

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 JUNE 2008**

**(Convenience Translation of Publicly Announced Unconsolidated
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 unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at 30 June 2008 and the related unconsolidated 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 unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at 30 June 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 Article 37 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 Article 37 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, 7 August 2008

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

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

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

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

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

Dr. Bülent BULGURLU
Chairman of the
Board of Directors

Tayfun BAYAZIT
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

Duygu DÖNMEZ
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Herbert HANGEL
Member of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

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

YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

The Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 30 June 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%. As explained in detail in Note VI. of Section Five, 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 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 organisation 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.

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

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

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

YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

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

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education Level</u>
Chairman of the Board of Directors:	Bülent BULGURLU	Chairman	Undergraduate
Board of Directors Members:	Federico GHIZZONI	Vice Chairman	Undergraduate
	Tayfun BAYAZIT	Chief Executive Officer	Graduate
	Alessandro M. DECIO	Chief Operating Officer	Graduate
	Aykut Ümit TAFTALI	Member	Undergraduate
	Füsun Akkal BOZOK	Member	PhD
	Ranieri De MARCHIS	Member	Undergraduate
	Ahmet Fadil ASHABOĞLU	Member	Undergraduate
	Herbert HANGEL	Member	Graduate
	Thomas GROSS	Member	Undergraduate
General Manager:	Tayfun BAYAZIT	Chief Executive Officer	Graduate
Vice General Managers:	Süleyman Cihangir KAVUNCU	Human Resources Management	Graduate
	Alpar ERGUN ⁽¹⁾	Legal Activities Management	Undergraduate
	Muzaffer ÖZTÜRK ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	Credit Management	Graduate
	Marco ARNABOLDI ⁽⁴⁾	Risk Management	Undergraduate
	Mahmut Tevfik ÇELİKEL ⁽⁵⁾	Logistics and Cost Management	Undergraduate
	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	Undergraduate
Audit Committee Members:	Ranieri De MARCHIS	Chairman	Undergraduate
	Herbert HANGEL	Member	Graduate
	Ahmet Fadil ASHABOĞLU	Member	Undergraduate
Statutory auditors:	M. Abdullah GEÇER	Auditor	Graduate
	Adil G. ÖZTOPRAK	Auditor	Undergraduate

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

- (1) Alpar Ergun has resigned from being Vice General Manager as of 30 June 2008 and Cemal Aybars Sanal has been assigned as of 1 July 2008.
- (2) Mehmet Gani Sönmez has resigned from being Vice General Manager as of 25 June 2008 and Muzaffer Öztürk has been assigned by proxy.
- (3) Tülay Güngen has resigned from being Vice General Manager as of 23 June 2008 and Mehmet Murat Ermert has been assigned.
- (4) With the meeting of the Board of Directors of the Bank at 25 July 2008, it has been decided to assign Mehmet Güray Alpkaya, who is the Vice General Manager in charge of Credit Management as the Vice General Manager in charge of Risk Management instead of Marco Arnaboldi who will resign as of 1 August 2008.
- (5) Mahmut Tevfik Çelikel has resigned from being Vice General Manager as of 30 June 2008 and the Logistics and Cost Management function has been the responsibility of the Vice General Manager Luca Rubaga who is in charge of the Organisation Management.

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

YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

IV. INFORMATION ON QUALIFIED SHAREHOLDERS:

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital(nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	2.802.933.461,57	81,79%	2.802.933.461,57	-

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

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

As of 30 June 2008, the Bank has 790 branches operating in Turkey, 1 branch in off-shore region and 1 representative office operating abroad (31 December 2007: 675 branches operating in Turkey, 1 branch in off-shore region and 1 representative offices operating abroad) and 14.821 employees (31 December 2007: 14.249 employees).

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

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

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five)	(30/06/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
		ASSETS					
I. CASH BALANCES WITH CENTRAL BANK	I-a	1.216.960	3.267.427	4.484.387	1.640.591	2.048.074	3.688.665
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	I-b	87.853	167.549	255.402	38.724	190.218	228.942
2.1 Trading Financial Assets		7.228	162.953	170.181	3.317	179.823	183.140
2.1.1 Government Debt Securities		7.228	162.953	170.181	3.317	179.823	183.140
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Other Marketable Securities		-	-	-	-	-	-
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		80.625	4.596	85.221	35.407	10.395	45.802
III. BANKS	I-c	79.600	2.243.671	2.323.271	47.846	683.129	730.975
IV. MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	181.774	113.108	294.882	207.958	71.906	279.864
5.1 Share Certificates		2.073	18.330	20.403	2.063	26.873	28.936
5.2 Government Debt Securities		111.980	84.819	196.799	159.064	36.314	195.378
5.3 Other Marketable Securities		67.721	9.959	77.680	46.831	8.719	55.550
VI. LOANS	I-e	23.092.240	10.667.842	33.760.082	19.575.498	8.933.383	28.508.881
6.1 Loans		22.734.816	10.667.479	33.402.295	19.228.559	8.933.326	28.161.885
6.1.1 Bank's risk group		473.659	153.587	627.246	208.630	190.931	399.561
6.1.2 Other		22.261.157	10.513.892	32.775.049	19.019.929	8.742.395	27.762.324
6.2 Loans under Follow-up		1.367.121	2.708	1.369.829	1.736.839	2.416	1.739.255
6.3 Specific Provisions (-)		(1.009.697)	(2.345)	(1.012.042)	(1.389.900)	(2.359)	(1.392.259)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	6.251.416	5.562.577	11.813.993	6.205.305	5.837.681	12.042.986
8.1 Government Debt Securities		6.251.416	5.562.577	11.813.993	6.205.305	5.837.681	12.042.986
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	2.753	43.404	46.157	2.658	43.404	46.062
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		2.753	43.404	46.157	2.658	43.404	46.062
9.2.1 Financial Investments in Associates		2.658	43.404	46.062	2.658	43.404	46.062
9.2.2 Non-financial Investments in Associates		95	-	95	-	-	-
X. SUBSIDIARIES (Net)	I-h	1.422.376	353.145	1.775.521	1.233.760	188.082	1.421.842
10.1 Unconsolidated Financial Subsidiaries		1.420.076	353.145	1.773.221	1.231.460	188.082	1.419.542
10.2 Unconsolidated Non-financial Subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
11.1 Accounted Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-i	294	741	1.035	1.018	666	1.684
13.1 Fair Value Hedge		294	741	1.035	1.018	666	1.684
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		1.046.579	-	1.046.579	1.068.086	-	1.068.086
XV. INTANGIBLE ASSETS (Net)	I-j	1.178.721	-	1.178.721	1.187.125	-	1.187.125
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		199.228	-	199.228	207.632	-	207.632
XVI. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
XVII. TAX ASSET		183.514	-	183.514	207.799	-	207.799
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		183.514	-	183.514	207.799	-	207.799
XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		88.173	-	88.173	59.629	48.734	108.363
18.1 Held for sale Purposes		88.173	-	88.173	59.629	48.734	108.363
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-k	704.341	344.617	1.048.958	269.159	350.157	619.316
TOTAL ASSETS		35.536.594	22.764.081	58.300.675	31.745.156	18.395.434	50.140.590

