(292.758)	(495.562)
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>I-i</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.018</b>	<b>666</b>	<b>1.684</b>
13.1 Fair Value Hedge		-	-	-	1.018	666	1.684
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		<b>1.126.279</b>	<b>11.143</b>	<b>1.137.422</b>	<b>1.127.201</b>	<b>9.748</b>	<b>1.136.949</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>I-j</b>	<b>1.151.907</b>	<b>97</b>	<b>1.152.004</b>	<b>1.191.681</b>	<b>30</b>	<b>1.191.711</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		172.414	97	172.511	212.188	30	212.218
<b>XVI. INVESTMENT PROPERTY (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>232.082</b>	<b>3.354</b>	<b>235.436</b>	<b>218.287</b>	<b>2.812</b>	<b>221.099</b>
17.1 Current Tax Asset		-	1.136	1.136	-	510	510
17.2 Deferred Tax Asset		232.082	2.218	234.300	218.287	2.302	220.589
<b>XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		<b>84.543</b>	<b>-</b>	<b>84.543</b>	<b>61.344</b>	<b>78.533</b>	<b>139.877</b>
18.1 Held for sale Purposes		84.543	-	84.543	61.344	78.533	139.877
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>I-k</b>	<b>585.784</b>	<b>351.357</b>	<b>937.141</b>	<b>584.320</b>	<b>469.987</b>	<b>1.054.307</b>
<b>TOTAL ASSETS</b>		<b>39.177.881</b>	<b>26.694.148</b>	<b>65.872.029</b>	<b>33.173.019</b>	<b>22.956.626</b>	<b>56.129.645</b>

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

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

**YAPI VE KREDİ BANKASI A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 2007**

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

I. BALANCE SHEET	Note (Section Five)	(30/09/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
		<b>LIABILITIES</b>					
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>22.804.809</b>	<b>17.536.526</b>	<b>40.341.335</b>	<b>18.872.729</b>	<b>14.833.423</b>	<b>33.706.152</b>
1.1 Deposits of Bank's risk group		1.494.102	2.214.791	3.708.893	1.236.588	1.579.581	2.816.169
1.2 Other		21.310.707	15.321.735	36.632.442	17.636.141	13.253.842	30.889.983
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>	<b>157.452</b>	<b>16.888</b>	<b>174.340</b>	<b>226.654</b>	<b>10.366</b>	<b>237.020</b>
<b>III. BORROWINGS</b>	<b>II-c</b>	<b>1.452.761</b>	<b>6.873.337</b>	<b>8.326.098</b>	<b>418.891</b>	<b>4.767.179</b>	<b>5.186.070</b>
<b>IV. MONEY MARKETS</b>		<b>122.116</b>	<b>706.098</b>	<b>828.214</b>	<b>1.661.709</b>	<b>817.235</b>	<b>2.478.944</b>
4.1 Funds from Interbank Money Market		38.407	501.544	539.951	88.985	159.267	248.252
4.2 Funds from Istanbul Stock Exchange Money Market		13.672	-	13.672	150.980	-	150.980
4.3 Funds Provided Under Repurchase Agreements		70.037	204.554	274.591	1.421.744	657.968	2.079.712
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>	<b>II-d</b>	-	<b>1.624.850</b>	<b>1.624.850</b>	-	<b>1.542.609</b>	<b>1.542.609</b>
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	1.624.850	1.624.850	-	1.542.609	1.542.609
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>2.373.911</b>	<b>151.739</b>	<b>2.525.650</b>	<b>2.179.051</b>	<b>224.270</b>	<b>2.403.321</b>
<b>VIII. OTHER LIABILITIES</b>	<b>II-e</b>	<b>947.666</b>	<b>520.200</b>	<b>1.467.866</b>	<b>440.582</b>	<b>498.673</b>	<b>939.255</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>		<b>244</b>	<b>15</b>	<b>259</b>	<b>6</b>	<b>95</b>	<b>101</b>
10.1 Financial Lease Payables	<b>II-f</b>	248	20	268	6	100	106
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Lease Expenses (-)		(4)	(5)	(9)	(5)	(5)	(5)
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-g</b>	<b>6.502</b>	<b>57</b>	<b>6.559</b>	<b>27.786</b>	-	<b>27.786</b>
11.1 Fair Value Hedge		6.502	57	6.559	27.786	-	27.786
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>II-h</b>	<b>2.137.309</b>	<b>516.195</b>	<b>2.653.504</b>	<b>2.092.958</b>	<b>563.904</b>	<b>2.656.862</b>
12.1 General Loan Loss Provision		368.383	196.925	565.308	480.673	248.210	728.883
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		138.576	1.079	139.655	138.634	950	139.584
12.4 Insurance Technical Provisions (Net)		499.358	284.400	783.758	501.581	284.887	786.468
12.5 Other Provisions		1.130.992	33.791	1.164.783	972.070	29.857	1.001.927
<b>XIII. TAX LIABILITY</b>	<b>II-i</b>	<b>308.479</b>	<b>4.236</b>	<b>312.715</b>	<b>166.205</b>	<b>4.531</b>	<b>170.736</b>
13.1 Current Tax Liability		308.479	871	309.350	166.205	619	166.824
13.2 Deferred Tax Liability		-	3.365	3.365	-	3.912	3.912
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>		-	-	-	-	<b>4.037</b>	<b>4.037</b>
14.1 Held For Sale Purpose		-	-	-	-	4.037	4.037
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>II-j</b>	-	<b>1.866.044</b>	<b>1.866.044</b>	-	<b>1.772.914</b>	<b>1.772.914</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-k</b>	<b>5.743.219</b>	<b>1.376</b>	<b>5.744.595</b>	<b>4.988.157</b>	<b>15.681</b>	<b>5.003.838</b>
16.1 Paid-in Capital		3.427.051	-	3.427.051	3.427.051	-	3.427.051
16.2 Capital Reserves		556.121	1.376	557.497	533.949	15.681	549.630
16.2.1 Share Premium		541.633	-	541.633	541.633	-	541.633
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences	<b>II-l</b>	(4.029)	1.376	(2.653)	(12.982)	15.681	2.699
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		18.517	-	18.517	5.298	-	5.298
16.3 Profit Reserves		866.733	-	866.733	343.184	-	343.184
16.3.1 Legal Reserves		44.089	-	44.089	17.159	-	17.159
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		822.644	-	822.644	326.025	-	326.025
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		846.099	-	846.099	388.939	-	388.939
16.4.1 Prior Years' Income or (Loss)		(255.848)	-	(255.848)	(480.805)	-	(480.805)
16.4.2 Current Period Income or (Loss)		1.101.947	-	1.101.947	869.744	-	869.744
16.5 Minority Interest	<b>II-m</b>	47.215	-	47.215	295.034	-	295.034
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>36.054.468</b>	<b>29.817.561</b>	<b>65.872.029</b>	<b>31.074.728</b>	<b>25.054.917</b>	<b>56.129.645</b>

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

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

**YAPI VE KREDİ BANKASI A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008 AND 2007  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)**

<b>II. INCOME STATEMENTS</b>				
<b>INCOME AND EXPENSE ITEMS</b>		<b>Note (Section Five)</b>	<b>01/01-30/09/2008</b>	<b>Restated (*) 01/01-30/09/2007</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>III-a</b>	<b>5.481.432</b>	<b>4.900.649</b>
1.1	Interest on Loans	III-a-1	3.696.377	2.983.483
1.2	Interest Received from Reserve Requirements		24.627	20.669
1.3	Interest Received from Banks	III-a-2	233.255	222.452
1.4	Interest Received from Money Market Transactions		14.225	6.911
1.5	Interest Received from Marketable Securities Portfolio	III-a-3	1.193.071	1.354.524
1.5.1	Trading Financial Assets		15.638	24.343
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		61.339	46.245
1.5.4	Held to Maturity Investments		1.116.094	1.283.936
1.6	Financial Lease Income		218.270	188.528
1.7	Other Interest Income		101.607	124.082
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>III-b</b>	<b>(3.406.467)</b>	<b>(3.155.095)</b>
2.1	Interest on Deposits	III-b-3	(2.836.389)	(2.525.850)
2.2	Interest on Funds Borrowed	III-b-1	(400.713)	(354.469)
2.3	Interest Expense on Money Market Transactions		(101.023)	(198.633)
2.4	Interest on Securities Issued		(59.491)	(65.220)
2.5	Other Interest Expenses		(8.851)	(10.923)
<b>III.</b>	<b>NET INTEREST INCOME (I+II)</b>		<b>2.074.965</b>	<b>1.745.554</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1.019.722</b>	<b>755.296</b>
4.1	Fees and Commissions Received		1.260.794	998.762
4.1.1	Non-cash Loans		110.386	99.942
4.1.2	Other		1.150.408	898.820
4.2	Fees and Commissions Paid		(241.072)	(243.466)
4.2.1	Non-cash Loans		(131)	(328)
4.2.2	Other		(240.941)	(243.138)
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>3.898</b>	<b>3.337</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	<b>III-c</b>	<b>72.054</b>	<b>80.028</b>
6.1	Trading Gains/(Losses) on Securities		199.625	(54.686)
6.2	Foreign Exchange Gains/(Losses)		(127.571)	134.714
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>III-d</b>	<b>427.712</b>	<b>266.521</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3.598.351</b>	<b>2.850.736</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>III-e</b>	<b>(382.184)</b>	<b>(197.332)</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>III-f</b>	<b>(1.821.065)</b>	<b>(1.632.509)</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII+IX+X)</b>		<b>1.395.102</b>	<b>1.020.895</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>9.144</b>	<b>4.515</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>1.404.246</b>	<b>1.025.410</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>III-g</b>	<b>(299.129)</b>	<b>(172.738)</b>
16.1	Current Tax Provision		(260.354)	(258.247)
16.2	Deferred Tax Provision		(38.775)	85.509
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>1.105.117</b>	<b>852.672</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII- XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>III-h</b>	<b>1.105.117</b>	<b>852.672</b>
23.1	Group's Profit/ Loss		1.101.947	725.418
23.2	Minority Shares Profit / Losses (-)	III-j	3.170	127.254
	Earnings/(Loss) per share		0,0032	0,0023

(\*) As explained in Notes XXVII. of Section Three and Note VI. of Section Five, the Group has restated its consolidated financial statements as of 30 September 2007.

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

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

**YAPI VE KREDİ BANKASI A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIODS  
FROM 1 JULY TO 30 SEPTEMBER 2008 AND 2007**

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

<b>II. INCOME STATEMENTS</b>				
<b>INCOME AND EXPENSE ITEMS</b>		<b>Note (Section Five)</b>	<b>01/07-30/09/2008</b>	<b>Restated (*) 01/07-30/09/2007</b>
<b>I.</b>	<b>INTEREST INCOME</b>		<b>1.952.587</b>	<b>1.676.713</b>
1.1	Interest on Loans		1.351.079	1.038.822
1.2	Interest Received from Reserve Requirements		8.965	6.957
1.3	Interest Received from Banks		91.497	77.599
1.4	Interest Received from Money Market Transactions		6.593	6.088
1.5	Interest Received from Marketable Securities Portfolio		385.264	448.184
1.5.1	Trading Financial Assets		7.649	7.926
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		22.476	14.208
1.5.4	Held to Maturity Investments		355.139	426.050
1.6	Financial Lease Income		70.089	71.347
1.7	Other Interest Income		39.100	27.716
<b>II.</b>	<b>INTEREST EXPENSE</b>		<b>(1.247.298)</b>	<b>(1.073.347)</b>
2.1	Interest on Deposits		(1.055.126)	(891.656)
2.2	Interest on Funds Borrowed		(136.640)	(115.931)
2.3	Interest Expense on Money Market Transactions		(31.913)	(30.885)
2.4	Interest on Securities Issued		(19.185)	(31.079)
2.5	Other Interest Expenses		(4.434)	(3.796)
<b>III.</b>	<b>NET INTEREST INCOME (I-II)</b>		<b>705.289</b>	<b>603.366</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>376.676</b>	<b>285.657</b>
4.1	Fees and Commissions Received		464.250	366.961
4.1.1	Non-cash Loans		37.489	34.025
4.1.2	Other		426.761	332.936
4.2	Fees and Commissions Paid		(87.574)	(81.304)
4.2.1	Non-cash Loans		-	(101)
4.2.2	Other		(87.574)	(81.203)
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>83</b>	<b>23</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>		<b>9.901</b>	<b>19.216</b>
6.1	Trading Gains/(Losses) on Securities		92.437	(32.452)
6.2	Foreign Exchange Gains/(Losses)		(82.536)	51.668
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>		<b>59.530</b>	<b>63.457</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.151.479</b>	<b>971.719</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>		<b>(130.849)</b>	<b>(65.912)</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>		<b>(572.803)</b>	<b>(531.825)</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII+IX+X)</b>		<b>447.827</b>	<b>373.982</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>3.726</b>	<b>2.062</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>451.553</b>	<b>376.044</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>		<b>(86.163)</b>	<b>(55.721)</b>
16.1	Current Tax Provision		(131.885)	(95.151)
16.2	Deferred Tax Provision		45.722	39.430
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>365.390</b>	<b>320.323</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII- XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>		<b>365.390</b>	<b>320.323</b>
23.1	Group's Profit/ Loss		361.730	265.123
23.2	Minority Shares Profit / Losses (-)		3.660	55.200
	Earnings/(Loss) per share		0,0011	0,0009

(\*) As explained in Notes XXVII. of Section Three and Note VI. of Section Five, the Group has restated its consolidated financial statements as of 30 September 2007.

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

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

**YAPI VE KREDİ BANKASI A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 2007**

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

III.	OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(30/09/2008)			(31/12/2007)		
			YTL	FC	Total	YTL	FC	Total
<b>A</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>23.905.906</b>	<b>17.097.712</b>	<b>41.003.618</b>	<b>22.590.694</b>	<b>16.438.648</b>	<b>39.029.342</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>IV-a-2, 3</b>	<b>5.876.703</b>	<b>9.637.299</b>	<b>15.514.002</b>	<b>5.830.328</b>	<b>8.185.223</b>	<b>14.015.551</b>
1.1	Letters of Guarantee		5.873.066	5.938.535	11.811.601	5.801.536	5.260.507	11.062.043
1.1.1	Guarantees Subject to State Tender Law		448.811	413.848	862.659	437.175	405.285	842.460
1.1.2	Guarantees Given for Foreign Trade Operations		688.070	5.259.754	5.947.824	651.743	4.693.511	5.345.254
1.1.3	Other Letters of Guarantee		4.736.185	264.933	5.001.118	4.712.618	161.711	4.874.329
1.2	Bank Acceptances		-	199.479	199.479	-	184.493	184.493
1.2.1	Import Letter of Acceptance		-	199.479	199.479	-	184.493	184.493
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		796	3.054.945	3.055.741	4.802	2.159.337	2.164.139
1.3.1	Documentary Letters of Credit		796	2.981.265	2.982.061	787	2.069.716	2.070.503
1.3.2	Other Letters of Credit		-	73.680	73.680	4.015	89.621	93.636
1.4	Pre-financing Given as Guarantee		143	1.642	1.785	143	1.553	1.696
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		2.698	276.931	279.629	23.847	548.393	572.240
1.9	Other Collaterals		-	165.767	165.767	-	30.940	30.940
<b>II.</b>	<b>COMMITMENTS</b>	<b>IV-a-1</b>	<b>14.837.268</b>	<b>727.426</b>	<b>15.564.694</b>	<b>13.330.953</b>	<b>880.685</b>	<b>14.211.638</b>
2.1	Irrevocable Commitments		14.837.268	727.426	15.564.694	13.330.953	880.685	14.211.638
2.1.1	Asset Purchase and Sale Commitments		-	103.069	103.069	-	431.565	431.565
2.1.2	Deposit Purchase and Sales Commitments		407	78.102	78.509	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		1.947.176	546.235	2.493.411	1.482.180	449.073	1.931.253
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		1.449.585	-	1.449.585	1.359.423	-	1.359.423
2.1.8	Tax and Fund Liabilities from Export Commitments		40.045	-	40.045	39.945	-	39.945
2.1.9	Commitments for Credit Card Limits		11.322.891	-	11.322.891	10.449.281	-	10.449.281
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		77.164	20	77.184	124	47	171
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>3.191.935</b>	<b>6.732.987</b>	<b>9.924.922</b>	<b>3.429.413</b>	<b>7.372.740</b>	<b>10.802.153</b>
3.1	Hedging Derivative Financial Instruments		52.088	48.032	100.120	119.763	102.004	221.767
3.1.1	Transactions for Fair Value Hedge		52.088	48.032	100.120	119.763	102.004	221.767
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		3.139.847	6.684.955	9.824.802	3.309.650	7.270.736	10.580.386
3.2.1	Forward Foreign Currency Buy/Sell Transactions		932.351	1.858.044	2.790.395	1.194.844	1.707.358	2.902.202
3.2.1.1	Forward Foreign Currency Transactions-Buy		387.832	999.659	1.387.491	341.206	1.090.945	1.432.151
3.2.1.2	Forward Foreign Currency Transactions-Sell		544.519	858.385	1.402.904	853.638	616.413	1.470.051
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		1.012.632	3.033.585	4.046.217	1.198.654	4.379.230	5.577.884
3.2.2.1	Foreign Currency Swap-Buy		43.009	725.385	768.394	305.407	1.271.216	1.576.623
3.2.2.2	Foreign Currency Swap-Sell		45.313	720.127	765.440	169.425	1.427.452	1.596.877
3.2.2.3	Interest Rate Swap-Buy		78.688	1.141.248	1.219.936	33.375	1.115.159	1.148.534
3.2.2.4	Interest Rate Swap-Sell		845.622	446.825	1.292.447	590.447	565.403	1.255.850
3.2.3	Foreign Currency, Interest rate and Securities Options		1.194.864	1.793.326	2.988.190	916.141	1.181.744	2.097.885
3.2.3.1	Foreign Currency Options-Buy		373.947	827.312	1.201.259	442.539	598.423	1.040.962
3.2.3.2	Foreign Currency Options-Sell		421.434	785.894	1.207.328	468.030	583.321	1.051.351
3.2.3.3	Interest Rate Options-Buy		-	180.120	180.120	-	-	-
3.2.3.4	Interest Rate Options-Sell		180.625	-	180.625	-	-	-
3.2.3.5	Securities Options-Buy		69.312	-	69.312	3.240	-	3.240
3.2.3.6	Securities Options-Sell		149.546	-	149.546	2.332	-	2.332
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	1	2.404	2.415
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>86.936.703</b>	<b>11.883.802</b>	<b>98.820.505</b>	<b>84.300.721</b>	<b>9.516.991</b>	<b>93.817.712</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>64.636.957</b>	<b>1.407.794</b>	<b>66.044.751</b>	<b>66.311.104</b>	<b>1.297.064</b>	<b>67.608.168</b>
4.1	Customer Fund and Portfolio Balances		5.032.643	206.135	5.238.778	4.990.701	2.603	4.993.304
4.2	Investment Securities Held in Custody		52.300.712	995.725	53.296.437	53.414.439	1.088.692	54.503.131
4.3	Checks Received for Collection		5.981.951	26.509	6.008.460	4.797.997	26.350	4.824.347
4.4	Commercial Notes Received for Collection		1.321.554	160.054	1.481.608	3.106.718	154.172	3.260.890
4.5	Other Assets Received for Collection		-	19.371	19.371	-	25.247	25.247
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		97	-	97	85	-	85
4.8	Custodians		-	-	-	1.164	-	1.164
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>21.375.618</b>	<b>9.821.106</b>	<b>31.196.724</b>	<b>16.985.999</b>	<b>7.413.664</b>	<b>24.399.663</b>
5.1	Marketable Securities		348.664	459	349.123	342.775	434	343.209
5.2	Guarantee Notes		343.385	282.752	626.137	304.997	223.708	528.705
5.3	Commodity		7.909	-	7.909	7.609	-	7.609
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		13.234.247	6.589.677	19.823.924	10.769.129	5.275.952	16.045.081
5.6	Other Pledged Items		7.441.413	2.946.006	10.387.419	5.561.240	1.911.476	7.472.716
5.7	Pledged Items-Depository		-	2.212	2.212	-	2.094	2.343
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>924.128</b>	<b>654.902</b>	<b>1.579.030</b>	<b>1.003.618</b>	<b>806.263</b>	<b>1.809.881</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>110.842.609</b>	<b>28.981.514</b>	<b>139.824.123</b>	<b>106.891.415</b>	<b>25.955.639</b>	<b>132.847.054</b>

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

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

**YAPI VE KREDİ BANKASI A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008 AND 2007**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY		
INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY	(30/09/2008)	(30/09/2007) (*)
<b>I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	(220)	7.093
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	24.149	(44.181)
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)</b>	-	-
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	(13.946)	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	-	-
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	(1.840)	-
<b>IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES</b>	1.976	(1.909)
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	10.119	(38.997)
<b>XI. CURRENT PERIOD PROFIT/LOSS</b>	19.349	2.795
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	21.209	2.795
11.2 Reclassification of cash flow hedge transactions and presentation of the related part under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	(1.860)	-
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)</b>	<b>(9.230)</b>	<b>(41.792)</b>

(\*) As explained in Notes XXVII. of Section Three and Note VI. of Section Five, the Group has restated its consolidated financial statements as of 30 September 2007.

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2007**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																				
		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactio ns Funds	Assets Held for Resale/ Discontinued Operations Revaluation Fund	Total Equity Except Minority Interest	Minority Interest	Total Shareholders' Equity
30 September 2007																				
I.	Period Opening Balance		3.142.818		45.781	-	17.159	-	326.025	-	528.353	(696.955)	22.540	-	-	-	-	3.385.721	548.610	3.934.331
II.	Changes in Accounting Policies according to TAS 8				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Adjustments of Mistakes				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Effect of changes in the consolidation scope (*)				-	-	-	-	-	26.996	145.388	-	-	-	-	-	-	172.384	-	172.384
IV.	New Balance (I+II+III)		3.142.818		45.781	-	17.159	-	326.025	-	555.349	(551.567)	22.540	-	-	-	-	3.558.105	548.610	4.106.715
V.	Changes in the period Increase/Decrease due to the Merger				-	-	-	-	-	-	-	(147.781)	14.710	-	-	-	-	(133.071)	133.071	-
VI.	Marketable Securities Valuation Differences				-	-	-	-	-	-	-	-	(36.385)	-	-	-	-	(36.385)	(5.407)	(41.792)
VII.	Hedging Transactions (Effective part)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.1	Cash Flow Hedge				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.2	Foreign Investment Hedge				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Property and Equipment Revaluation Differences				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Intangible Fixed Assets Revaluation Differences				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign Exchange Differences				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Disposal of Assets				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes due to the Reclassification of Assets				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Increase		6.632		-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-	-	-
15.1	Cash increase				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15.2	Internal Resources		6.632		-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-	-	-
XVI.	Share Premium				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share Cancellation Profits				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Paid in-capital Adjustment Difference				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Other				-	-	-	-	-	-	-	299	-	-	-	-	-	299	(2.261)	(1.962)
XX.	Current Period Income or Loss				-	-	-	-	-	725.418	-	-	-	-	-	-	-	725.418	127.254	852.672
XXI.	Profit Distribution				-	-	-	-	-	7.308	(555.349)	548.041	-	-	-	-	-	-	(77.742)	(77.742)
21.1	Dividend Paid				-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77.742)	(77.742)
21.2	Transfers to Reserves				-	-	-	-	-	7.308	(555.349)	548.041	-	-	-	-	-	-	-	-
21.3	Other				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (IV+.....+XX+XXI)		3.149.450		45.781	-	17.159	-	326.025	7.308	725.418	(157.640)	865	-	-	-	-	4.114.366	723.525	4.837.891

(\*) As explained in Notes XXVIII. of Section Three and Note VI. of Section Five, the Group has restated its consolidated financial statements as of 30 September 2007.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
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**YAPI VE KREDİ BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2008**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellatio n Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Difference	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Asset Held for Resale/ Discontinued Operations Revaluation Fund	Total Equity Except Minority Interest	Minority Interest	Total Shareholders' Equity
30 September 2008																			
I.	Period Opening Balance	3.427.051	-	541.633	-	17.159	-	326.025	5.298	869.744	(480.805)	2.699	-	-	-	-	4.708.804	295.034	5.003.838
	Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	1.880	-	-	-	-	1.880	27	1.907
IV.	Hedging Transactions (Effective Part)	-	-	-	-	-	-	-	-	-	-	(11.157)	-	-	-	-	(11.157)	-	(11.157)
4.1	Cash Flow Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	(11.157)	-	-	-	-	(11.157)	-	(11.157)
V.	Valuation Differences due to Revaluation of the Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation Differences due to Revaluation of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	1.860	-	-	-	-	1.860	-	1.860
X.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	(1.840)	-	-	-	-	-	-	-	(1.840)	-	(1.840)
XVII.	Current Period Income or Loss	-	-	-	-	-	-	-	-	1.101.947	-	-	-	-	-	-	1.101.947	3.170	1.105.117
XVIII.	Profit Distribution	-	-	-	-	26.930	-	496.619	15.059	(869.744)	331.136	-	-	-	-	-	-	(1.450)	(1.450)
18.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.450)	(1.450)
18.2	Transfers to Reserves	-	-	-	-	26.930	-	496.619	15.059	(869.744)	331.136	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Purchase from minority interest (*)	-	-	-	-	-	-	-	-	-	(106.179)	2.065	-	-	-	-	(104.114)	(249.566)	(353.680)
	Period end balance (I+II+III+.....+XVII+XVIII+XIX)	3.427.051	-	541.633	-	44.089	-	822.644	18.517	1.101.947	(255.848)	(2.653)	-	-	-	-	5.697.380	47.215	5.744.595

(\*) Explained in details in Note VI. of Section Five.

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



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**CONSOLIDATED STATEMENTS OF CASH FLOWS AT 30 SEPTEMBER 2008 AND 2007**

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

VI. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(30/09/2008)	(30/09/2007) (*)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating profit before changes in operating assets and liabilities	1.207.065	2.960.550
1.1.1	Interest received	5.652.522	5.199.230
1.1.2	Interest paid	(3.353.394)	(3.079.631)
1.1.3	Dividend received	3.898	3.337
1.1.4	Fees and commissions received	1.250.144	998.759
1.1.5	Other income	680.309	134.105
1.1.6	Collections from previously written-off loans and other receivables	626.293	364.929
1.1.7	Payments to personnel and service suppliers	(751.139)	663.332
1.1.8	Taxes paid	(332.453)	(84.035)
1.1.9	Other	(2.569.115)	(1.239.476)
1.2	Changes in operating assets and liabilities	785.397	(4.758.060)
1.2.1	Net decrease in trading securities	6.608	157.287
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets	-	-
1.2.3	Net (increase)/decrease in banks	(715.279)	341.214
1.2.4	Net (increase) in loans	(8.390.498)	(3.117.952)
1.2.5	Net decrease / (increase) in other assets	499.179	(415.353)
1.2.6	Net (decrease) in bank deposits	(1.721.283)	(2.359.304)
1.2.7	Net increase in other deposits	6.687.805	164.036
1.2.8	Net increase in funds borrowed	3.662.084	461.089
1.2.9	Net increase/(decrease) in payables	-	-
1.2.10	Net increase in other liabilities	756.781	10.923
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>1.992.462</b>	<b>(1.797.510)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>182.290</b>	<b>2.016.596</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships)	(365.803)	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships)	-	-
2.3	Purchases of property and equipment	(170.638)	(81.094)
2.4	Disposals of property and equipment	233.941	148.408
2.5	Cash paid for purchase of investments available-for-sale	(302.384)	(184.716)
2.6	Cash obtained from sale of investments available-for-sale	-	-
2.7	Cash paid for purchase of investment securities	(861.675)	(3.457.917)
2.8	Cash obtained from sale of investment securities	1.625.499	5.578.831
2.9	Other	23.350	13.084
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>82.466</b>	<b>(158.758)</b>
3.1	Cash obtained from funds borrowed and securities issued	83.758	(81.092)
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Issued capital instruments	-	-
3.4	Dividends paid	(1.450)	(77.742)
3.5	Payments for finance leases	158	76
3.6	Other	-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>	<b>2.257.218</b>	<b>60.328</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>2.434.157</b>	<b>3.421.488</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>4.691.375</b>	<b>3.481.816</b>

(\*) As explained in Notes XXVII. of Section Three and Note VI. of Section Five, the Group has restated its consolidated financial statements as of 30 September 2007.

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION:**

The consolidated financial statements, the related explanations and notes are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks” Accounting Application and Keeping Documents” published in the Official Gazette No:26333 dated 1 November 2006 by the BRSA which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards”(“TFRS”) issued by the Turkish Accounting Standards Board (“TASB”) and other decrees, notes, explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS” ) published by the BRSA. The format and the details of the publicly announced consolidated financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No: 26430 dated 10 February 2007 and “Communiqués Regarding the Change in the Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published as of 22 September 2007. The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No: 5411 (“Banking Act”), which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those consolidated financial statements.

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

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

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

**Additional paragraph for convenience translation:**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date and are recognised in the income statement under the account of “Foreign exchange gains or losses”. Since the foreign currency investments and unconsolidated subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore no foreign exchange differences are realised.

**III. INFORMATION ON CONSOLIDATION PRINCIPLES:**

**a. Consolidation principles applied:**

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” and the “Turkish Accounting Standard for Consolidated and Separate Financial Statements” (“TAS 27”) published in the Official Gazette No. 26340 dated 8 November 2006.