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

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

YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008 AND 31 DECEMBER 2007

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

I. BALANCE SHEET	Note (Section Five)	(30/06/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	21.961.791	15.598.821	37.560.612	18.863.332	13.302.621	32.165.953
1.1 Deposits of Bank's risk group		1.785.858	2.047.271	3.833.129	1.386.568	1.444.162	2.830.730
1.2 Other		20.175.933	13.551.550	33.727.483	17.476.764	11.858.459	29.335.223
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	110.429	1.982	112.411	185.086	6.501	191.587
III. BORROWINGS	II-c	181.255	5.996.952	6.178.207	179.267	4.056.734	4.236.001
IV. MONEY MARKETS		50.864	206.741	257.605	1.572.724	204.890	1.777.614
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	150.980	-	150.980
4.3 Funds Provided Under Repurchase Agreements		50.864	206.741	257.605	1.421.744	204.890	1.626.634
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		2.924.118	178.663	3.102.781	2.058.983	149.909	2.208.892
VIII. OTHER LIABILITIES	II-d	892.293	641.312	1.533.605	440.584	497.434	938.018
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)		2.608	12.135	14.743	-	23.594	23.594
10.1 Financial Lease Payables	II-e	2.675	12.504	15.179	-	24.540	24.540
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		(67)	(369)	(436)	-	(946)	(946)
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	10.271	-	10.271	27.786	-	27.786
11.1 Fair Value Hedge		10.271	-	10.271	27.786	-	27.786
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	1.535.254	215.772	1.751.026	1.495.813	261.611	1.757.424
12.1 General Loan Loss Provision		347.955	183.002	530.957	433.346	232.548	665.894
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		131.378	-	131.378	126.225	-	126.225
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		1.055.921	32.770	1.088.691	936.242	29.063	965.305
XIII. TAX LIABILITY	II-h	178.801	-	178.801	137.058	-	137.058
13.1 Current Tax Liability		178.801	-	178.801	137.058	-	137.058
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-i	-	1.997.868	1.997.868	-	1.772.914	1.772.914
XVI. SHAREHOLDERS' EQUITY	II-j	5.575.032	27.713	5.602.745	4.860.522	43.227	4.903.749
16.1 Paid-in Capital		3.427.051	-	3.427.051	3.427.051	-	3.427.051
16.2 Capital Reserves		561.712	27.713	589.425	551.679	43.227	594.906
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	II-k	(278)	27.713	27.435	4.748	43.227	47.975
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		20.357	-	20.357	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)		719.536	-	719.536	538.608	-	538.608
16.4.1 Prior Years' Income or (Loss)		-	-	-	(170.577)	-	(170.577)
16.4.2 Current Period Income or (Loss)		719.536	-	719.536	709.185	-	709.185
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		33.422.716	24.877.959	58.300.675	29.821.155	20.319.435	50.140.590

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

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

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

II. INCOME STATEMENTS				
INCOME AND EXPENSE ITEMS		Note (Section Five)	01/01-30/06/2008	01/01-30/06/2007
I.	INTEREST INCOME	III-a	3.184.582	2.933.679
1.1	Interest on Loans	III-a-1	2.308.278	1.916.896
1.2	Interest Received from Reserve Requirements		14.981	13.705
1.3	Interest Received from Banks	III-a-2	108.012	123.117
1.4	Interest Received from Money Market Transactions		6.294	394
1.5	Interest Received from Marketable Securities Portfolio	III-a-3	734.036	838.747
1.5.1	Trading Financial Assets		6.958	12.265
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		13.559	14.870
1.5.4	Held to Maturity Investments		713.519	811.612
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		12.981	40.820
II.	INTEREST EXPENSE	III-b	(1.995.551)	(1.960.374)
2.1	Interest on Deposits	III-b-3	(1.727.322)	(1.599.058)
2.2	Interest on Funds Borrowed	III-b-1	(203.155)	(188.378)
2.3	Interest Expense on Money Market Transactions		(63.589)	(167.726)
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		(1.485)	(5.212)
III.	NET INTEREST INCOME (I + II)		1.189.031	973.305
IV.	NET FEES AND COMMISSIONS INCOME		581.631	426.390
4.1	Fees and Commissions Received		722.037	549.412
4.1.1	Non-cash Loans		72.556	65.021
4.1.2	Other		649.481	484.391
4.2	Fees and Commissions Paid		(140.406)	(123.022)
4.2.1	Non-cash Loans		(11)	(47)
4.2.2	Other		(140.395)	(122.975)
V.	DIVIDEND INCOME		168.302	38.595
VI.	TRADING INCOME/(LOSS) (Net)	III-c	25.637	55.793
6.1	Trading Gains/(Losses) on Securities		114.616	(29.286)
6.2	Foreign Exchange Gains/(Losses)		(88.979)	85.079
VII.	OTHER OPERATING INCOME	III-d	328.161	129.067
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2.292.762	1.623.150
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	III-e	(240.655)	(127.662)
X.	OTHER OPERATING EXPENSES (-)	III-f	(1.150.075)	(1.002.975)
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		902.032	492.513
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)		902.032	492.513
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	III-g	(182.496)	(91.978)
16.1	Current Tax Provision		(107.578)	(136.424)
16.2	Deferred Tax Provision		(74.918)	44.446
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		719.536	400.535
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	III-h	719.536	400.535
	Earnings/(Loss) per share		0,0021	0,0013

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

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIODS
FROM 1 APRIL TO 30 JUNE 2008 AND 2007**

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

II. INCOME STATEMENTS				
INCOME AND EXPENSE ITEMS		Note (Section Five)	01/04-30/06/2008	01/04-30/06/2007
I.	INTEREST INCOME		1.628.798	1.482.588
1.1	Interest on Loans		1.180.077	993.902
1.2	Interest Received from Reserve Requirements		7.790	6.748
1.3	Interest Received from Banks		59.184	60.147
1.4	Interest Received from Money Market Transactions		5.696	226
1.5	Interest Received from Marketable Securities Portfolio		363.099	420.744
1.5.1	Trading Financial Assets		3.604	5.282
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		1.822	6.983
1.5.4	Held to Maturity Investments		357.673	408.479
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		12.952	821
II.	INTEREST EXPENSE		(1.027.405)	(984.258)
2.1	Interest on Deposits		(904.899)	(818.125)
2.2	Interest on Funds Borrowed		(101.893)	(96.543)
2.3	Interest Expense on Money Market Transactions		(19.919)	(68.531)
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		(694)	(1.059)
III.	NET INTEREST INCOME (I + II)		601.393	498.330
IV.	NET FEES AND COMMISSIONS INCOME		302.198	226.238
4.1	Fees and Commissions Received		376.109	290.615
4.1.1	Non-cash Loans		38.958	33.417
4.1.2	Other		337.151	257.198
4.2	Fees and Commissions Paid		(73.911)	(64.377)
4.2.1	Non-cash Loans		(4)	(8)
4.2.2	Other		(73.907)	(64.369)
V.	DIVIDEND INCOME		94	16.550
VI.	TRADING INCOME/(LOSS) (Net)		57.332	25.673
6.1	Trading Gains/(Losses) on Securities		(24.202)	(45.214)
6.2	Foreign Exchange Gains/(Losses)		81.534	70.887
VII.	OTHER OPERATING INCOME		55.675	69.998
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.016.692	836.789
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(155.493)	(37.827)
X.	OTHER OPERATING EXPENSES (-)		(563.792)	(535.510)
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		297.407	263.452
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)		297.407	263.452
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(75.971)	(50.679)
16.1	Current Tax Provision		(62.241)	(96.547)
16.2	Deferred Tax Provision		(13.730)	45.868
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		221.436	212.773
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)		221.436	212.773
	Earnings/(Loss) per share		0,0006	0,0007