**1. Consolidation principles of subsidiaries:**

Subsidiaries (including special purpose entity), in which Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies, have been fully consolidated.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders’ equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary’s capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

<u>Title</u>	<u>Incorporation (City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rates (%) 30 September 2008</u>	<u>Direct and Indirect Rates (%) 30 September 2008</u>
Yapı Kredi Sigorta A.Ş.	Istanbul/ Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/ Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/ Turkey	Leasing	98,85	98,85
Yapı Kredi Faktoring	Istanbul/ Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/ Turkey	Investment Management	99,98	99,98
Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/ Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Bank Holding B.V.	Amsterdam/ Nederland	Financial Holding	100,00	100,00
Yapı Kredi NV	Amsterdam/ Nederland	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/ Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku/ Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/ Nederland	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/ Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Company (*)	George Town/ Cayman Islands	Special Purpose Company	-	-

(\*) It is a special purpose company established for securitization transactions and is included in the consolidation although the Bank or any of its affiliates does not have any shareholding interest in this company.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

2. Consolidation principles of associates:

Associate is a partnership which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle.

Significant effect, refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as otherwise is not proved, it will be accepted that the Parent Bank has significant effect on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount occurred in the participated associate’s shareholder’s equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

<u>Title</u>	<u>(City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rate (%) 30 September 2008</u>	<u>Direct and Indirect Rate (%) 30 September 2008</u>
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

3. Consolidation principles of joint ventures: None.

4. Principles applied during share transfer, merger and acquisition:

It is explained in more detail in Note VI. of Section Five.

5. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired portion is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

**b. Presentation of unconsolidated subsidiaries, associates and share certificates included in the available-for-sale portfolio in consolidated financial statements:**

Turkish lira denominated unconsolidated associates and subsidiaries accounted for at cost value, less any impairment if any, in accordance with “Turkish Accounting Standards for Consolidated and Separate Financial Statements” (“TAS 27”) are recognised in the consolidated financial statements.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

Foreign currency denominated unconsolidated investments and associates, subsidiaries and share certificates in the available-for-sale portfolio are booked at their original foreign currency costs translated into Turkish Lira using the exchange rate prevailing at the transaction date less impairment, if any.

When the cost of investments, associates and share certificates is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

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

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

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

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

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in “Marketable securities valuation differences” in equity.

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

**c. Loans and receivables:**

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

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

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



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Available-for-sale financial assets are defined as financial assets other than the ones classified as “loans and receivables”, “held-to-maturity assets” or “financial asset at fair value through profit or loss”.

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

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

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

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

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

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

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

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

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

The Group has no securities lending transactions.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

The Group has no discontinued operations.

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

**a. Business combinations and goodwill:**

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

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

**b. Other Intangible Assets:**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

The Group performs financial leasing operations in the capacity of lessee and lessor.

**a. Accounting of leasing operations according to lessee:**

*Financial Lease*

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities part. Financing costs arising due to leasing are spread through the lease period forming a fixed interest ratio. In addition, fixed assets that are obtained by the way of financial leasing are subject to amortization when their given useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. Lease payments are deducted from financial leasing payables.

*Operational Lease*

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operating lease. Payments that are made as operating leases are accounted in income statements with linear method during the lease period.

**b. Accounting of leasing operations according to lessor:**

Asset that is subject to financial leasing is reflected as a receivable which is equal to net leasing amount in consolidated balance sheet. Interest income is set to create a fixed periodical gain rate on net investment amount of the related leased asset by the lessor and the portion which is not in that period is followed in the unearned interest income account.

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**a. Employee Termination Benefit**

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

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

**b. Pension Rights**

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

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

However, on 2 November 2005 the President applied to the Constitutional Court for abrogation of the concerned article of Banking Act and with the decision of the Constitutional Court dated 22 March 2007 numbered E. 2005/39, K. 2007/33 published in the Official Gazette dated 31 March 2007 numbered 26479, the article has been abrogated as of the publication date of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey (“GNAT”) started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the “Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations” numbered 5754 (“the New Law”) regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

The Main Opposition Party has applied to the Constitutional Court at 19 June 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalised. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

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

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

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

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

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

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

Tax rates that are used in tax calculations by taking current tax regulations in every country into consideration as of 30 September 2008 are as follows:

Netherland	25,50%
Russia	24,00%
Azerbaijan	22,00%

Tax provisions that are reflected to consolidated financial statements, are calculated separately for every company in the scope of consolidation.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**b. Deferred Tax:**

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

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

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS 12. The deferred tax asset and deferred tax liability are presented as separate in these financial statements.

**XVIII. EXPLANATIONS ON BORROWINGS:**

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

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

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

At capital increases, the Parent Bank accounts the difference between the issued value and nominal value as share issue premium under shareholders’ equity, in the case where the issued value is higher than the nominal value.

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

Avalized drafts and acceptances shown as liabilities against assets are included in the “Off-balance sheet commitments”.

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 30 September 2008 and 31 December 2007, the Group has no government grants.

**XXII. PROFIT RESERVES AND PROFIT DISTRIBUTION:**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXIII. EARNINGS PER SHARE:**

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

	<b>30 September 2008</b>	<b>30 September 2007</b>
Group’s Profit	1.101.947	725.418
Weighted Average Number of Issued Ordinary Shares (Thousand) (*)	342.705.100	314.955.000
<b>Earnings Per Share (Disclosed in full YTL)</b>	<b>0,0032</b>	<b>0,0023</b>

(\*) Unregistered capital increase amounting to YTL 920.000 thousand is not included.

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

During 2008, there are no bonus shares issued by the Parent Bank (31 December 2007: 6.631.545.090).

**XXIV. RELATED PARTIES:**

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

**XXV. CASH AND CASH EQUIVALENTS:**

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

**XXVI. EXPLANATIONS ON OPERATING SEGMENTS:**

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



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXVII. COMPARATIVE INFORMATION AND RESTATEMENT OF PREVIOUS PERIOD’S  
FINANCIAL STATEMENTS:**

Reclassifications have been made on comparative figures as of 31 December 2007 and 30 September 2007, to conform to changes in presentation of the consolidated financial statements as of 30 September 2008. Previous period consolidated financial statements have been restated in accordance with the accounting policies used for preparation of consolidated financial statements as of 30 September 2008. The effect of the aforementioned change on prior period profit/(loss) as of 1 January 2007 is explained in Note XXVIII. below.

**XXVIII. TRANSACTIONS UNDER COMMON CONTROL:**

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combination involving entities under common control, by examining the practices included in the generally accepted global accounting standards the Group decided to apply an accounting policy in parallel with the “pooling of interest” method in view of its judgement that the economic substance of the relevant transaction will be most reliably and accurately reflected in this manner. In the accounting of business combinations which occur under common control, assets and liabilities, subject to business combinations, are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year in which the business combinations occurred. Financial statements belonging to previous periods also are adjusted in the same way in order to ensure the comparability. As a result of those transactions, any goodwill or negative goodwill is not calculated. The difference between the investment amount and the share in capital in the acquired company is directly accounted under equity as “the effect of legal mergers under common control”.

The Group used the aforementioned policy for the share Exchange transaction of Yapı Kredi Azerbaijan, which is explained in details in Note VI.(iii) of Section Five, with the intention of fair presentation of the economic substance of the transactions. The consolidated financial statements, presented for comparative purposes in accordance with the afore-mentioned accounting policy, have been restated taking into account the amounts arising after the relevant consolidation adjustments of all the assets and liabilities regarding the business combinations as of the earliest reported period.

The effect of the aforementioned restatement as of 1 January 2007 on Prior Period Net Income/(Loss) is summarized below:

	<b><u>YTL thousand</u></b>
<b>1 January 2007 - as previously reported</b>	<b>(696.955)</b>
Legal mergers under common control	145.388
<b>1 January 2007 - as restated</b>	<b><u>(551.567)</u></b>

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**SECTION FOUR  
INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP**

**I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:**

- a. The capital adequacy ratio of the Group is 13,67% (31 December 2007: 12,81%).
- b. The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders’ Equity” published as of 1 November 2006 and “Regulation Regarding the Change in the Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published as of 10 October 2007 and 22 March 2008 (together referred as “Regulation Regarding Capital Adequacy”). The following tables show the details of “risk weighted assets” and the calculation of “shareholders’ equity” for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio:

	Risk Weights (*)					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (Net)</b>	<b>18.106.239</b>	<b>2.479.708</b>	<b>6.010.644</b>	<b>30.867.538</b>	<b>290.472</b>	<b>2.442</b>
Cash	705.401	1.329	-	-	-	-
Matured marketable securities						
The Central Bank of the Republic of Turkey	1.644.411					
Domestic, foreign banks, foreign head offices and		1.815.052		2.642		
Interbank money market placements	1.000.000					
Receivables from reverse repurchase transactions						
Reserve requirements	1.791.808					
Loans	1.605.135	573.242	5.925.933	26.836.521	290.472	2.442
Non-performing receivables (Net)				453.351		
Lease receivables						
Available-for-sale financial assets	490.868	57.986		23.392		
Held-to-maturity investments	10.343.823					
Receivables from the disposal of assets				13.878		
Miscellaneous receivables		82		180.791		
Interest and income accruals	291.212	9.720	84.711	383.655		
Investments in associates, subsidiaries and joint ventures (Net)				1.759.503		
Fixed assets				1.163.349		
Other assets	233.581	22.297		50.456		
<b>Off-balance sheet items</b>	<b>365.969</b>	<b>620.882</b>	<b>361.742</b>	<b>9.673.783</b>		
Non-cash loans and commitments	365.969	531.910	361.742	9.636.641		
Derivative financial instruments		88.972		37.142		
Non-risk weighted accounts						
<b>Total Risk Weighted Assets</b>	<b>18.472.208</b>	<b>3.100.590</b>	<b>6.372.386</b>	<b>40.541.321</b>	<b>290.472</b>	<b>2.442</b>

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

	Risk Weights (*)					
	Consolidated					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (Net)</b>	<b>20.708.818</b>	<b>3.533.482</b>	<b>6.279.849</b>	<b>33.320.136</b>	<b>290.472</b>	<b>2.442</b>
Cash	735.313	20.244	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	1.644.411	-	-	-	-	-
Domestic, foreign banks, foreign head offices and	391.234	2.460.786	-	150.602	-	-
Interbank money market placements	1.288.600	-	-	-	-	-
Receivables from reverse repurchase transactions	21.158	-	-	-	-	-
Reserve requirements	1.791.808	-	-	-	-	-
Loans	1.740.200	737.346	5.974.788	28.340.090	290.472	2.442
Non-Performing receivables (Net)	-	-	-	458.909	-	-
Lease receivables	19.899	5.880	217.018	2.186.859	-	-
Available-for-sale financial assets	1.181.262	57.986	-	55.254	-	-
Held-to-maturity investments	11.296.803	-	-	4.640	-	-
Receivables from the disposal of assets	-	-	-	13.878	-	-
Miscellaneous receivables	-	205.697	-	300.564	-	-
Interest and income accruals	342.946	23.246	88.043	433.840	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	2.395	-	-
Fixed assets	-	-	-	1.221.965	-	-
Other assets	255.184	22.297	-	151.140	-	-
<b>Off-balance sheet items</b>	<b>365.969</b>	<b>646.036</b>	<b>361.742</b>	<b>10.062.079</b>	-	-
Non-cash loans and commitments	365.969	531.910	361.742	10.023.092	-	-
Derivative financial instruments	-	114.126	-	38.987	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>21.074.787</b>	<b>4.179.518</b>	<b>6.641.591</b>	<b>43.382.215</b>	<b>290.472</b>	<b>2.442</b>

(\*) There are no assets weighted with 10% risk.

**d. Summary information about capital adequacy ratio:**

	The Parent Bank		Consolidated	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Amount subject to credit risk (“ASCR”)	44.788.224	38.688.000	47.979.506	41.227.695
Amount subject to market risk (“ASMR”)	320.975	331.825	973.975	552.013
Amount subject to operational risk (“ASOR”)	4.839.316	3.640.891	6.418.028	5.056.682
<b>Shareholder’s Equity</b>	<b>7.694.292</b>	<b>5.831.740</b>	<b>7.568.863</b>	<b>5.998.249</b>
<b>Shareholder’s Equity/(ASCR+ASMR+ASOR)*100</b>	<b>15,40</b>	<b>13,67</b>	<b>13,67</b>	<b>12,81</b>

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

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

	<b>30 September 2008</b>	<b>31 December 2007</b>
<b>CORE CAPITAL</b>		
Paid-in capital	3.427.051	3.427.051
Nominal capital	3.427.051	3.427.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share Premium	541.633	541.633
Share cancellation profits	-	-
Legal reserves	44.089	17.159
First legal reserve (Turkish Commercial Code 466/1)	44.089	17.159
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	822.644	326.025
Reserves allocated by the General Assembly	822.644	326.025
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves, extraordinary reserves	-	-
Profit	1.101.947	869.744
Current period profit (net)	1.101.947	869.744
Prior period profit	-	-
Provisions for possible risks up to 25% of core capital	144.991	92.185
Profit on disposal of associates, subsidiaries and immovables to be transferred to share	18.517	5.298
Primary Subordinated Loans (up to 15% of core capital)	-	-
Minority interests	47.215	295.034
Uncovered portion of loss with reserves (-)	(255.848)	(480.805)
Current period loss (net)	-	-
Prior period loss	(255.848)	(480.805)
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
<b>Total Core Capital</b>	<b>5.892.239</b>	<b>5.093.324</b>

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<b>SUPPLEMENTARY CAPITAL</b>		
General provisions	565.308	585.454
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary Subordinated Loans that are not considered in the calculation of core capital	-	-
Secondary Subordinated Loans	2.508.897	1.742.336
45 % of Marketable Securities valuation fund	(2.653)	1.215
From investments in associates and subsidiaries	-	-
Available-for-Sale financial assets	(2.653)	1.215
Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>3.071.552</b>	<b>2.329.005</b>
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>8.963.791</b>	<b>7.422.329</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>1.394.928</b>	<b>1.424.080</b>
Special costs	-	27.820
Prepaid expenses	161.661	135.528
Intangible Assets	1.152.004	1.191.711
Deferred tax asset amount exceeding 10% of core capital	-	-
Investments in unconsolidated financial institutions and banks	30.801	30.801
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	-	-
The carrying amounts for investments, subsidiaries, other investments, financial subsidiaries which equity method is applied without consolidating asset and liability	50.462	38.220
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and to be Disposed Accordingly with Banking Act article 57 as They are Held for More Than Five Years From the Acquisition Date.	-	-
Other	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7.568.863</b>	<b>5.998.249</b>

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

**II. EXPLANATIONS ON MARKET RISK:**

The Parent Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank’s market risk exposure is calculated on a daily and weekly basis with “Value-at-Risk Method” on the basis of marketable securities portfolio and net foreign currency position including the Bank’s currency risk. Notwithstanding, the Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank’s on- and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Asset and Liability Committee. The below table represents the details of market risk calculation as of 30 September 2008 in accordance with the Section 3 of the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No. 26333, dated 1 November 2006, namely the “Calculation of Market Risk with Standard Method”.