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

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 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)	(30/06/2008)			(31/12/2007)		
			YTL	FC	Total	YTL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I-II+III)		23.748.026	16.365.309	40.113.335	22.155.591	14.192.776	36.348.367
I.	GUARANTEES AND WARRANTIES	IV-a-2,3	5.604.922	9.644.327	15.249.249	5.797.524	7.953.203	13.750.727
1.1	Letters of Guarantee		5.601.473	5.612.322	11.213.795	5.772.747	5.062.683	10.835.430
1.1.1	Guarantees Subject to State Tender Law		432.090	420.381	852.471	437.494	409.529	847.023
1.1.2	Guarantees Given for Foreign Trade Operations		670.680	5.191.941	5.862.621	650.971	4.653.154	5.304.125
1.1.3	Other Letters of Guarantee		4.498.703	-	4.498.703	4.684.282	-	4.684.282
1.2	Bank Acceptances		-	202.061	202.061	-	184.493	184.493
1.2.1	Import Letter of Acceptance		-	202.061	202.061	-	184.493	184.493
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		718	3.287.559	3.288.277	787	2.009.776	2.010.563
1.3.1	Documentary Letters of Credit		718	3.287.559	3.288.277	787	2.009.776	2.010.563
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		143	1.632	1.775	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		2.588	391.375	393.963	23.847	548.393	572.240
1.9	Other Collaterals		-	149.378	149.378	-	146.305	146.305
II.	COMMITMENTS	IV-a-1	14.343.418	1.338.481	15.681.899	13.330.953	852.372	14.183.325
2.1	Irrevocable Commitments		14.343.418	1.338.481	15.681.899	13.330.953	852.372	14.183.325
2.1.1	Asset Purchase and Sale Commitments		2.450	705.078	707.528	-	431.565	431.565
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		1.838.724	633.383	2.472.107	1.482.180	420.760	1.902.940
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		1.432.524	-	1.432.524	1.359.423	-	1.359.423
2.1.8	Tax and Fund Liabilities from Export Commitments		39.627	-	39.627	39.945	-	39.945
2.1.9	Commitments for Credit Card Limits		10.804.653	-	10.804.653	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		225.440	20	225.460	124	47	171
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		3.799.686	5.382.501	9.182.187	3.027.114	5.387.201	8.414.315
3.1	Hedging Derivative Financial Instruments		77.418	71.386	148.804	119.763	102.004	221.767
3.1.1	Transactions for Fair Value Hedge		77.418	71.386	148.804	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		3.722.268	5.311.115	9.033.383	2.907.351	5.285.197	8.192.548
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.221.438	1.665.161	2.886.599	955.130	1.235.526	2.190.656
3.2.1.1	Forward Foreign Currency Transactions-Buy		825.389	634.510	1.459.899	375.653	713.805	1.089.458
3.2.1.2	Forward Foreign Currency Transactions-Sell		396.049	1.030.651	1.426.700	579.477	521.721	1.101.198
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		949.597	1.178.794	2.128.391	1.069.229	2.923.019	3.992.248
3.2.2.1	Foreign Currency Swap-Buy		56.000	103.791	159.791	305.407	956.634	1.262.041
3.2.2.2	Foreign Currency Swap-Sell		1.300	157.587	158.887	40.000	1.222.741	1.262.741
3.2.2.3	Interest Rate Swap-Buy		33.375	831.047	864.422	33.375	646.700	680.075
3.2.2.4	Interest Rate Swap-Sell		858.922	86.369	945.291	690.447	96.944	787.391
3.2.3	Foreign Currency, Interest rate and Securities Options		1.551.179	2.467.160	4.018.339	882.981	1.124.248	2.007.229
3.2.3.1	Foreign Currency Options-Buy		603.452	1.278.325	1.881.777	431.680	568.325	1.000.005
3.2.3.2	Foreign Currency Options-Sell		702.297	1.188.835	1.891.132	445.729	555.923	1.001.652
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		74.070	-	74.070	3.240	-	3.240
3.2.3.6	Securities Options-Sell		171.360	-	171.360	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		54	-	54	11	2.404	2.415
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		77.206.271	11.295.519	88.501.790	71.401.397	9.219.570	80.620.967
IV.	ITEMS HELD IN CUSTODY		56.301.205	1.184.602	57.485.807	53.411.780	999.643	54.411.423
4.1	Customer Fund and Portfolio Balances		-	1.671	1.671	-	2.603	2.603
4.2	Investment Securities Held in Custody		49.312.771	983.607	50.296.378	45.505.901	791.271	46.297.172
4.3	Checks Received for Collection		5.530.328	20.202	5.550.530	4.797.997	26.350	4.824.347
4.4	Commercial Notes Received for Collection		1.458.106	155.030	1.613.136	3.106.718	154.172	3.260.890
4.5	Other Assets Received for Collection		-	24.092	24.092	-	25.247	25.247
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	1.164	-	1.164
V.	PLEDGES RECEIVED		19.988.630	9.408.770	29.397.400	16.985.999	7.413.664	24.399.663
5.1	Marketable Securities		338.192	458	338.650	342.775	434	343.209
5.2	Guarantee Notes		327.521	277.695	605.216	304.997	223.708	528.705
5.3	Commodity		7.909	-	7.909	-	-	7.609
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		12.419.636	6.403.446	18.823.082	10.769.129	5.275.952	16.045.081
5.6	Other Pledged Items		6.895.372	2.724.952	9.620.324	5.561.240	1.911.476	7.472.716
5.7	Pledged Items-Depository		-	2.219	2.219	249	2.094	2.343
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		916.436	702.147	1.618.583	1.003.618	806.263	1.809.881
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			100.954.297	27.660.828	128.615.125	93.556.988	23.412.346	116.969.334

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

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**YAPI VE KREDİ BANKASI A.Ş.
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(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	(30/06/2008)	(30/06/2007)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(3.719)	6.857
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	2.289	(2.876)
V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(955)	(2.307)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(2.385)	1.674
XI. CURRENT PERIOD PROFIT/LOSS	18.155	1.106
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	18.155	1.106
11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	-	-
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)	(20.540)	568