**a. Information on Market Risk:**

	<b>30 September 2008</b>	<b>31 December 2007</b>
(I) Capital to be Employed for General Market Risk - Standard Method	36.773	20.590
(II) Capital to be Employed for Specific Risk -Standard Method	12.307	8.464
(III) Capital to be Employed for Currency Risk - Standard Method	25.555	9.037
(IV) Capital to be Employed for Commodity Risk - Standard Method	-	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	3.283	6.070
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	77.918	44.161
<b>(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)</b>	<b>973.975</b>	<b>552.013</b>

**III. EXPLANATIONS ON OPERATIONAL RISK:**

The Bank calculates the amount subject to operational risk based on “Basic Indicator Method” by using 2007, 2006 and 2005 year-end gross income balances of the Bank, in accordance with Section 4 of the “ Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” effective from 1 June 2007, published in the Official Gazette No. 26333 dated 1 November 2006, namely “The Calculation of the Amount Subject to Operational Risk”. As of 30 September 2008, the total amount subject to operational risk is YTL6.418.028 thousand (31 December 2007: YTL5.056.682 thousand) and the amount of the related capital requirement is YTL513.442 thousand (YTL404.535 thousand).

**IV. EXPLANATIONS ON CURRENCY RISK:**

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

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

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

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

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>YTL1,20080</b>	<b>YTL1,75280</b>	<b>YTL0,01137</b>
26 September 2008 bid rate	YTL1,20050	YTL1,76510	YTL0,01131
25 September 2008 bid rate	YTL1,20310	YTL1,76670	YTL0,01132
24 September 2008 bid rate	YTL1,20360	YTL1,77440	YTL0,01137
23 September 2008 bid rate	YTL1,20420	YTL1,75460	YTL0,01129
22 September 2008 bid rate	YTL1,21910	YTL1,73240	YTL0,01131

The simple arithmetic average of the Parent Bank’s foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown in the table below:

USD	: YTL1,20236
Euro	: YTL1,73105
Yen	: YTL0,01125

As of 31 December 2007:

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

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

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

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

	EURO	USD	Yen	Other FC	Total
<b>30 September 2008</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.498.616	122.980	101	42.919	2.664.616
Banks	1.766.308	749.069	5.203	159.732	2.680.312
Financial Assets at Fair Value Through Profit or Loss	68.241	94.792	-	-	163.033
Interbank Money Market Placements	262.434	5.660	-	18.882	286.976
Available-for-Sale Financial Assets	69.073	572.925	-	88.141	730.139
Loans (*)	4.364.262	8.914.298	55.939	316.338	13.650.837
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	50.462	50.462
Held-to-Maturity Investments	1.019.565	4.701.022	-	4.637	5.725.224
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	699	-	-	10.444	11.143
Intangible Assets	-	-	-	97	97
Other Assets	1.489.373	813.042	14.494	180.990	2.497.899
<b>Total Assets</b>	<b>11.538.571</b>	<b>15.973.788</b>	<b>75.737</b>	<b>872.642</b>	<b>28.460.738</b>
<b>Liabilities</b>					
Bank Deposits	4.264	133.176	99	119.741	257.280
Foreign Currency Deposits	5.559.278	11.196.018	26.987	496.963	17.279.246
Funds From Interbank Money Market	365.947	323.485	-	16.666	706.098
Funds Borrowed From Other Financial Institutions	3.435.291	3.414.777	2.738	20.531	6.873.337
Marketable Securities Issued	732.384	892.466	-	-	1.624.850
Miscellaneous Payables	77.259	69.095	1.995	3.390	151.739
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.398.545	265.802	172	10.376	2.674.895
<b>Total Liabilities</b>	<b>12.572.968</b>	<b>16.294.819</b>	<b>31.991</b>	<b>667.667</b>	<b>29.567.445</b>
<b>Net On Balance Sheet Position</b>	<b>(1.034.397)</b>	<b>(321.031)</b>	<b>43.746</b>	<b>204.975</b>	<b>(1.106.707)</b>
<b>Net Off Balance Sheet Position</b>	<b>807.386</b>	<b>391.529</b>	<b>(43.555)</b>	<b>(44.835)</b>	<b>1.110.525</b>
Financial Derivative Assets	1.502.711	2.259.703	74.040	85.302	3.921.756
Financial Derivative Liabilities	695.325	1.868.174	117.595	130.137	2.811.231
<b>Non-Cash Loans</b>	<b>3.220.839</b>	<b>5.901.275</b>	<b>287.588</b>	<b>227.597</b>	<b>9.637.299</b>
<b>31 December 2007</b>					
Total Assets	9.081.434	14.542.366	32.111	664.675	24.320.586
Total Liabilities	9.796.867	14.566.774	12.133	683.784	25.059.558
<b>Net On-Balance Sheet Position</b>	<b>(715.433)</b>	<b>(24.408)</b>	<b>19.978</b>	<b>(19.109)</b>	<b>(738.972)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1.136.774</b>	<b>(245.412)</b>	<b>(21.758)</b>	<b>115.548</b>	<b>985.152</b>
Financial Derivative Assets	1.386.212	2.514.733	6.767	271.234	4.178.946
Financial Derivative Liabilities	249.438	2.760.145	28.525	155.686	3.193.794
<b>Non-Cash Loans</b>	<b>2.662.390</b>	<b>5.062.626</b>	<b>273.810</b>	<b>186.397</b>	<b>8.185.223</b>

(\*) Includes FC indexed loans amounting to YTL1.822.736 thousand (31 December 2007: YTL1.084.894 thousand) which has been disclosed as YTL in the financial statements.



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

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

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

30 September 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	1.863.700	-	-	-	-	2.337.656	4.201.356
Banks	1.554.974	162.313	530.689	173.823	25.466	570.618	3.017.883
Financial Assets at Fair Value Through Profit/Loss	23.430	54.148	79.619	97.738	25.380	60.042	340.357
Interbank Money Market Placements	1.293.941	368	6.617	7.239	2.524	-	1.310.689
Available-for-Sale Financial Assets	60.588	136.451	342.058	319.033	359.791	88.990	1.306.911
Loans	9.297.220	4.666.239	9.050.000	8.666.049	4.810.885	458.909	36.949.302
Held-to-Maturity Investments	644.287	358.899	4.814.656	2.105.985	3.608.601	-	11.532.428
Other Assets	203.920	607.924	1.505.908	1.233.571	38.382	3.623.398	7.213.103
<b>Total Assets</b>	<b>14.942.060</b>	<b>5.986.342</b>	<b>16.329.547</b>	<b>12.603.438</b>	<b>8.871.029</b>	<b>7.139.613</b>	<b>65.872.029</b>
<b>Liabilities</b>							
Bank Deposits	104.290	44.930	127.851	-	-	239.303	516.374
Other Deposits	27.805.455	3.452.535	1.560.474	331.603	75.130	6.599.764	39.824.961
Funds From Interbank Money Market	260.242	143.367	424.605	-	-	-	828.214
Miscellaneous Payables	1.983.548	1.269	82	-	-	540.751	2.525.650
Marketable Securities Issued	-	1.624.850	-	-	-	-	1.624.850
Funds Borrowed From Other Financial Institutions	1.870.725	3.317.156	3.033.970	104.247	-	-	8.326.098
Other Liabilities and Shareholders' Equity	714.923	474.552	971.679	275.559	125.191	9.663.978	12.225.882
<b>Total Liabilities</b>	<b>32.739.183</b>	<b>9.058.659</b>	<b>6.118.661</b>	<b>711.409</b>	<b>200.321</b>	<b>17.043.796</b>	<b>65.872.029</b>
<b>Balance Sheet Long Position</b>	-	-	<b>10.210.886</b>	<b>11.892.029</b>	<b>8.670.708</b>	-	<b>30.773.623</b>
<b>Balance Sheet Short Position</b>	<b>(17.797.123)</b>	<b>(3.072.317)</b>	-	-	-	<b>(9.904.183)</b>	<b>(30.773.623)</b>
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(86.666)	(74.834)	(13.513)	(821)	-	-	(175.834)
<b>Total Position</b>	<b>(17.883.789)</b>	<b>(3.147.151)</b>	<b>10.197.373</b>	<b>11.891.208</b>	<b>8.670.708</b>	<b>(9.904.183)</b>	<b>(175.834)</b>

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<b>31 December 2007</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	1.436.218	-	-	-	-	2.304.170	3.740.388
Banks	423.608	148.944	275.992	84.510	2.557	447.826	1.383.437
Financial Assets at Fair Value Through Profit/Loss	37.691	47.168	69.548	122.366	26.668	60.756	364.197
Interbank Money Market Placements	152.675	5.811	153.835	101.162	19.993	-	433.476
Available-for-Sale Financial Assets	92.107	166.635	130.426	324.495	195.279	92.617	1.001.559
Loans	7.379.295	3.401.564	8.050.646	6.576.935	3.324.601	355.271	29.088.312
Held-to-Maturity Investments	1.224.550	4.032.719	1.954.480	1.674.014	4.266.788	-	13.152.551
Other Assets	139.898	1.261.489	668.434	1.279.358	22.359	3.594.187	6.965.725
<b>Total Assets</b>	<b>10.886.042</b>	<b>9.064.330</b>	<b>11.303.361</b>	<b>10.162.840</b>	<b>7.858.245</b>	<b>6.854.827</b>	<b>56.129.645</b>
<b>Liabilities</b>							
Bank Deposits	329.912	127.545	54.440	-	-	83.820	595.717
Other Deposits	23.080.787	2.303.956	1.885.316	249.582	-	5.590.794	33.110.435
Funds From Interbank Money Market	1.902.301	216.196	351.196	9.251	-	-	2.478.944
Miscellaneous Payables	2.173.126	9.081	2.462	-	-	218.652	2.403.321
Marketable Securities Issued	-	1.542.609	-	-	-	-	1.542.609
Funds Borrowed From Other Financial Institutions	35.517	3.150.599	1.945.912	54.042	-	-	5.186.070
Other Liabilities and Shareholders' Equity	74.703	918.351	1.130.130	335.258	126.706	8.227.401	10.812.549
<b>Total Liabilities</b>	<b>27.596.346</b>	<b>8.268.337</b>	<b>5.369.456</b>	<b>648.133</b>	<b>126.706</b>	<b>14.120.667</b>	<b>56.129.645</b>
<b>Balance Sheet Long Position</b>	-	<b>795.993</b>	<b>5.933.905</b>	<b>9.514.707</b>	<b>7.731.539</b>	-	<b>23.976.144</b>
<b>Balance Sheet Short Position</b>	<b>(16.710.304)</b>	-	-	-	-	<b>(7.265.840)</b>	<b>(23.976.144)</b>
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(20.557)	(51.907)	(112.877)	(7.370)	-	-	(192.711)
<b>Total Position</b>	<b>(16.730.861)</b>	<b>744.086</b>	<b>5.821.028</b>	<b>9.507.337</b>	<b>7.731.539</b>	<b>(7.265.840)</b>	<b>(192.711)</b>

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

**b. Average interest rates for monetary financial instruments:**

The following average interest rates have been calculated by weighting the simple rates with their principal amounts as of the balance sheet date.

<b>30 September 2008 (*)</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,85	0,89	-	8,51
Banks	3,27	1,88	-	9,78
Financial Assets at Fair Value Through Profit/Loss	6,70	8,59	-	18,78
Interbank Money Market Placements	-	-	-	18,20
Available-for-Sale Financial Assets	10,73	8,51	-	16,33
Loans	6,50	5,32	3,27	22,05
Held-to-maturity Investments	5,36	7,21	-	20,06
<b>Liabilities</b>				
Bank Deposits	-	2,51	-	2,96
Other Deposits	2,44	3,79	0,01	18,03
Funds From Interbank Money Market	7,15	5,45	-	18,07
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,09	3,66	2,17	14,76
<b>31 December 2007 (*)</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,78	1,10	-	9,73
Banks	0,81	2,65	-	17,84
Financial Assets at Fair Value Through Profit/Loss	7,22	8,57	-	17,01
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	9,98	5,57	-	16,41
Loans	6,01	6,76	3,24	19,38
Held-to-maturity Investments	5,34	7,45	-	18,96
<b>Liabilities</b>				
Bank Deposits	0,54	4,27	-	14,24
Other Deposits	2,15	3,94	0,02	16,33
Funds From Interbank Money Market	6,36	7,43	-	17,37
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,40	5,49	1,87	15,26

(\*) The average interest rates disclosed above are those of the Parent Bank.

**VI. EXPLANATIONS ON LIQUIDITY RISK:**

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy of the Parent Bank in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held and the short and long term liquidity position of the Parent Bank is monitored. During the monthly meetings of the ALCO, the liquidity position of the Parent Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

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

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

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

	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (1)	Total
<b>30 September 2008</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.337.656	1.863.700	-	-	-	-	-	4.201.356
Banks	570.618	1.321.914	138.807	678.628	259.397	48.519	-	3.017.883
Financial Assets at Fair Value Through Profit or Loss	42.763	17.614	21.192	68.848	118.643	54.018	17.279	340.357
Interbank Money Market Placements	-	1.293.941	368	6.617	7.239	2.524	-	1.310.689
Available-for-Sale Financial Assets	61.099	56.934	16.127	189.930	590.504	364.426	27.891	1.306.911
Loans	-	7.887.749	4.460.019	9.325.561	9.242.167	5.574.897	458.909	36.949.302
Held-to-maturity Investments	-	20.161	358.899	438.131	5.529.708	5.185.529	-	11.532.428
Other Assets (1)	251.839	616.292	325.034	1.581.142	1.395.092	80.276	2.963.428	7.213.103
<b>Total Assets</b>	<b>3.263.975</b>	<b>13.078.305</b>	<b>5.320.446</b>	<b>12.288.857</b>	<b>17.142.750</b>	<b>11.310.189</b>	<b>3.467.507</b>	<b>65.872.029</b>
<b>Liabilities</b>								
Bank Deposits	239.303	104.290	44.930	127.851	-	-	-	516.374
Other Deposits	6.599.764	27.805.455	3.452.535	1.560.474	331.603	75.130	-	39.824.961
Funds Borrowed From Other Financial Institutions	-	648.497	2.112.520	4.095.101	1.226.903	243.077	-	8.326.098
Funds From Interbank Money Market	-	260.242	143.367	424.605	-	-	-	828.214
Marketable Securities Issued	-	-	-	-	1.219.445	405.405	-	1.624.850
Miscellaneous Payables	55.409	2.305.730	67.899	4.527	-	-	92.085	2.525.650
Other Liabilities (2)	1.879.394	1.765.373	106.025	371.844	335.062	2.023.589	5.744.595	12.225.882
<b>Total Liabilities</b>	<b>8.773.870</b>	<b>32.889.587</b>	<b>5.927.276</b>	<b>6.584.402</b>	<b>3.113.013</b>	<b>2.747.201</b>	<b>5.836.680</b>	<b>65.872.029</b>
<b>Net Liquidity Gap</b>	<b>(5.509.895)</b>	<b>(19.811.282)</b>	<b>(606.830)</b>	<b>5.704.455</b>	<b>14.029.737</b>	<b>8.562.988</b>	<b>(2.369.173)</b>	<b>-</b>
<b>31 December 2007</b>								
Total Assets	3.123.579	9.152.909	4.728.926	11.414.327	14.545.823	9.924.859	3.239.222	56.129.645
Total Liabilities	7.953.112	28.660.372	3.664.087	5.705.157	2.531.155	2.520.964	5.094.798	56.129.645
<b>Net Liquidity Gap</b>	<b>(4.829.533)</b>	<b>(19.507.463)</b>	<b>1.064.839</b>	<b>5.709.170</b>	<b>12.014.668</b>	<b>7.403.895</b>	<b>(1.855.576)</b>	<b>-</b>

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

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

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

**VII. EXPLANATIONS ON OPERATING SEGMENTS:**

The Group manages its banking operations through five main commercial business units: retail banking, corporate banking, private banking, credit cards and foreign operations.

Retail banking provides products and services to individual and small and medium enterprise. Products and services include general purpose loans, car loans, mortgage, deposits, investment accounts, life and non-life insurance products, payroll services, foreign currency buy and sell, safe deposit boxes services, cheques and promissory notes, money transfers ATMs, telephone banking, internet banking and mobile banking.

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

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

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

Foreign operations include the Group’s banking transactions in Holland, Switzerland, Azerbaijan and Russia.

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

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

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

	Retail Banking	Corporate Banking	Private Banking	Credit Cards	Foreign Operations	Other	Consolidation Adjustments (*)	Total Operations of the Group
<b>30 September 2008</b>								
Operating revenue	947.740	780.062	183.068	735.653	66.215	910.443	(28.728)	3.594.453
Unallocated costs						(2.249.530)	46.281	(2.203.249)
<b>Net Operating Profit</b>	<b>947.740</b>	<b>780.062</b>	<b>183.068</b>	<b>735.653</b>	<b>66.215</b>	<b>(1.339.087)</b>	<b>17.553</b>	<b>1.391.204</b>
Dividend income								3.898
Profit/Loss from Shareholders that are applied Equity Method								9.144
<b>Profit before tax</b>								<b>1.404.246</b>
Tax Expense								(299.129)
<b>Net Profit</b>								<b>1.105.117</b>
Minority Interest								3.170
<b>Group Profit/Loss</b>								<b>1.101.947</b>
Segment assets	9.873.141	20.668.819	600.736	7.103.507	3.342.306	20.779.799	(599.377)	61.768.931
Investments in associates, subsidiaries and Joint ventures						83.658		83.658
Unallocated assets						4.019.440		4.019.440
<b>Total Assets</b>	<b>9.873.141</b>	<b>20.668.819</b>	<b>600.736</b>	<b>7.103.507</b>	<b>3.342.306</b>	<b>24.882.897</b>	<b>(599.377)</b>	<b>65.872.029</b>
Segment liabilities	14.894.289	16.783.122	9.143.016	1.824.155	2.936.620	13.033.238	(582.722)	58.031.718
Shareholders' Equity								5.744.595
Unallocated liabilities						2.095.716		2.095.716
<b>Total liabilities</b>	<b>14.894.289</b>	<b>16.783.122</b>	<b>9.143.016</b>	<b>1.824.155</b>	<b>2.936.620</b>	<b>15.128.954</b>	<b>(582.722)</b>	<b>65.872.029</b>

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

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**SECTION FIVE  
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED  
FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS:**

**a. Information related to cash and the account of the Central Bank:**

1. Information on cash and the account of the Central Bank of Turkey (“the CBRT”):

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Cash	516.284	149.393	307.934	135.929
The CBRT	1.020.456	2.475.710	1.332.660	1.916.237
Other	-	39.513	-	47.628
<b>Total</b>	<b>1.536.740</b>	<b>2.664.616</b>	<b>1.640.594</b>	<b>2.099.794</b>

2. Information on the account of the CBRT:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Demand Unrestricted Amount (*)	1.020.456	672.146	1.332.660	521.735
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	-	1.803.564	-	1.394.502
<b>Total</b>	<b>1.020.456</b>	<b>2.475.710</b>	<b>1.332.660</b>	<b>1.916.237</b>

(\*) The YTL reserve requirement booked as average has been classified in “Central Bank Demand Unrestricted Account” based on the correspondence with BRSA as of 3 January 2008.

3. Information on reserve requirements:

In accordance with “Communiqué regarding the reserve requirements” numbered 2005/1, issued by the CBRT, the banks operating in Turkey are supposed to place reserves in CBRT for their YTL liabilities by 6% and for their foreign currency liabilities by 11% as USD and/or EUR. CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 30 September 2008 the corresponding interest rates are 12,56% for YTL, 0,75% for USD and 1,88% for EUR reserves.

As of 30 September 2008, the Group’s reserve deposits, including those at foreign banks, amount to YTL2.835.964 thousand (31 December 2007: YTL2.752.989 thousand).

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

1. As of 30 September 2008, financial assets at fair value through profit or loss subject to repo transactions amount to YTL102.958 thousand (31 December 2007: YTL102.027 thousand) and those given as collateral/blocked amounts to YTL66.078 thousand (31 December 2007: YTL54.274 thousand).

2. Positive differences related to trading derivative financial assets:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	28.993	1.134	14.080	5.129
Swap Transactions	6.959	11.569	16.601	11.796
Futures Transactions	-	-	-	-
Options	-	1.999	-	1.061
Other	-	-	-	-
<b>Total</b>	<b>35.952</b>	<b>14.702</b>	<b>30.681</b>	<b>17.986</b>

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

**c. Information on banks:**

1. Information on banks:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Banks	337.571	2.680.312	171.973	1.211.464
Domestic	90.864	585.831	90.831	477.082
Foreign	246.707	2.094.481	81.142	734.382
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>337.571</b>	<b>2.680.312</b>	<b>171.973</b>	<b>1.211.464</b>

**d. Information on available-for-sale financial assets:**

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:

As of 30 September 2008, available-for-sale financial assets given as collateral/blocked amount to YTL624.783 thousand (31 December 2007: YTL487.359 thousand). Available for sale financial assets subject to repo transactions amount to YTL3.719 thousand (31 December 2007: None).

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

	30 September 2008	31 December 2007
Debt Securities	1.199.713	865.133
Quoted on Stock Exchange <sup>(1)</sup>	1.079.390	865.133
Not Quoted	120.323	-
Share Certificates	69.695	84.379
Quoted on Stock Exchange	157	194
Not Quoted	69.538	84.185
Impairment Provision (-)	(47.846)	(42.491)
Other <sup>(2)</sup>	85.349	94.538
<b>Total</b>	<b>1.306.911</b>	<b>1.001.559</b>

<sup>(1)</sup> As of 30 September 2008, even though Eurobonds amounting to YTL594.485 thousand (31 December 2007: YTL282.480 thousand) are not quoted on stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

<sup>(2)</sup> As of 30 September 2008, other available-for-sale financial assets include mutual funds amounting to YTL61.104 thousand (31 December 2007: YTL50.315 thousand), bonds issued by financial institutions amounting to YTL9.092 thousand (31 December 2007: YTL8.249 thousand) and other countries' corporate bonds amounting to YTL15.153 thousand. (31 December 2007: YTL35.974 thousand)



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

**e. Explanations on loans:**

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

	30 September 2008		31 December 2007	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>624.697</b>	<b>506.197</b>	<b>387.025</b>	<b>679.089</b>
<b>Loans Granted to Employees</b>	<b>62.942</b>	-	<b>59.207</b>	-
<b>Total</b>	<b>687.639</b>	<b>506.197</b>	<b>446.232</b>	<b>679.089</b>

2. Information on the first and second group loans, other receivables and loans that have been restructured or rescheduled and other receivables:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Cash Loans</b>				
<b>Non-Specialised Loans</b>	<b>35.534.899</b>	-	<b>941.350</b>	<b>14.144</b>
Discount and Purchase Notes	287.088	-	369	-
Export Loans	2.767.511	-	124.065	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	1.024.620	-	-	-
Foreign Loans	785.927	-	-	-
Consumer Loans	5.866.442	-	387.594	-
Credit Cards	7.014.542	-	304.107	-
Precious Metal Loans	147.562	-	-	-
Other	17.641.207	-	125.215	14.144
<b>Specialised Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>35.534.899</b>	-	<b>941.350</b>	<b>14.144</b>

As of 30 September 2008, there is no cash risk exposure balance of the Bank to Çukurova Group in the scope of Financial Restructuring Agreement (“FRA”) (31 December 2007: USD193.969.222 (YTL220.252 thousand)). Çukurova Holding A.Ş. has closed its cash risk exposure in the scope of FRA by an early repayment of USD224.624.222,75 and YTL3.774.885,85 at 28 April 2008. As a result of this early repayment, there is no outstanding cash risk of Çukurova Group in the Bank and the pledges on the collaterals were abolished since the non-cash risks amounting to USD1.575.527,93 and YTL736.087,07 were collateralized.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and Long-term	Total
<b>Consumer Loans-YTL</b>	<b>219.630</b>	<b>5.605.489</b>	<b>5.825.119</b>
Real estate loans	7.202	2.838.260	2.845.462
Automotive loans	27.003	600.100	627.103
Consumer loans	13.009	146.083	159.092
Other	172.416	2.021.046	2.193.462
<b>Consumer Loans-FC Indexed</b>	<b>11.947</b>	<b>302.475</b>	<b>314.422</b>
Real estate loans	6.849	250.973	257.822
Automotive loans	891	29.055	29.946
Consumer loans	174	3.068	3.242
Other	4.033	19.379	23.412
<b>Consumer Loans-FC</b>	<b>2.901</b>	<b>8.301</b>	<b>11.202</b>
Real estate loans	-	-	-
Automotive loans	36	60	96
Consumer loans	430	1.926	2.356
Other	2.435	6.315	8.750
<b>Individual Credit Cards-YTL</b>	<b>7.117.902</b>	<b>12.999</b>	<b>7.130.901</b>
With installments	3.141.662	12.999	3.154.661
Without installments	3.976.240	-	3.976.240
<b>Individual Credit Cards- FC</b>	<b>114</b>	<b>-</b>	<b>114</b>
With installments	114	-	114
Without installments	-	-	-
<b>Personnel Loans-YTL</b>	<b>5.871</b>	<b>20.156</b>	<b>26.027</b>
Real estate loans	41	1.836	1.877
Automotive loans	228	984	1.212
Consumer loans	21	155	176
Other	5.581	17.181	22.762
<b>Personnel Loans-FC Indexed</b>	<b>16</b>	<b>174</b>	<b>190</b>
Real estate loans	-	89	89
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	16	85	101
<b>Personnel Loans-FC</b>	<b>105</b>	<b>61</b>	<b>166</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	105	61	166
<b>Personnel Credit Cards-YTL</b>	<b>35.978</b>	<b>17</b>	<b>35.995</b>
With installments	19.208	17	19.225
Without installments	16.770	-	16.770
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-YTL (Real Person) (*)</b>	<b>76.885</b>	<b>-</b>	<b>76.885</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>25</b>	<b>-</b>	<b>25</b>
<b>Total</b>	<b>7.471.374</b>	<b>5.949.672</b>	<b>13.421.046</b>

(\*) YTL564 thousand of the credit deposit account belongs to the credits used by personnel.

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4. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
<b>Commercial Installments Loans-YTL</b>	<b>261.644</b>	<b>2.369.223</b>	<b>2.630.867</b>
Business Loans	4.138	308.262	312.400
Automotive Loans	71.975	1.273.982	1.345.957
Consumer Loans	-	51	51
Other	185.531	786.928	972.459
<b>Commercial Installments Loans-FC Indexed</b>	<b>41.117</b>	<b>270.598</b>	<b>311.715</b>
Business Loans	307	20.625	20.932
Automotive Loans	5.153	133.793	138.946
Consumer Loans	-	-	-
Other	35.657	116.180	151.837
<b>Commercial Installments Loans-FC</b>	<b>7.426</b>	<b>7.070</b>	<b>14.496</b>
Business Loans	-	-	-
Automotive Loans	21	-	21
Consumer Loans	-	-	-
Other	7.405	7.070	14.475
<b>Corporate Credit Cards-YTL</b>	<b>151.628</b>	<b>11</b>	<b>151.639</b>
With installment	26.318	11	26.329
Without installment	125.310	-	125.310
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit Deposit Account-YTL (Legal Person)</b>	<b>123.251</b>	<b>-</b>	<b>123.251</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>171</b>	<b>-</b>	<b>171</b>
<b>Total</b>	<b>585.237</b>	<b>2.646.902</b>	<b>3.232.139</b>

5. Distribution of domestic and foreign loans: Distribution has been disclosed based on the location where the customers operate.

	30 September 2008	31 December 2007
Domestic loans	35.704.466	28.194.036
Foreign loans	785.927	539.005
<b>Total</b>	<b>36.490.393</b>	<b>28.733.041</b>

6. Loans granted to investments in associates and subsidiaries: None (31 December 2007: None).

7. Specific provisions provided against loans:

	30 September 2008	31 December 2007
Loans and other receivables with limited collectability	43.167	30.108
Loans and other receivables with doubtful collectability	198.639	120.683
Uncollectible loans and other receivables	802.590	1.255.042
<b>Total</b>	<b>1.044.396</b>	<b>1.405.833</b>

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>30 September 2008</b>			
<b>(Gross amounts before specific reserves)</b>	<b>1.445</b>	<b>9.375</b>	<b>28.558</b>
Restructured loans and other receivables	1.445	9.375	28.558
Rescheduled loans and other receivables	-	-	-
<b>31 December 2007</b>			
<b>(Gross amounts before the specific reserves)</b>	<b>303</b>	<b>17.460</b>	<b>190.028</b>
Restructured loans and other receivables	303	17.460	190.028
Rescheduled loans and other receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>31 December 2007</b>	<b>159.977</b>	<b>212.840</b>	<b>1.388.287</b>
Additions (+)	798.484	101.906	43.167
Transfers from other categories of non-performing loans (+)	-	467.124	304.320
Transfer to other categories of non-performing loans (-)	(467.124)	(304.320)	(7.773)
Collections (-)	(254.756)	(102.046)	(269.491)
FX Valuation Differences	-	-	1.173
Write-offs (-)	-	(297)	(568.166)
Corporate and Commercial Loans	-	(291)	(471.850)
Consumer Loans	-	(6)	(746)
Credit Cards	-	-	(95.570)
Other	-	-	-
<b>30 September 2008</b>	<b>236.581</b>	<b>375.207</b>	<b>891.517</b>
Special Provision (-)	(43.167)	(198.639)	(802.590)
<b>Net Balance on Balance Sheet</b>	<b>193.414</b>	<b>176.568</b>	<b>88.927</b>

As of 28 March 2008, the Parent Bank sold out a non-performing loan portfolio amounting to YTL429.229 thousand selected out of its commercial, corporate and SME problematic loan stocks via adjudication as of 7 March 2008. The corresponding portfolio has eventuated as YTL421.167 thousand after deduction of amounts for which sales transactions were realised except the real estate having right of repurchase. As of the date of the sale, the Bank has recognised provision amounting to YTL376.395 thousand for the related loans stock. As of 28 March 2008, the portion amounting to YTL2.203 thousand out of the total amount of YTL60.500 thousand is kept as the value for the real estate with right to repurchase and the remaining portion amounting to YTL58.297 thousand is collected. After the deduction of mentioned amounts, the portfolio amounting to YTL362.468 thousand has been included in the table above in “write-offs” line.