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 JUNE 2007

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
30 June 2007		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
I.	Prior Period End Balance		3.142.818		45.781	-	17.159	-	326.025	-	512.239	(745.500)	45.334		-	-		3.343.856
II.	Changes in Accounting Policies according to TAS 8										1.669	74.955	4.683					81.307
2.1	Effects of Adjustments of Mistakes										-	-	-					-
2.2	Effects of the Changes in Accounting Policies										1.669	74.955	4.683					81.307
III.	New Balance (I+II)		3.142.818		45.781	-	17.159	-	326.025	-	513.908	(670.545)	50.017					3.425.163
IV.	Changes in the Period Increase/Decrease due to the Merger																	
V.	Marketable Securities Valuation Differences												568					568
VI.	Hedging Transactions Funds (Effective Parts)																	
6.1	Cash Flow Hedge																	
6.2	Foreign Investment Hedge																	
VII.	Property and Equipment Revaluation Differences																	
VIII.	Intangible Fixed Assets Revaluation Differences																	
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																	
X.	Foreign Exchange Differences																	
XI.	Changes due to the Disposal of Assets																	
XII.	Changes due to the Reclassification of Assets																	
XIII.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity																	
XIV.	Capital Increase		6.632									(6.632)						
14.1	Cash increase																	
14.2	Internal Resources		6.632									(6.632)						
XV.	Share Premium																	
XVI.	Share Cancellation Profits																	
XVII.	Paid in-capital Adjustment Difference																	
XVIII.	Other																	
XIX.	Current Period Income or Loss										400.535							400.535
XX.	Profit Distribution									7.308	(513.908)	506.600						
20.1	Dividend Paid																	
20.2	Transfers to Reserves									7.308	(513.908)	506.600						
20.3	Other																	
	Period End Balance (III+..... XVIII+XIX+XX)		3.149.450		45.781	-	17.159	-	326.025	7.308	400.535	(170.577)	50.585					3.826.266

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 JUNE 2008

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
30 June 2008	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
I. Prior Period End Balance		3.427.051		541.633	-	17.159	-	326.025	5.298	709.185	(170.577)	47.975					4.903.749
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences												(20.540)					(20.540)
IV. Hedging Transactions Funds (Effective Parts)																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment Hedge																	
V. Property and Equipment Revaluation Differences																	
VI. Intangible Fixed Assets Revaluation Differences																	
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Differences																	
IX. Changes due to the Disposal of Assets																	
X. Changes due to the Reclassification of Assets																	
XI. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity																	
XII. Capital Increase																	
12.1 Cash increase																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Paid in-capital Adjustment Difference																	
XVI. Other																	
XVII. Current Period Income or Loss										719.536							
XVIII. Profit Distribution						26.930		496.619	15.059	(709.185)	170.577						719.536
18.1 Dividend Paid																	
18.2 Transfers to Reserves						26.930		496.619	15.059	(709.185)	170.577						
18.3 Other																	
Period End Balance (I+II+III+.....+XVI+XVII+XVIII)		3.427.051		541.633		44.089		822.644	20.357	719.536		27.435					5.602.745

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NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOWS AT 30 JUNE 2008 AND 2007

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

VI. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(30/06/2008)	(30/06/2007)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		68.166	926.547
1.1.1 Interest received		3.178.831	3.025.583
1.1.2 Interest paid		(1.973.064)	(1.956.040)
1.1.3 Dividend received		168.302	38.595
1.1.4 Fees and commissions received		711.387	575.119
1.1.5 Other income		387.334	250.355
1.1.6 Collections from previously written-off loans and other receivables		445.121	222.254
1.1.7 Payments to personnel and service suppliers		(433.078)	(381.039)
1.1.8 Taxes paid		(357.707)	(135.832)
1.1.9 Other		(2.058.960)	(712.448)
1.2 Changes in operating assets and liabilities		1.645.018	(2.697.810)
1.2.1 Net decrease in trading securities		26.278	141.105
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net decrease in banks		1.296.846	3.685
1.2.4 Net (increase) in loans		(5.224.648)	(1.447.822)
1.2.5 Net increase/(decrease) in other assets		(2.072.160)	235.613
1.2.6 Net (decrease) in bank deposits		(1.711.565)	(2.584.635)
1.2.7 Net (increase) in other deposits		5.557.035	859.482
1.2.8 Net increase in funds borrowed		2.173.859	109.145
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		1.599.373	(14.383)
I. Net cash provided from banking operations		1.713.184	(1.771.263)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		89.591	2.030.494
2.1 Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships)		(353.774)	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships)		-	28.685
2.3 Purchases of property and equipment		(107.802)	(55.632)
2.4 Disposals of property and equipment		125.681	17.905
2.5 Cash paid for purchase of investments available-for-sale		(12.477)	(76.374)
2.6 Cash obtained from sale of investments available-for-sale		-	-
2.7 Cash paid for purchase of investment securities		(365.979)	(2.534.572)
2.8 Cash obtained from sale of investment securities		824.484	4.642.277
2.9 Other		(20.542)	8.205
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(8.851)	(1.439)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(8.851)	(1.439)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents (I+II+III+IV)		1.793.924	257.792
VI. Cash and cash equivalents at beginning of the period	V-a	1.684.288	2.962.345
VII. Cash and cash equivalents at end of the period	V-a	3.478.212	3.220.137

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

The unconsolidated financial statements, 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 and explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 26430 dated 10 February 2007 and “Draft Communiqués Regarding the Change in the Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published as of 22 September 2007.

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

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

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

Additional paragraph for convenience translation into English:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Explanations on first-time adoption of Turkish Accounting Standards:

The accounting principles and valuation methods used in the preparation of the prior period financial statements are revised in compliance with Turkish Accounting Standards and Turkish Financial Reporting Standards as per the communiqué no.1 “Frame for Preparation and Presentation of Financial Statements” of the Turkish Accounting Standards Board published on the Official Gazette No.25702 dated 16 January 2005. In compliance with the Turkish Accounting Standard 8 (“TAS 8”) “Accounting Policies, Changes in Accounting Estimates and Errors”, the adjustments net of deferred tax effects made to the financial statements of the prior period are summarized below:

	Marketable Securities Value Increase Fund	Prior Years' Income or Losses	Total Shareholders' Equity
Balances Reported as at 31 December 2006	45.334	(745.500)	3.343.856
Adjustment on currency differences of foreign subsidiaries and investments	4.683	74.955	81.307
Adjusted balances as of 31 December 2006	50.017	(670.545)	3.425.163

The reconciliation of the net income reported under previous accounting principles in the financial statements to profit under TAS for the same period is as follows:

	31 December 2006
Income for the period before TAS applications	512.239
Adjustment on currency differences of foreign subsidiaries and investments	1.669
Income for the period after TAS applications	513.908

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Foreign currency denominated investments in associates and subsidiaries are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rate prevailing at the transaction date and are reflected to the financial statements after deducting the provision for impairment, if one exists.

The Bank has no joint ventures as of 30 June 2008 and 31 December 2007.

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

d. Available-for-sale financial assets:

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

Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. “Unrealised gains and losses” arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders’ equity as “Marketable securities 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 it is charged against the income for the year.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

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

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

The Bank has no securities lending transactions.