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8(iii). Information on non-performing loans granted as foreign currency loans

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>30 September 2008</b>			
Period end balance	219	43.680	21.002
Specific provision (-)	(22)	(31.769)	(21.002)
<b>Net Balance on-balance sheet</b>	<b>197</b>	<b>11.911</b>	<b>-</b>
<b>31 December 2007</b>			
Period end balance	-	16.888	7.377
Specific provision (-)	-	(8.611)	(7.322)
<b>Net Balance on-balance sheet</b>	<b>-</b>	<b>8.277</b>	<b>55</b>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>30 September 2008</b>	<b>193.414</b>	<b>170.018</b>	<b>88.927</b>
Loans granted to real persons and corporate entities (Gross)	236.581	342.461	806.531
Specific provision amount (-)	(43.167)	(172.443)	(717.604)
Loans granted to real persons and corporate entities (Net)	193.414	170.018	88.927
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	32.746	84.986
Specific provision amount (-)	-	(26.196)	(84.986)
Other loans and receivables (Net)	-	6.550	-
<b>31 December 2007</b>	<b>129.869</b>	<b>92.157</b>	<b>133.245</b>
Loans granted to real persons and corporate entities (Gross)	159.977	212.840	1.303.301
Specific provision amount (-)	(30.108)	(120.683)	(1.170.056)
Loans granted to real persons and corporate entities (Net)	129.869	92.157	133.245
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.986
Specific provision amount (-)	-	-	(84.986)
Other loans and receivables (Net)	-	-	-

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9. Policy followed-up for the collection of uncollectible loans and other receivables:

The loans and receivables classified as “Uncollectible loans and other receivables” in accordance with the provisioning communique, are liquidated through restructuring and/or the collection of collaterals by will or legal procedures as other follow-up accounts, the “Loans and other receivables with limited collectability” and “Loans and other receivables with doubtful collectability”. The policy of the Bank regarding the writing-off the loans under legal follow up is as writing-off the ones that is proved as uncollectible by legal follow-up.

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

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

	30 September 2008	31 December 2007
Government Bond	11.430.447	13.009.910
Treasury Bill	-	-
Other debt securities(*)	97.341	133.162
<b>Total</b>	<b>11.527.788</b>	<b>13.143.072</b>

(\*) Other debt securities represent the debt securities that are issued by foreign countries.

2. Information on investment securities held-to-maturity:

	30 September 2008	31 December 2007
Debt Securities	11.590.135	13.180.226
Quoted on Stock Exchange (*)	11.419.482	13.023.365
Not Quoted	170.653	156.861
Impairment Provision (-)	(57.707)	(27.675)
<b>Total</b>	<b>11.532.428</b>	<b>13.152.551</b>

(\*) Even though Eurobonds amounting to YTL5.093.708 thousand are not quoted on stock exchanges, they are classified as such as they are traded in secondary markets (31 December 2007: YTL5.554.027 thousand).

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

	30 September 2008	31 December 2007
<b>Beginning balance</b>	<b>13.152.551</b>	<b>17.110.743</b>
FC differences on monetary assets	11.667	(1.078.370)
Purchases during period	498.112	3.789.617
Transfer to assets held for resale and related to discontinued operations	-	(4.199)
Disposals through sales and redemptions (-)	(2.099.870)	(6.641.053)
Impairment provision (-)	(30.032)	(24.187)
<b>Period end balance</b>	<b>11.532.428</b>	<b>13.152.551</b>

4. Characteristics and carrying values of held-to-maturity investments given as collateral:

As of 30 September 2008, held-to-maturity investments given as collateral amount to YTL2.869.782 thousand (31 December 2007: YTL1.429.683 thousand). Held-to-maturity investments subject to repo transactions amount to YTL224.498 thousand (31 December 2007: YTL1.764.891 thousand).

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

1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage(%)
1	Kredi Kayıt Bürosu	Istanbul/ Turkey	18,18	18,18
2	Satel Sabah Televizyon (*)	Istanbul/Turkey	11,00	11,00

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Market value
1	22.369	17.068	1.919	2.115	1	4.361	2.894	-
2	385.951	175.571	372	-	-	191.266	(18.648)	-

(\*) Information on financial figures above has been obtained from the financial statements at 31 December 2007.

2. Consolidated investments in associates:

2(i). Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's share percentage if different voting percentage (%)	Other Shareholders' share percentage (%)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	69,33

2(ii). Main financial figures of the consolidated investments in associates in the order of the  
above table:

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	2.965.710	149.294	5.127	70.378	5.639	30.876	18.574	-

Financial statement information in the table above has been obtained from the financial statements as at 30 September 2008 and is in thousand CHF.

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

	30 September 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>38.220</b>	<b>41.352</b>
<b>Movements during the period</b>	<b>12.242</b>	<b>(3.132)</b>
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current period income	9.144	1.890
Sales	-	-
Revaluation increase / (decrease)	3.098	(5.022)
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>50.462</b>	<b>38.220</b>
<b>Capital Commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	<b>30,67</b>	<b>30,67</b>

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2(iv). Information on sectors and the carrying amounts of consolidated financial investments in associates:

	30 September 2008	31 December 2007
Banks	50.462	38.220
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	-	-
<b>Total Financial Investments</b>	<b>50.462</b>	<b>38.220</b>

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

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

1. Unconsolidated subsidiaries:

1(i). Information on unconsolidated subsidiaries:

Since the total asset amount of the subsidiaries below is less than 1% of the total assets of the Parent Bank, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank's share percentage if different voting percentage(%)	Bank's risk group share percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
3	Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	30,45	30,45

1(ii). Main financial figures of the subsidiaries in the order of the above table:

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit /Loss	Market value (*)
1	8.127	6.768	210	70	-	(77)	80	-
2	36.753	12.495	4.109	32	-	981	(35.873)	-
3	162.477	102.637	3.554	10.362	130	(8.126)	12.632	76.000

(\*) Fair value represents the market value of the Company's total shares based on ISE prices as of 30 September 2008.

Financial statement information in the table above has been obtained from the financial statements as at 30 June 2008 for Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. and as at 30 September 2008 for other subsidiaries.



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2. Information on consolidated subsidiaries:

2(i). Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's share percentage if different voting percentage(%)	Bank's risk group share percentage (%)
1	Yapı Kredi Holding B.V. <sup>(1)</sup>	Amsterdam/Holland	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	99,99
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow <sup>(2)</sup>	Moscow/Russia	99,84	100,00
5	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
6	Yapı Kredi Leasing	Istanbul/Turkey	98,85	99,58
7	Yapı Kredi Yatırım Ortaklığı A.Ş. <sup>(3)</sup>	Istanbul/Turkey	11,09	56,07
8	Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
9	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
10	Yapı Kredi NV <sup>(1) (5)</sup>	Amsterdam/Holland	67,24	100,00
11	Yapı Kredi Azerbaijan <sup>(4) (6)</sup>	Baku/Azerbaijan	99,80	100,00

Although Yapı Kredi or any of its affiliates does not have any shareholding interest in, Yapı Kredi Diversified Payment Rights Company (“Special Purpose Entity”) which is established for securitisation transactions of Yapı Kredi is included in the consolidation as the Bank has a control of 100%

- (1) Financial figures presented in note 2(ii) are in thousands of EURO.  
(2) Financial figures presented in note 2(ii) are in thousands of USD.  
(3) Financial figures presented in note 2(ii) are obtained from the financial statements at 30 June 2008.  
(4) Financial figures presented in note 2(ii) are in thousands of AZM.  
(5) Includes the balances for Sticing Custody Services YKB.  
(6) Includes the balances for Yapı Kredi Invest LLC.

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2(ii). Main financial figures of the consolidated subsidiaries in the order of the below table:

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit /Loss	Market value (*)
1	45.506	45.486	-	10	-	(5.381)	2.460	-
2	304.328	213.575	17.008	21.355	15.812	49.045	44.825	-
3	1.223.051	81.092	454	86.592	-	13.771	14.752	-
4	209.116	57.691	7.489	15.263	2.126	1.221	5.458	-
5	689.062	286.044	17.515	32.649	17.183	52.372	22.950	1.128.000
6	2.686.955	578.393	558	220.620	-	93.092	97.979	729.000
7	53.114	52.921	34	1.402	922	(7.080)	6.680	17.900
8	664.588	112.774	16.870	16.273	12.841	13.812	41.027	-
9	66.249	58.138	544	7.245	1.901	34.612	31.999	-
10	1.653.046	152.489	399	80.728	29.240	10.755	11.190	-
11	107.537	23.815	1.040	5.545	2.462	3.455	2.769	-

(\*) Calculated with the ISE market prices as of 30 September 2008 considering the total number of shares.

2(iii). Movement schedule of consolidated subsidiaries:

	30 September 2008	31 December 2007
<b>Balance at the beginning of the period</b>	<b>1.391.400</b>	<b>658.142</b>
<b>Movements during the period</b>	<b>365.708</b>	<b>733.258</b>
Purchases (*)	365.708	802.404
Transfers	-	(48.731)
Bonus shares obtained	-	-
Dividends from current period income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	(20.415)
<b>Balance at the end of the period</b>	<b>1.757.108</b>	<b>1.391.400</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

(\*) Nominal share capital amount of YTL34.897.132,53 (35.28% of the capital), owned by KFH in Yapı Kredi Menkul have been purchased by the Parent Bank in return for USD158.754.689,63 and the cost of the share purchase has been paid to KFH as YTL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.

The nominal share capital amount of EUR32.672.880,00 (67.24% of the capital), owned by KFH in Yapı Kredi NV has been purchased by the Parent Bank in return for EUR97.502.661,71 and the cost of the share purchase has been paid to KFH as YTL165.062 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

In addition, the Parent Bank has participated in the capital increase of its foreign subsidiary, Yapı Kredi Bank Azerbaijan Closed Joint Stock Company, where the share of the Bank is 99,80% amounting to YTL12.029 thousand . Also the capital increase process regarding the addition of the subordinated loan amounting to USD15.750 thousand that has been granted on 28 July 2008 to the share capital is ongoing.

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2(iv). Sectoral information on financial subsidiaries and the related carrying amounts:

	30 September 2008	31 December 2007
Banks	254.269	77.178
Insurance Companies	148.019	148.019
Factoring Companies	183.325	183.325
Leasing Companies	722.491	722.491
Finance Companies	-	-
Other Financial Subsidiaries	449.004	260.387
<b>Total Financial Subsidiaries</b>	<b>1.757.108</b>	<b>1.391.400</b>

2(v). Subsidiaries quoted on Stock Exchange:

	30 September 2008	31 December 2007
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-

**i. Information on hedging derivative financial assets:**

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

As part of an interest rate risk management strategy, the negative effects of changes in interest rates on the carrying value of corporate loans have been hedged with interest rate swaps. The changes in the fair value of corporate loans and the changes in the fair value of YTL payments of USD/YTL interest rate swaps have been matched and enabled to hedge the interest rate risk.

**j. Information on intangible assets:**

	30 September 2008	31 December 2007
<b>Net book value at the beginning of the period</b>	<b>1.191.711</b>	<b>1.156.200</b>
Additions during the Period	21.999	68.532
Unused and Disposed Items (-)	(30.641)	(707)
Impairment Charges on Income Statement	-	-
Amortisation Expenses (-)	(31.065)	(32.287)
Foreign exchange valuation differences (-)	-	(27)
<b>Net book value at the end of the period</b>	<b>1.152.004</b>	<b>1.191.711</b>

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

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Information on acquisition of net assets related with Yapı Kredi and related information on goodwill calculation is as follows:

Paid cash	1.925.965
Direct costs attributable to acquisition	42.054
<b>Total cost of acquisition</b>	<b>1.968.019</b>
Net assets acquired	988.526
<b>Goodwill</b>	<b>979.493</b>

Fair value amounts of assets and liabilities from acquisition are as follows:

	<b>28 September 2005</b>
Cash and the CBRT, Banks and Money Market	3.659.118
Marketable Securities	7.658.504
Loans	10.914.241
Property, Equipment and Intangible Assets	1.454.959
Purchase Price Allocation (*)	163.084
Other Receivables and Other Assets	1.696.557
Deposits	(16.443.350)
Borrowings and Money market	(3.195.687)
Other Liabilities	(4.185.850)
<b>Addition to Net Assets</b>	<b>1.721.576</b>

(\*) Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its consolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 30 September 2008, the net book value of these intangible assets amounts to YTL114.160 thousand.