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

A tangible asset (or a disposal group) 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 Bank’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Bank has no discontinued operations.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

Buildings	2%
Movables, Movables Acquired 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.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES:

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

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Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the “matching principle”. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a “contingent” liability exists and it is disclosed in the related notes to the financial statements.

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employee Termination Benefit

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

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

b. Pension Rights

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

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

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 Mart 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.

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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.

XVII. EXPLANATIONS ON TAXATION:

a. Current tax:

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

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

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

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

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

b. Deferred tax:

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

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

XVIII. EXPLANATIONS ON BORROWINGS:

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

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 June 2008 and 31 December 2007, the Bank 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.

	30 June 2008	30 June 2007
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	719.536	400.535
Weighted Average Number of Issued Ordinary Shares(Thousand)	342.705.100	314.945.000
Earnings Per Share (Disclosed in full YTL)	0,0021	0,0013

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

XXVI. EXPLANATIONS ON OPERATING SEGMENTS:

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

XXVII. RECLASSIFICATIONS:

Reclassifications have been made on comparative figures as of 31 December 2007 and 30 June 2007, to conform to changes in presentation in the 30 June 2008 financials.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Bank is 14,96% (31 December 2007: 13,67%).
- b. The capital adequacy ratio of the Bank is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders Equity” published as of 1 November 2006 and “Regulation Regarding the Change in the Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published as of 10 October 2007 and 22 March 2008 (together referred as “Regulation Regarding Capital Adequacy”). The following tables show the details of “risk weighted assets” and the calculation of “shareholders’ equity” for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio:

	Risk Weights(*)					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (Net)	18.173.691	2.533.973	5.269.017	30.320.652	331.796	2.596
Cash	533.675	1.559	-	-	-	-
Matured marketable securities						
The Central Bank of the Republic of Turkey	1.504.113	-	-	-	-	-
Domestic, foreign banks, head offices and		2.317.205	-	3.894	-	-
Interbank money market placements	-	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements	2.441.096	-	-	-	-	-
Loans	1.407.248	142.160	5.196.979	25.868.944	331.796	2.596
Non-performing receivables (Net)	-	-	-	357.787	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	190.073	68.215	-	29.846	-	-
Held-to-maturity investments	11.315.882	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	56.102	-	-
Miscellaneous receivables	-	84	-	268.752	-	-
Interest and income accruals	586.861	4.140	72.038	358.605	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	1.747.474	-	-
Fixed assets	-	-	-	1.134.752	-	-
Other assets	194.743	610	-	494.496	-	-
Off-balance sheet items	396.699	110.731	318.614	10.490.310	-	-
Non-cash loans and commitments	396.699	16.538	318.614	10.457.357	-	-
Derivative financial instruments	-	94.193	-	32.953	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total Risk Weighted Assets	18.570.390	2.644.704	5.587.631	40.810.962	331.796	2.596

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

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d. Summary information about capital adequacy ratio:

	30 June 2008	31 December 2007
Amount subject to credit risk (“ASCR”)	44.636.604	38.688.000
Amount subject to market risk (“ASMR”)	438.063	331.825
Amount subject to operational risk (“ASOR”)	4.839.316	3.640.891
Shareholders’ equity	7.467.371	5.831.740
Shareholders’ equity / (ASCR+ASMR+ASOR) *100	14,96	13,67

e. Information about shareholders’ equity items:

	30 June 2008	31 December 2007
CORE CAPITAL		
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 and extraordinary reserves	-	-
Profit	719.536	709.185
Current period net profit	719.536	709.185
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	129.285	83.040
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	20.357	5.298
Primary subordinated loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	-	(170.577)
Current period loss (net)	-	-
Prior periods loss	-	(170.577)
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
Total Core Capital	5.704.595	4.938.814

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SUPPLEMENTARY CAPITAL		
General provisions	530.957	533.259
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary Subordinated Loans that are not considered in the calculation of core capital	-	-
Secondary Subordinated Loans	2.631.987	1.742.336
45 % of Marketable Securities valuation fund	12.346	21.589
From investments in associates and subsidiaries	-	-
Available-for-Sale financial assets	12.346	21.589
Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	3.175.290	2.297.184
TIER III CAPITAL	-	-
CAPITAL	8.879.885	7.235.998
DEDUCTIONS FROM THE CAPITAL	1.412.514	1.404.258
Special costs	-	26.217
Prepaid expenses	159.112	116.258
Intangible Assets	1.178.721	1.187.125
Deferred tax asset amount exceeding 10% of core capital	-	-
Investments in Unconsolidated Financial Institutions (Domestic, foreign) and Banks in which 10% or more equity interest exercised	74.204	74.204
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	477	454
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Act article 57 as They have been Held for More Than Five Years From the Acquisition Date.	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	7.467.371	5.831.740

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II. EXPLANATIONS ON MARKET RISK:

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank’s market risk exposure is calculated on a daily and weekly basis with the “Value-at-Risk Method” on the basis of the marketable securities portfolio and net foreign currency position including the Bank’s currency risk. The below table represents the details of market risk calculation as of 30 June 2008 in accordance with Section 3 of the “ Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No.26333 dated 1 November 2006, namely the “Calculation of Market Risk with Standard Method”.

a. Information on Market Risk :

	30 June 2008	31 December 2007
(I) Capital to be Employed for General Market Risk - Standard Method	14.288	16.277
(II) Capital to be Employed for Specific Risk -Standard Method	10.133	397
(III) Capital to be Employed for Currency Risk - Standard Method	1.596	3.802
(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	9.028	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)	35.045	26.546
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	438.063	331.825

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 June 2008, the total amount subject to operational risk is YTL4.839.316 thousand (31 December 2007: YTL3.640.891 thousand) and the amount of the related capital requirement is YTL387.145 thousand (31 December 2007: YTL291.271 thousand).

IV. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in “Net Foreign Currency Position” (Cross Currency Risk). The Bank keeps the foreign currency value-at-risk within the legal limits and follows closely daily currency risk. When necessary, derivatives like forward foreign exchange contracts and currency swaps are used as part of currency risk management.

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

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	YTL1,19310	YTL1,87890	YTL0,01119
27 June 2008 bid rate	YTL1,17920	YTL1,85060	YTL0,01092
26 June 2008 bid rate	YTL1,18770	YTL1,85020	YTL0,01098
25 June 2008 bid rate	YTL1,19430	YTL1,85860	YTL0,01104
24 June 2008 bid rate	YTL1,19030	YTL1,84890	YTL0,01103
23 June 2008 bid rate	YTL1,18610	YTL1,84870	YTL0,01099

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

USD	: YTL1,19645
Euro	: YTL1,85843
Yen	: YTL0,01116

As of 31 December 2007 ;

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	YTL1,13550	YTL1,66740	YTL0,01002

Information on currency risk of the Bank:

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

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	EURO	USD	Yen	Other FC	Total
30 June 2008					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.530.023	725.611	773	11.020	3.267.427
Banks	448.666	1.590.898	1.303	202.804	2.243.671
Financial Assets at Fair Value Through Profit or Loss	73.932	89.021	-	-	162.953
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	9.781	103.327	-	-	113.108
Loans (*)	4.505.169	7.390.853	42.464	259.066	12.197.552
Investments in Associates, Subsidiaries and Joint Ventures	275.967	77.178	-	43.404	396.549
Held-to-Maturity Investments	437.571	5.125.006	-	-	5.562.577
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	90.334	159.123	216	72.236	321.909
Total Assets	8.371.443	15.261.017	44.756	588.530	24.265.746
Liabilities					
Bank Deposits	18.669	22.152	94	127.614	168.529
Foreign Currency Deposits	4.176.633	10.885.153	24.101	344.405	15.430.292
Funds From Interbank Money Market	39.396	167.345	-	-	206.741
Funds Borrowed From Other Financial Institutions	1.508.518	4.486.087	1.124	1.223	5.996.952
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	68.221	99.216	8.722	2.504	178.663
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.359.671	280.920	1.577	9.147	2.651.315
Total Liabilities	8.171.108	15.940.873	35.618	484.893	24.632.492
Net On-balance Sheet Position	200.335	(679.856)	9.138	103.637	(366.746)
Net Off-balance Sheet Position	(25.187)	535.201	(2.353)	(52.044)	455.617
Financial Derivative Assets	837.571	2.044.775	17.186	19.527	2.919.059
Financial Derivative Liabilities	862.758	1.509.574	19.539	71.571	2.463.442
Non-Cash Loans	3.307.969	5.931.781	259.610	144.967	9.644.327
31 December 2007					
Total Assets	6.253.065	12.807.975	30.463	376.171	19.467.674
Total Liabilities	6.921.406	12.619.540	10.596	456.554	20.008.096
Net On-balance Sheet Position	(668.341)	188.435	19.867	(80.383)	(540.422)
Net Off-balance Sheet Position	703.468	(196.072)	(21.878)	104.612	590.130
Financial Derivative Assets	985.773	1.761.524	5.794	235.573	2.988.664
Financial Derivative Liabilities	282.305	1.957.596	27.672	130.961	2.398.534
Non-Cash Loans	2.614.749	4.918.273	270.066	150.115	7.953.203

(*) Includes FC indexed loans amounting to YTL1.529.710 thousand (31 December 2007: YTL1.084.894 thousand) which have 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 and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are presented monthly to Asset and Liability Committee (“ALCO”). By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within the current 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 June 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.491.348	-	-	-	-	1.993.039	4.484.387
Banks	1.669.167	132.515	3.046	-	-	518.543	2.323.271
Financial Assets at Fair Value Through Profit/Loss	39.442	41.893	80.137	67.358	26.572	-	255.402
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	11	1.818	20.365	109.320	74.753	88.615	294.882
Loans	7.969.913	3.912.794	9.088.538	7.954.866	4.476.184	357.787	33.760.082
Held-to-Maturity Investments	1.258.598	3.899.966	1.261.593	1.668.220	3.725.616	-	11.813.993
Other Assets	50	985	-	-	-	5.367.623	5.368.658
Total Assets	13.428.529	7.989.971	10.453.679	9.799.764	8.303.125	8.325.607	58.300.675
Liabilities							
Bank Deposits	50.818	126.453	2.014	-	-	165.805	345.090
Other Deposits	27.035.203	3.308.071	1.106.319	2.683	-	5.763.246	37.215.522
Funds From Interbank Money Market	155.383	1.270	100.952	-	-	-	257.605
Miscellaneous Payables	1.967.566	-	-	-	-	1.135.215	3.102.781
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	82.618	4.720.071	1.337.074	38.444	-	-	6.178.207
Other Liabilities and Shareholders' Equity	51.698	1.023.508	1.059.434	653	-	9.066.177	11.201.470
Total Liabilities	29.343.286	9.179.373	3.605.793	41.780	-	16.130.443	58.300.675
Balance Sheet Long Position	-	-	6.847.886	9.757.984	8.303.125	-	24.908.995
Balance Sheet Short Position	(15.914.757)	(1.189.402)	-	-	-	(7.804.836)	(24.908.995)
Off-balance Sheet Long Position	-	-	7.116	-	-	-	7.116
Off-balance Sheet Short Position	(96.774)	(67.666)	-	(2.171)	-	-	(166.611)
Total Position	(16.011.531)	(1.257.068)	6.855.002	9.755.813	8.303.125	(7.804.836)	(159.495)

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31 December 2007	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.433.091	-	-	-	-	2.255.574	3.688.665
Banks	253.199	102.572	6.273	-	-	368.931	730.975
Financial Assets at Fair Value Through Profit/Loss	33.184	32.985	34.449	101.655	26.669	-	228.942
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	211	3.816	5.840	166.656	27.103	76.238	279.864
Loans	7.063.232	3.365.101	7.923.353	6.485.701	3.324.498	346.996	28.508.881
Held-to-Maturity Investments	1.150.245	4.021.609	1.783.185	1.213.323	3.874.624	-	12.042.986
Other Assets	209	72	529	874	-	4.658.593	4.660.277
Total Assets	9.933.371	7.526.155	9.753.629	7.968.209	7.252.894	7.706.332	50.140.590
Liabilities							
Bank Deposits	306.927	108.277	12.063	-	-	101.162	528.429
Other Deposits	22.765.554	2.090.180	1.575.450	21.977	-	5.184.363	31.637.524
Funds From Interbank Money Market	1.609.630	71.593	96.391	-	-	-	1.777.614
Miscellaneous Payables	2.139.396	7.703	2.546	-	-	59.247	2.208.892
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	35.517	4.009.529	143.099	47.856	-	-	4.236.001
Other Liabilities and Shareholders' Equity	48.263	898.443	1.068.190	984	-	7.736.250	9.752.130
Total Liabilities	26.905.287	7.185.725	2.897.739	70.817	-	13.081.022	50.140.590
Balance Sheet Long Position	-	340.430	6.855.890	7.897.392	7.252.894	-	22.346.606
Balance Sheet Short Position	(16.971.916)	-	-	-	-	(5.374.690)	(22.346.606)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(11.797)	(33.902)	(86.037)	(6.517)	-	-	(138.253)
Total Position	(16.983.713)	306.528	6.769.853	7.890.875	7.252.894	(5.374.690)	(138.253)

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b. Average interest rates for monetary financial instruments:

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

30 June 2008	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,78	1,00	-	8,91
Banks	1,93	2,41	-	18,20
Financial Assets at Fair Value Through Profit/Loss	5,00	6,35	-	19,37
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	10,71	6,66	-	17,91
Loans	6,18	5,25	3,08	21,68
Held-to-maturity Investments	5,39	7,12	-	17,94
Liabilities				
Bank Deposits	-	-	-	5,52
Other Deposits	2,22	3,41	0,02	17,79
Funds From Interbank Money Market	6,51	5,86	-	17,35
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,17	3,20	1,74	14,60

31 December 2007	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,78	1,10	-	9,73
Banks	0,81	2,65	-	17,84
Financial Assets at Fair Value Through Profit/Loss	7,22	8,57	-	17,01
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	9,98	5,57	-	16,41
Loans	6,01	6,76	3,24	19,38
Held-to-maturity Investments	5,34	7,45	-	18,96
Liabilities				
Bank Deposits	0,54	4,27	-	14,24
Other Deposits	2,15	3,94	0,02	16,33
Funds From Interbank Money Market	6,36	7,43	-	17,37
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,40	5,49	1,87	15,26