**k. Information on other assets:**

Other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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

**a. Information on deposits:**

1. Information on maturity structure of deposits/collected funds:

1(i). 30 September 2008:

	Demand	With 7 days notifications	Up to 1 month	1-3 Months	3-6 Months	6 Months -1 Year	1 year and over	Total
Saving Deposits	1.179.730	24.152	2.435.378	10.627.944	154.013	38.567	57.817	14.517.601
Foreign Currency Deposits	3.112.093	151.505	4.626.606	6.507.828	996.539	400.498	1.214.692	17.009.761
Residents in Turkey	2.565.955	105.524	4.239.068	6.087.393	833.189	181.717	774.209	14.787.055
Residents Abroad	546.138	45.981	387.538	420.435	163.350	218.781	440.483	2.222.706
Public Sector Deposits	474.590	-	5.566	44.780	508	632	600	526.676
Commercial Deposits	1.603.029	75.252	1.484.787	3.661.723	459.677	42.007	12.802	7.339.277
Other Institutions Deposits	139.186	-	15.279	168.969	357	293	429	324.513
Gold Vault	91.136	-	13.409	659	459	717	753	107.133
Bank Deposits	239.303	354	102.889	43.890	9.672	119.204	1.062	516.374
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	4.578	-	68.355	3.014	1.031	-	-	76.978
Foreign Banks	206.251	354	34.534	40.876	8.641	119.204	1.062	410.922
Special Financial Institutions	28.474	-	-	-	-	-	-	28.474
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6.839.067</b>	<b>251.263</b>	<b>8.683.914</b>	<b>21.055.793</b>	<b>1.621.225</b>	<b>601.918</b>	<b>1.288.155</b>	<b>40.341.335</b>

1(ii). 31 December 2007:

	Demand	With 7 days notifications	Up to 1 month	1-3 Months	3-6 Months	6 Months -1 Year	1 year and over	Total
Saving Deposits	947.799	12.887	2.923.015	7.157.848	176.390	50.305	63.607	11.331.851
Foreign Currency Deposits	3.105.678	178.096	5.039.311	3.265.431	761.200	419.851	1.361.014	14.130.581
Residents in Turkey	2.731.478	139.866	4.596.822	3.071.286	678.735	235.736	1.084.901	12.538.824
Residents Abroad	374.200	38.230	442.489	194.145	82.465	184.115	276.113	1.591.757
Public Sector Deposits	223.103	-	55.564	13.811	3.979	109.652	542	406.651
Commercial Deposits	1.232.964	177	3.092.081	2.278.164	261.336	15.209	104.475	6.984.406
Other Institutions Deposits	15.872	-	21.298	139.642	333	109	271	177.525
Gold Vault	65.378	-	10.126	375	283	624	2.635	79.421
Bank Deposits	83.820	-	329.608	1.940	13.378	163.759	3.212	595.717
The CBRT	72	-	-	-	-	-	-	72
Domestic Banks	6.443	-	268.135	-	-	6.009	-	280.587
Foreign Banks	36.500	-	61.473	1.940	13.378	157.750	3.212	274.253
Special Financial Institutions	40.805	-	-	-	-	-	-	40.805
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5.674.614</b>	<b>191.160</b>	<b>11.471.003</b>	<b>12.857.211</b>	<b>1.216.899</b>	<b>759.509</b>	<b>1.535.756</b>	<b>33.706.152</b>

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
<b>Saving Deposits</b>				
Saving Deposits	7.058.318	5.996.775	7.345.822	5.228.946
Foreign Currency Savings Deposit	2.739.016	2.837.947	4.947.779	4.712.030
Other deposits in the form of savings deposits	8.805	5.793	86.890	64.590
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

2(ii). Saving deposits, which are not under the guarantee of saving deposits insurance fund (Represents information regarding the Parent Bank):

	30 September 2008	31 December 2007
Saving deposits in foreign branches	-	-
Saving deposits in off-shore banking regions	121.941	83.319
<b>Total</b>	<b>121.941</b>	<b>83.319</b>

2(iii). Saving deposits which are not under the guarantee of saving deposit insurance fund of real person (Represents information regarding the Parent Bank):

	30 September 2008	31 December 2007
Foreign Branches' Deposits and other accounts	-	-
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children in care	17.579	19.825
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities Solely	121.941	83.319

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

Trading Derivative Financial Liabilities	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	39.643	1.679	42.595	3.009
Swap Transactions	117.809	13.241	184.059	6.378
Futures Transactions	-	-	-	-
Options	-	1.968	-	979
Other	-	-	-	-
<b>Total</b>	<b>157.452</b>	<b>16.888</b>	<b>226.654</b>	<b>10.366</b>

**c. Information on borrowings:**

1. Information on borrowings:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	563.673	2.097.177	359.632	149.266
From Foreign Banks, Institutions and Funds	889.088	4.776.160	59.259	4.617.913
<b>Total</b>	<b>1.452.761</b>	<b>6.873.337</b>	<b>418.891</b>	<b>4.767.179</b>

The Bank signed a 1 year Dual Tranche Multi-Currency Term-Loan Facility amounting to USD 1.000 million on 10 September 2008 in order to finance the pre-export contracts and the interest rate is LIBOR + 0,75% per annum.

2. Information on maturity structure of borrowings:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Short-Term	653.716	3.474.295	418.891	2.887.368
Medium and Long-Term	799.045	3.399.042	-	1.879.811
<b>Total</b>	<b>1.452.761</b>	<b>6.873.337</b>	<b>418.891</b>	<b>4.767.179</b>

**d. Information marketable securities issued:**

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.624.850 thousand using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

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	30 September 2008	31 December 2007
2010	305.017	289.196
2011	330.105	312.977
2012	330.105	312.977
2013	330.105	312.977
2014	295.582	280.332
2015	25.089	23.781
Interest Expense Accrual	8.847	10.369
<b>Total</b>	<b>1.624.850</b>	<b>1.542.609</b>

**e. Information on other liabilities:**

Other liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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

	30 September 2008		31 December 2007	
	Gross	Net	Gross	Net
Less than 1 year	268	259	105	100
Between 1-4 years	-	-	1	1
More than 4 years	-	-	-	-
<b>Total</b>	<b>268</b>	<b>259</b>	<b>106</b>	<b>101</b>

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

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Fair Value Hedge	6.502	57	27.786	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>6.502</b>	<b>57</b>	<b>27.786</b>	<b>-</b>

As part of an interest rate risk management strategy, the negative effects of changes in interest rates on the carrying value of corporate loans have been hedged with interest rate swaps. The changes in the fair value of corporate loans and the changes in the fair value of YTL payments of USD/YTL interest rate swaps have been matched and enabled to hedge the interest rate risk.

**h. Information on provisions:**

1. Information on general provisions:

	30 September 2008	31 December 2007
Provisions for Group I loans and receivables	440.254	529.091
Provisions for Group II loans and receivables	38.694	42.466
Provisions for non cash loans	68.618	81.623
Other	17.742	75.703
<b>Total</b>	<b>565.308</b>	<b>728.883</b>



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2. Information on reserve for employment termination benefits:

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

Following actuarial assumptions are used in the calculation of total liabilities

	30 September 2008	31 December 2007
Discount rate (%)	5,71	5,71
The Rate Used Related to Retirement Expectation (%) (*)	95,50	96,20

(\*) The rates disclosed above are those of the Parent Bank.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.173,19 effective from 1 July 2008 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

	30 September 2008	31 December 2007
<b>Prior period ending balance</b>	<b>96.626</b>	<b>105.100</b>
Provisions recognised during the period	11.353	13.445
Paid during the period	(14.872)	(20.785)
Transfers to payables for assets held for resale	-	(879)
Foreign currency differences	(283)	(255)
<b>Balance at the end of the period</b>	<b>92.824</b>	<b>96.626</b>

In addition, the Group has accounted for vacation rights provision amounting to YTL46.831 thousand as of 30 September 2008 (31 December 2007: YTL42.958 thousand).

3. Other provisions:

	30 September 2008	31 December 2007
Pension fund provision <sup>(1)</sup>	750.843	604.278
Tax risk provision <sup>(2)</sup>	129.351	79.320
Non-cash loan provision	57.439	50.249
Provisions on credit cards and promotion campaigns related to banking services	50.095	36.014
Provision on export commitment estimated liability	40.045	39.945
Legal risk provision <sup>(2)</sup>	15.640	12.865
Other	121.370	179.256
<b>Total</b>	<b>1.164.783</b>	<b>1.001.927</b>

(1) As of 30 September 2008, the Bank provided provision amounting to YTL750.843 thousand for the technical deficit corresponding a monetary value of YTL735.719 thousand considering the best estimates of the management based on the report prepared by a registered actuary as of 31 May 2008 in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table. In the financial statements of the Bank prepared as of 31 December 2007, the provision for the technical deficit calculated as of 31 December 2006 in accordance with the decision of the Council of Ministers numbered 2006/11345 published in the Official Gazette dated 15 December 2006 and numbered 26377 using a technical interest rate 10,24%.

(2) Considered as provisions for possible risks.

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4. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans:

As of 30 September 2008, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL73.520 thousand (31 December 2007: YTL99.986 thousand).

**i. Information on taxes payable:**

(i) Information on taxes payable:

	<b>30 September 2008</b>	<b>31 December 2007</b>
Corporate Tax Payable	135.131	10.570
Taxation of Marketable Securities	89.616	84.246
Property Tax	807	1.054
Banking Insurance Transaction Tax (“BITT”)	37.985	32.359
Foreign Exchange Transaction Tax	-	3.167
Value Added Tax Payable	960	2.929
Other	22.700	29.378
<b>Total</b>	<b>287.199</b>	<b>163.703</b>

(ii) Information on premium payables:

	<b>30 September 2008</b>	<b>31 December 2007</b>
Social Security Premiums – Employee	2.584	1.164
Social Security Premiums – Employer	1.061	653
Bank Pension Fund Premiums – Employee	-	-
Bank Pension Fund Premiums – Employer	-	-
Pension Fund Deposit and Provisions – Employee	7.026	-
Pension Fund Deposit and Provisions – Employer	9.817	-
Unemployment Insurance – Employee	554	417
Unemployment Insurance – Employer	1.109	887
Other	-	-
<b>Total</b>	<b>22.151</b>	<b>3.121</b>

**j. Information on subordinated loans:**

	<b>30 September 2008</b>		<b>31 December 2007</b>	
	<b>YTL</b>	<b>FC</b>	<b>YTL</b>	<b>FC</b>
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.866.044	-	1.772.914
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.866.044</b>	<b>-</b>	<b>1.772.914</b>

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

**k. Information on shareholders’ equity:**

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

	30 September 2008	31 December 2007
Common Stock	3.427.051	3.427.051
Preferred Stock	-	-

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

The Parent Bank has paid-in-capital in an amount of YTL3.427.051 thousand and in accordance with the decision taken in the Ordinary General Assembly at 7 April 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is YTL5.000.000 thousand.

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

There are no share capital increases during the period. Besides, as explained in Note II. of Section One, in scope of the transfer of the shares of Yapı Kredi Faktoring A.Ş., Yapı Kredi Finansal Kiralama A.O. and Yapı Kredi Azerbaijan Closed Joint Stock Company from KFH the capital of the Bank has increased by YTL277.601 thousand as of 31 October 2007. The difference between the fair values of the transferred shares and the capital increase amounting to YTL495.852 thousand has been accounted under share premium.

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The Parent Bank is increasing its issued capital by YTL920.000.000 from YTL3.427.051.284 to YTL4.347.051.284 all in cash within the Bank’s registered capital ceiling of YTL5.000.000.000 and the shares issued and publicly offered amounting YTL920.000.000 nominally were registered by the CMB and the prospect authorized by CMB was registered on 15 July 2008. The existing shareholders have participated in increased capital by utilizing their pre-emptive rights between 18 July and 1 August 2008. Registration process of the capital increase which has been approved by the BRSA in accordance with the decisions numbered BDDK.UY1.50.1-14758 and dated 3 November 2008 is ongoing.

4. Information on transfers from revaluation funds to capital during the current period: None.
5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period:

As of 30 September 2008, KFH has pledged YTL670.000 thousand to the Parent Bank for the purpose of being used as a capital increase. This fund is non-interest bearing and is payable before the ordinary shares and after all other liabilities in case of a liquidation and is not related with any derivative contract or transaction and is not directly or indirectly linked to any kind of collateral. With the written approvals of the BRSA numbered BDDK.UY1.50.1-4864 and BDDK.UY1.50.1-8962 dated 3 April 2008 and 1 July 2008 respectively, this amount has been approved to be taken into consideration as supplementary capital within the equity calculation.

6. Information on privileges given to shares representing the capital by considering the Groups income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

7. Privilege on the corporate stock: None

**I. Information on marketable securities valuation differences:**

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	1.543	1.376	6.462	15.681
Foreign Currency Difference	(5.572)	-	(19.444)	-
<b>Total</b>	<b>(4.029)</b>	<b>1.376</b>	<b>(12.982)</b>	<b>15.681</b>

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**m. Information on minority interest:**

	<b>30 September 2008</b>	<b>30 September 2007</b>
<b>Period Opening Balance</b>	<b>295.034</b>	<b>548.610</b>
Current period (loss) / income	3.170	127.254
Dividends paid	(1.450)	(77.742)
Purchase from minority interest	(249.566)	(2.261)
Foreign Currency translation differences	27	(5.407)
Increase / (Decrease) due to merger		133.071
<b>Period Ending Balance</b>	<b>47.215</b>	<b>723.525</b>

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

**a. Information on interest income:**

1. Information on interest income on loans:

	<b>30 September 2008</b>		<b>30 September 2007</b>	
	YTL	FC	YTL	FC
Short-term Loans	2.123.635	233.258	1.949.500	133.710
Medium/Long-term Loans	974.427	294.921	593.830	239.599
Interest on Loans Under Follow-up	62.520	7.616	65.470	1.374
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total (*)</b>	<b>3.160.582</b>	<b>535.795</b>	<b>2.608.800</b>	<b>374.683</b>

(\*) Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

	<b>30 September 2008</b>		<b>30 September 2007</b>	
	YTL	FC	YTL	FC
From the CBRT	125.113	8.820	120.864	-
From Domestic Banks	10.246	18.965	22.516	267
From Foreign Banks	6.506	63.605	15.644	63.161
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>141.865</b>	<b>91.390</b>	<b>159.024</b>	<b>63.428</b>

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3. Information on interest income on marketable securities:

	30 September 2008		30 September 2007	
	YTL	FC	YTL	FC
From Trading Financial Assets	5.850	9.788	9.846	14.497
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	49.913	11.426	34.839	11.406
From Held-to-maturity investments	780.228	335.866	910.358	373.578
<b>Total</b>	<b>835.991</b>	<b>357.080</b>	<b>955.043</b>	<b>399.481</b>

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

None (30 September 2007: None).

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	30 September 2008		30 September 2007	
	YTL	FC	YTL	FC
Banks	60.915	307.343	69.462	200.716
The CBRT	-	-	-	-
Domestic Banks	36.082	1.181	34.517	12.126
Foreign Banks	24.833	306.162	34.945	188.590
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	32.455	-	84.291
<b>Total (*)</b>	<b>60.915</b>	<b>339.798</b>	<b>69.462</b>	<b>285.007</b>

(\*) Includes fees and commissions received for cash loans.