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 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 Bank is monitored. During the monthly meetings of the ALCO, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

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

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (1)	Total
30 June 2008								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1.993.039	2.491.348	-	-	-	-	-	4.484.387
Banks	518.543	1.669.167	132.515	3.046	-	-	-	2.323.271
Financial Assets at Fair Value Through Profit or Loss	-	34.422	7.502	72.691	98.183	42.604	-	255.402
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	68.212	11	9	20.365	111.129	74.753	20.403	294.882
Loans	-	7.191.773	3.869.521	8.784.773	8.531.285	5.024.943	357.787	33.760.082
Held-to-maturity Investments	-	365.830	219.998	653.084	5.207.960	5.367.121	-	11.813.993
Other Assets (1)	541.399	285.845	10.007	14.350	28.051	-	4.489.006	5.368.658
Total Assets	3.121.193	12.038.396	4.239.552	9.548.309	13.976.608	10.509.421	4.867.196	58.300.675
Liabilities								
Bank Deposits	165.805	50.818	126.453	2.014	-	-	-	345.090
Other Deposits	5.763.246	27.035.203	3.308.071	1.106.319	2.683	-	-	37.215.522
Funds Borrowed From Other Financial Institutions	-	82.618	2.033.470	2.172.514	1.389.107	500.498	-	6.178.207
Funds From Interbank Money Market	-	155.383	1.270	100.952	-	-	-	257.605
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	713.319	2.389.462	-	-	-	-	-	3.102.781
Other Liabilities (2)	1.751.028	1.729.437	13.834	59.990	46.568	1.997.868	5.602.745	11.201.470
Total Liabilities	8.393.398	31.442.921	5.483.098	3.441.789	1.438.358	2.498.366	5.602.745	58.300.675
Net Liquidity Gap	(5.272.205)	(19.404.525)	(1.243.546)	6.106.520	12.538.250	8.011.055	(735.549)	-
31 December 2007								
Total Assets	2.901.442	8.170.736	3.653.738	9.534.308	12.076.280	9.471.464	4.332.622	50.140.590
Total Liabilities	7.102.196	27.962.630	2.876.468	3.619.302	1.282.063	2.394.182	4.903.749	50.140.590
Net Liquidity Gap	(4.200.754)	(19.791.894)	777.270	5.915.006	10.794.217	7.077.282	(571.127)	-

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

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

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VII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

The credit cards operations 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.

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

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

30 June 2008	Retail Banking	Corporate Banking	Private Banking	Credit Cards	Other	Total Operations of the Bank
Operating revenue	582.700	405.065	62.524	491.421	582.750	2.124.460
Unallocated costs					(1.390.730)	(1.390.730)
Net Operating Profit	582.700	405.065	62.524	491.421	(807.980)	733.730
Dividend income						168.302
Profit before tax						902.032
Tax Expense						(182.496)
Net Profit						719.536
Segment assets	8.802.126	15.569.893	207.898	6.908.189	21.444.946	52.933.052
Investments in associates, subsidiaries and joint ventures					1.821.678	1.821.678
Unallocated assets					3.545.945	3.545.945
Total Assets	8.802.126	15.569.893	207.898	6.908.189	26.812.569	58.300.675
Segment liabilities	14.283.355	13.244.311	8.893.114	1.805.946	12.541.377	50.768.103
Shareholders' Equity					5.602.745	5.602.745
Unallocated liabilities					1.929.827	1.929.827
Total liabilities	14.283.355	13.244.311	8.893.114	1.805.946	20.073.949	58.300.675

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**SECTION FIVE
EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL
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I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Cash	342.570	144.798	307.931	130.758
The CBRT	874.390	3.121.070	1.332.660	1.916.237
Other	-	1.559	-	1.079
Total	1.216.960	3.267.427	1.640.591	2.048.074

2. Information on the account of the CBRT:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Demand Unrestricted Amount (*)	874.390	669.309	1.332.660	521.735
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	-	2.451.761	-	1.394.502
Total	874.390	3.121.070	1.332.660	1.916.237

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

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements” numbered 2005/1, issued by the CBRT, the banks operating in Turkey are supposed to place reserves in the CBRT for their YTL liabilities by 6% and for their foreign currency liabilities by 11% as USD and/or EUR. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 30 June 2008 the corresponding interest rates are 12,18% for YTL, 1,00% for USD and 1,80% for EUR reserves.

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

1. As of 30 June 2008, financial assets at fair value through profit or loss subject to repo transactions amount to YTL104.079 thousand (31 December 2007: YTL102.027 thousand), and the Bank has no financial assets at fair value through profit or loss those given as collateral/blocked amount (31 December 2007: YTL1 thousand).

2. Positive differences related to trading derivative financial assets:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	56.429	494	18.806	4.854
Swap Transactions	24.196	2.679	16.601	4.480
Futures Transactions	-	-	-	-
Options	-	1.423	-	1.061
Other	-	-	-	-
Total	80.625	4.596	35.407	10.395

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c. Information on banks:

1. Information on banks:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Banks	79.600	2.243.671	47.846	683.129
Domestic	18.489	140.447	31.277	11.751
Foreign	61.111	2.103.224	16.569	671.378
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	79.600	2.243.671	47.846	683.129

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 June 2008, available-for-sale financial assets given as collateral/blocked amount to YTL12.436 thousand (31 December 2007: YTL12.767 thousand). The Bank has no available-for-sale financial assets subject to repo transactions amount (31 December 2007: None).

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

	30 June 2008	31 December 2007
Debt Securities	209.080	196.067
Quoted to Stock Exchange ⁽¹⁾	209.080	196.067
Not Quoted	-	-
Share Certificates	62.205	70.738
Quoted to Stock Exchange	-	-
Not Quoted	62.205	70.738
Impairment Provision (-)	(54.083)	(42.491)
Other ⁽²⁾	77.680	55.550
Total	294.882	279.864

(1) As of 30 June 2008, even though Eurobonds amounting to YTL74.600 thousand (31 December 2007: YTL35.448 thousand) are not quoted on stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

(2) As of 30 June 2008, other available-for-sale financial assets include mutual funds amounting to YTL68.212 thousand (31 December 2007: YTL47.301 thousand) and other countries' bonds amounting to YTL9.468 thousand (31 December 2007: YTL8.249thousand).