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

	30 September 2008	30 September 2007
Interests Paid to Investments in Associates and Subsidiaries	1.108	1.095

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3. Maturity structure of the interest expense on deposits:

Account name	Demand Deposit	Time Deposit					Cumulative Deposit	Total	30 September 2007
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	Over 1 Year			
<b>YTL</b>									
Bank Deposits	1.768	10.338	290	-	290	290	-	12.976	9.870
Saving Deposits	1.600	358.078	1.118.320	18.746	4.055	6.767	-	1.507.566	1.349.840
Public Sector Deposits	-	1.958	3.176	625	5.251	66	-	11.076	20.984
Commercial Deposits	19.362	280.097	480.181	32.412	3.613	8.648	-	824.313	735.132
Other Deposits	-	10.370	24.047	84	11	33	-	34.545	23.124
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22.730</b>	<b>660.841</b>	<b>1.626.014</b>	<b>51.867</b>	<b>13.220</b>	<b>15.804</b>	<b>-</b>	<b>2.390.476</b>	<b>2.138.950</b>
<b>FC</b>									
Foreign Currency Deposits	5.512	162.651	141.296	39.473	32.024	57.994	1.097	440.047	379.430
Bank Deposits	-	1.472	310	348	3.584	-	-	5.714	7.382
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-	-
Gold Vault	-	56	5	3	8	80	-	152	88
<b>Total</b>	<b>5.512</b>	<b>164.179</b>	<b>141.611</b>	<b>39.824</b>	<b>35.616</b>	<b>58.074</b>	<b>1.097</b>	<b>445.913</b>	<b>386.900</b>
<b>Grand Total</b>	<b>28.242</b>	<b>825.020</b>	<b>1.767.625</b>	<b>91.691</b>	<b>48.836</b>	<b>73.878</b>	<b>1.097</b>	<b>2.836.389</b>	<b>2.525.850</b>

c. Information on trading income / loss: (Net)

	30 September 2008	30 September 2007
<b>Income</b>	<b>8.217.610</b>	<b>6.075.633</b>
Income from Capital Market Transactions	3.438.654	2.889.419
Derivative Financial Transactions	3.387.854	2.856.374
Other	50.800	33.045
Foreign Exchange Gains	4.778.956	3.186.214
<b>Loss(-)</b>	<b>8.145.556</b>	<b>5.995.605</b>
Loss from Capital Market Transactions	3.239.029	2.944.105
Derivative Financial Transactions	3.225.092	2.896.899
Other	13.937	47.206
Foreign Exchange Loss	4.906.527	3.051.500
<b>Net Gain/ (Loss)</b>	<b>72.054</b>	<b>80.028</b>

d. Information on other operating income:

Other operating income mainly consists of collections from provisions recorded as expense in the previous years, positive impact of the study performed for the general loan loss provision calculation and net income from insurance transactions.

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**e. Provision expenses related to loans and other receivables:**

	<b>30 September 2008</b>	<b>30 September 2007</b>
Specific provisions for loans and other receivables	272.306	133.720
III. Group Loans and Receivables	13.338	11.955
IV. Group Loans and Receivables	77.936	17.171
V. Group Loans and Receivables	181.032	104.594
General Provision Expenses	43.759	6.761
Provision Expense for Possible Risks	53.794	4.810
Marketable Securities Impairment Expenses	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	52.041
Investments in Associates	-	870
Subsidiaries	-	51.171
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	12.325	-
<b>Total</b>	<b>382.184</b>	<b>197.332</b>

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

	<b>30 September 2008</b>	<b>30 September 2007</b>
Personnel Expenses	751.139	663.332
Reserve for Employee Termination Benefits	546	3.029
Provision Expense for Pension Fund	146.565	90.747
Impairment Expenses of Fixed Assets	1.895	-
Depreciation Expenses of Fixed Assets	89.616	108.182
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	31.065	23.074
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	515	-
Depreciation Expenses of Assets Held for Resale	2.878	14.877
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	568.467	539.511
Operational Lease Expenses	63.159	40.675
Maintenance Expenses	20.567	17.953
Advertising Expenses	57.156	66.670
Other Expense	427.585	414.213
Loss on Sales of Assets	606	187.423
Other	227.773	2.334
<b>Total</b>	<b>1.821.065</b>	<b>1.632.509</b>



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

As of 30 September 2008, the Group has current tax expense amounting to YTL260.354 thousand (30 September 2007: YTL258.247 thousand) and deferred tax expense amounting to YTL38.775 thousand (30 September 2007: YTL85.509 thousand deferred tax income).

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

**h. Information on net income/loss for the period:**

- 1) The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions (other than provision expense for the actuarial deficit of the Pension Fund amounting to YTL147 million, tax expense amounting to YTL49 million related to the compromise with the tax office and provision reversal income amounting to YTL185 million related with the revised general loan loss provision calculation) don't require any additional explanation to understand the Group's current period performance.
- 2) Information on any change in the accounting estimates concerning the current period or consequent periods: None

**i. Other items in income statement do not exceed 10% of the total**

**j. Profit/loss of minority interest:**

	<b>30 September 2008</b>	<b>30 September 2007</b>
Loss/Profit of minority interest	3.170	127.254

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

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

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

	<b>30 September 2008</b>	<b>31 December 2007</b>
Commitments on Credit Cards Limits	11.322.891	10.449.281
Loan Granting Commitments	2.493.411	1.931.253
Commitments for Cheque Books	1.449.585	1.359.423
<b>Total</b>	<b>15.265.887</b>	<b>13.739.957</b>

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

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

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

	<b>30 September 2008</b>	<b>31 December 2007</b>
Bank Acceptance Loans	199.479	184.493
Letter of Credits	3.055.741	2.164.139
Other Guarantees	447.181	604.876
<b>Total</b>	<b>3.702.401</b>	<b>2.953.508</b>

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

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of 30 September 2008 is YTL11.811.601 thousand (31 December 2007: YTL11.062.043 thousand).

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

	<b>30 September 2008</b>	<b>31 December 2007</b>
<b>Non-Cash Loans Given Against Cash Loans</b>	<b>322.249</b>	<b>303.112</b>
With Original Maturity of 1 Year or Less Than 1 Year	191.907	135.770
With Original Maturity of More Than 1 Year	130.342	167.342
Other Non-cash Loans	15.191.753	13.712.439
<b>Total</b>	<b>15.514.002</b>	<b>14.015.551</b>

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3(ii). Information on non-cash loans classified in Group I. and Group II.:

	Group I		Group II	
	YTL	FC	YTL	FC
<b>Non-Cash Loans</b>				
Letters of Guarantee	5.821.318	5.918.780	51.748	19.755
Bank Acceptances	-	199.479	-	-
Letters of Credit	796	3.054.889	-	56
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2.841	444.340	-	-
<b>Total</b>	<b>5.824.955</b>	<b>9.617.488</b>	<b>51.748</b>	<b>19.811</b>

**b. Information on contingent liabilities:**

In this respect, several outstanding legal cases against the group have been considered as contingent liabilities and an YTL15.640 thousand (31 December 2007: YTL12.865 thousand) provision against these legal cases has been accounted for in the financial statements under “Other Provisions” account.

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**V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**a. Information on cash and cash equivalent assets:**

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash”; Interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

2. Effect of a change on the accounting policies: None.
3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3(i). Cash and cash equivalents at the beginning of period:

	30 September 2008	30 September 2007
<b>Cash</b>	<b>1.434.389</b>	<b>1.417.017</b>
Cash and Effectives	443.863	440.288
Demand Deposits in Banks	990.526	976.729
<b>Cash Equivalents</b>	<b>999.768</b>	<b>2.004.471</b>
Interbank Money Market	431.517	159.179
Deposits in Bank	568.251	1.845.292
<b>Total Cash and Cash Equivalents</b>	<b>2.434.157</b>	<b>3.421.488</b>

The total amount from the operations occurring in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

3(ii). Cash and cash equivalents at the end of the period:

	30 September 2008	30 September 2007
<b>Cash</b>	<b>1.925.988</b>	<b>1.254.997</b>
Cash and Effectives	665.677	412.556
Demand Deposits in Banks	1.260.311	842.441
<b>Cash Equivalents</b>	<b>2.765.387</b>	<b>2.226.819</b>
Interbank Money Market	1.309.758	510.891
Deposits in Bank	1.455.629	1.715.928
<b>Total Cash and Cash Equivalents</b>	<b>4.691.375</b>	<b>3.481.816</b>

- b. Information on cash and cash equivalents that are not in use due to legal limitations and other reasons:** None.

- c. The effects of the change in foreign exchange rates on cash and cash equivalents:** None.

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**VI. EXPLANATIONS AND NOTES RELATED TO GROUP'S MERGER, TRANSFERS AND  
COMPANIES ACQUIRED BY BANKS**

***Mergers, transfers and acquisitions in the year 2008:***

- (i) Nominal share capital amount of YTL34.897.132,53 (35.28% of the capital), owned by KFH in Yapı Kredi Menkul have been purchased by the Parent Bank in return for USD158.754.689,63 and the cost of the share purchase has been paid to KFH as YTL188.617 thousand converted with the CBRT exchange rate at 15 February 2008.
- (ii) Besides, the nominal share capital amount of EUR32.672.880,00 (67.24% of the capital), owned by KFH in Yapı Kredi NV has been purchased by the Parent Bank in return for EUR97.502.661,71 and the cost of the share purchase has been paid to KFH as YTL165.062 thousand converted with the CBRT EUR exchange buying rate at 11 January 2008.

Since the transactions mentioned above are considered as transactions with minorities the difference between the purchase cost and the net assets acquired is disclosed under "Prior Years' Income or (Loss)" line of consolidated statement of changes in shareholders' equity.

***Mergers, transfers and acquisitions in the year 2007:***

- (i) Extraordinary General Assembly meetings regarding the transfer of Koç Yatırım, with all its rights, receivables, liabilities and obligations to the Yapı Kredi Menkul and the consequential dissolution without liquidation were held on 29 December 2006 and the merger was registered on 12 January 2007. As a result of the merger, the Bank's share in Yapı Kredi Menkul has decreased from 99,99% to 64,70%. The effect of the corresponding transaction on the consolidated financial statements is disclosed in the line of "Effect of changes in the consolidation scope" in the statement of changes in shareholders' equity as of 30 September 2007.
- (ii) Regarding the restructuring process of the foreign investments of the Parent Bank and KFH, the merger transaction of Yapı Kredi Bank Nederland N.V., established in Holland and wholly-owned by Bank (through Yapı Kredi Holding B.V. which is a 100% owned investment in associate), with the Koçbank Nederland N.V. 100% investment in associate of KFH, was completed as of 2 July 2007. After the merger, regarding the new structure of the partnership, the Parent's Bank's shareholding ratio is realised as %32,76 and the shareholding ratio of KFH is realised as 67,24%. Besides, as a part of the structural reorganization, transfer of 99,80% the shares of Yapı Kredi Azerbaijan owned by KFH with a nominal value of AZN 6.336.200 was completed as of 31 October 2007.

During and after transactions stated above, as there has been no change in the owners of final control rights of Yapı Kredi Bank Nederland N.V., Koçbank Nederland N.V. and Yapı Kredi Bank Azerbaijan, these transactions have been identified as transactions under common control and recorded in line with the accounting policy defined in Note XXVIII of Section Three.

- (iii) Transfer of the 59,47% of the shares of Yapı Kredi Faktoring with a nominal value of YTL9.992.000, 73,10% of the shares of Yapı Kredi Leasing with a nominal value of YTL285.048.428 and 99,80% of the shares of Yapı Kredi Bank Azerbaijan with a nominal value of AZN6.336.200; all formerly owned by KFH have been completed as of 31 October 2007. As a part of this share exchange the Bank's capital was increased by YTL277.601.284 through increasing the shareholding of KFH. Besides, the YTL495.852 difference between the nominal values of the shares issued by the Bank and the fair values of the shares transferred to the Bank, have been recorded in equity as "Share Premium". As this transaction is defined as a transaction with minority interests, differences of YTL322.862 thousand and YTL450.591 thousand have been recorded in equity as, "Prior Period Net Income / (Loss)" and "Minority Interest" respectively on the transaction date. The share exchange had no effect in total equity when these amounts have been considered together with the capital increase and share issue premium amounts.

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**VII. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP**

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

1. 30 September 2008:

Groups’ Risk Group <sup>(1) (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	10.269	392.898	679.089	211	-
Balance at the End of the Period	-	895	1.026.265	506.197	15.168	-
Interest and Commission Income Received	-	39	58.445	1.757	8	-

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

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

2. 31 December 2007:

Groups’ Risk Group <sup>(1) (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	471	426.842	716.561	-	-
Balance at the End of the Period	-	10.269	392.898	679.089	211	-
Interest and Commission Income Received <sup>(3)</sup>	-	64	65.292	1.725	-	-

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

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

(3) Shows the 30 September 2007 balances.

3. Information on deposits of the Bank’s risk group:

Group’s Risk Group <sup>(1) (2)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Deposit						
Beginning of the Period	7.823	61.693	3.417.107	3.655.994	19.825	-
End of the Period	2.649	7.823	5.373.996	3.417.107	17.579	19.825
Interest Expense on Deposits <sup>(3)</sup>	1.108	1.095	287.988	210.006	643	-

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

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

(3) 31 December 2007 column shows the 30 September 2007 balances.

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

**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008**

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

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

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

Group’s Risk Group <sup>(1)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007
<b>Transactions for trading purposes<sup>(2)</sup></b>						
Beginning of the Period <sup>(3)</sup>	-	-	188.006	118.777	-	-
End of the Period <sup>(3)</sup>	-	-	442.449	188.006	-	-
<b>Total Profit / Loss<sup>(4)</sup></b>	-	-	<b>2.540</b>	<b>313</b>	-	-
<b>Transactions for hedging purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
<b>Total Profit / Loss<sup>(4)</sup></b>	-	-	-	-	-	-

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

(2) The Bank’s derivative instruments are classified as “Financial Assets at Fair Value Through Profit or Loss” according to TAS 39.

(3) The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments.

(4) 31 December 2007 column shows the 30 September 2007 balances.

**b. With respect to the Group’s risk group:**

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

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

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

	Total Risk Group	Total Transaction Volume	%
Loans	624.884	36.490.393	1,71
Banks	401.572	3.017.883	13,31
Marketable Securities	14.977	13.129.042	0,11
Interest Income Received	58.453	3.929.632	1,49
Non- Cash Loans	507.092	15.514.002	3,27
Commission Income Received	1.796	110.386	1,63
Deposit	3.708.893	40.341.335	9,19
Borrowings and Money Markets	1.685.331	9.154.312	18,41
Interest Expense Paid	289.739	3.338.125	8,68
Trading Transactions	442.449	9.924.922	4,46
Trading Transactions Expenses (net)	2.540	199.625	1,27

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

Salaries paid to the Bank’s key management amount to YTL9.773 thousand (30 September 2007: YTL10.849 thousand) as of 30 September 2008.

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

**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008**

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

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

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

- 1) The Bank decided to close the process for the reorganisation of its insurance businesses, including a possible divestiture, as explained in the special purpose disclosure published on 31 October 2008, due to the current adverse market conditions which have not permitted appropriate value expectations to be met. The companies will continue to operate under the current shareholding structure.
- 2) Yapı Kredi and Koray Group decided to close the process for the reorganisation of YKB’s shareholding in Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş., including a possible divestiture as explained in the special purpose disclosure published on 4 November 2008, due to the current adverse market conditions, which have not permitted appropriate value expectations to be met. The Company will continue to operate under the current shareholding structure.

**SECTION SIX  
OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS ON GROUP’S OPERATIONS**

As of 29 February 2008, the shares of Yapı Kredi Bank Deutschland AG, which is owned 65,42% by the Parent Bank and 34,58% by Yapı Kredi Holding BV have been sold to Avenue Europe Investments Singapore Pte Ltd. for net assets + EUR250 thousand and the effect of this sale to the consolidated income statement of the Group is YTL806 thousand loss.

**SECTION SEVEN  
EXPLANATIONS ON REVIEW REPORT**

**I. EXPLANATIONS ON REVIEW REPORT**

The consolidated financial statements and explanatory notes as of 30 September 2008 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The review report dated 12 November 2008 is presented prior to the consolidated financial statements.

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

None.

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