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e. Explanations on loans:

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

	30 June 2008		31 December 2007	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	559.025	613.260	358.699	679.098
Loans Granted to Employees	59.005	-	56.355	-
Total	618.030	613.260	415.054	679.098

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-Specialised Loans	32.484.182	-	902.506	15.607
Discount and Purchase Notes	342.604	-	39	-
Export Loans	2.730.615	-	116.289	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	628.321	-	-	-
Foreign Loans	219.938	-	-	-
Consumer Loans	5.112.637	-	293.455	-
Credit Cards	6.697.379	-	407.857	-
Precious Metal Loans	175.108	-	-	-
Other	16.577.580	-	84.866	15.607
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	32.484.182	-	902.506	15.607

As of 30 June 2008, there are no cash risk exposure 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 are 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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3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and Long-term	Total
Consumer Loans-YTL	195.260	4.842.085	5.037.345
Real estate loans	6.580	2.552.436	2.559.016
Automotive loans	19.296	542.527	561.823
Consumer loans	22.780	163.811	186.591
Other	146.604	1.583.311	1.729.915
Consumer Loans-FC Indexed	4.505	260.011	264.516
Real estate loans	592	207.692	208.284
Automotive loans	1.206	29.323	30.529
Consumer loans	232	2.823	3.055
Other	2.475	20.173	22.648
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	6.889.532	34.593	6.924.125
With installments	3.137.010	34.593	3.171.603
Without installments	3.752.522	-	3.752.522
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-YTL	4.629	18.021	22.650
Real estate loans	19	1.801	1.820
Automotive loans	249	778	1.027
Consumer loans	32	165	197
Other	4.329	15.277	19.606
Personnel Loans-FC Indexed	3	169	172
Real estate loans	-	86	86
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	3	83	86
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	35.511	89	35.600
With installments	19.508	89	19.597
Without installments	16.003	-	16.003
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-YTL (Real Person) (*)	81.409	-	81.409
Credit Deposit Account-FC (Real Person)	-	-	-
Total	7.210.849	5.154.968	12.365.817

(*) YTL583 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
Commercial Installments			
Loans-YTL	249.687	2.302.275	2.551.962
Business Loans	5.363	309.434	314.797
Automotive Loans	56.025	1.278.780	1.334.805
Consumer Loans			
Other	188.299	714.061	902.360
Commercial Installments			
Loans-FC Indexed	31.747	259.280	291.027
Business Loans	551	18.788	19.339
Automotive Loans	5.749	147.211	152.960
Consumer Loans	-	-	-
Other	25.447	93.281	118.728
Commercial Installments			
Loans-FC			
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-YTL	145.495	16	145.511
With installment	24.992	16	25.008
Without installment	120.503	-	120.503
Corporate Credit Cards-FC			
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-YTL (Legal Person)	132.873		132.873
Credit Deposit Account-FC (Legal Person)			
	-	-	-
Total	559.802	2.561.571	3.121.373

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

	30 June 2008	31 December 2007
Domestic loans	33.182.357	27.904.507
Foreign loans	219.938	257.378
Total	33.402.295	28.161.885

6. Loans granted to investments in associates and subsidiaries:

	30 June 2008	31 December 2007
Direct loans granted to investments in associates and subsidiaries	83.429	67.986
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	83.429	67.986

7. Specific provisions provided against loans:

	30 June 2008	31 December 2007
Loans and other receivables with limited collectability	40.570	30.108
Loans and other receivables with doubtful collectability	151.646	120.683
Uncollectible loans and other receivables	819.826	1.241.468
Total	1.012.042	1.392.259

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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
30 June 2008			
(Gross amounts before specific reserves)	256	379	12.337
Restructured loans and other receivables	256	379	12.337
Rescheduled loans and other receivables	-	-	-
31 December 2007			
(Gross amounts before the specific reserves)	303	576	185.107
Restructured loans and other receivables	303	576	185.107
Rescheduled loans and other receivables	-	-	-

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
31 December 2007	159.977	212.840	1.366.438
Additions (+)	491.213	35.605	29.178
Transfers from other categories of non-performing loans (+)	-	280.197	189.660
Transfer to other categories of non-performing loans (-)	(280.197)	(189.660)	(7.773)
Collections (-)	(159.199)	(55.990)	(229.932)
Write-offs (-)	-	(297)	(472.231)
Corporate and Commercial Loans	-	(291)	(462.469)
Consumer Loans	-	(6)	(494)
Credit Cards	-	-	(9.268)
Other	-	-	-
30 June 2008	211.794	282.695	875.340
Special Provision (-)	(40.570)	(151.646)	(819.826)
Net Balance on Balance Sheet	171.224	131.049	55.514

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

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8(iii). Information on Non-performing loans granted as foreign currency 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
30 June 2008			
Period end balance	-	-	2.708
Specific provision (-)	-	-	(2.345)
Net Balance on-balance sheet	-	-	363
31 December 2007			
Period end balance	-	-	2.416
Specific provision (-)	-	-	(2.359)
Net Balance on-balance sheet	-	-	57

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

	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
30 June 2008 (Net)	171.224	131.049	55.514
Loans granted to real persons and corporate entities (Gross)	211.794	282.695	790.354
Specific provision amount (-)	(40.570)	(151.646)	(734.840)
Loans granted to real persons and corporate entities (Net)	171.224	131.049	55.514
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.986
Specific provision amount (-)	-	-	(84.986)
Other loans and receivables (Net)	-	-	-
31 December 2007 (Net)	129.869	92.157	124.970
Loans granted to real persons and corporate entities (Gross)	159.977	212.840	1.281.452
Specific provision amount (-)	(30.108)	(120.683)	(1.156.482)
Loans granted to real persons and corporate entities (Net)	129.869	92.157	124.970
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.986
Specific provision amount (-)	-	-	(84.986)
Other loans and receivables (Net)	-	-	-

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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 June 2008	31 December 2007
Government Bond	11.714.454	11.952.742
Treasury Bill	-	-
Other debt securities(*)	99.539	90.244
Total	11.813.993	12.042.986

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

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

	30 June 2008	31 December 2007
Debt Securities	11.846.912	12.070.661
Quoted to Stock Exchange (*)	11.684.117	11.921.396
Not Quoted	162.795	149.265
Impairment Provision (-)	(32.919)	(27.675)
Total	11.813.993	12.042.986

(*) Even though Eurobonds amounting to YTL4.723.842 thousand are not quoted on stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets (31 December 2007: YTL4.682.818 thousand).

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

	30 June 2008	31 December 2007
Beginning balance	12.042.986	15.879.899
FC differences on monetary assets	302.684	(981.293)
Purchases during period	380.658	2.886.776
Disposals through sales and redemptions (-)	(907.091)	(5.718.209)
Impairment provision (-)	(5.244)	(24.187)
Period end balance	11.813.993	12.042.986

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

As of 30 June 2008, held-to-maturity investments given as collateral amount to YTL2.765.305 thousand (31 December 2007: YTL1.324.464 thousand). Held-to-maturity investments subject to repo transactions amount to YTL209.520 thousand (31 December 2007: YTL1.764.891 thousand).

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g. Information on investments in associates (Net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage(%)
1	Banque de Commerce et de Placements S.A. ⁽¹⁾	Geneva/ Switzerland	30,67	30,67
2	Kredi Kayıt Bürosu	Istanbul/ Turkey	18,18	18,18
3	Şatel Sabah Televizyon ⁽²⁾	Istanbul/Turkey	11,00	11,00

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Market value
1	2.975.682	137.166	4.922	13.442	7.572	18.748	11.493	-
2	20.906	15.426	1.876	1.104	-	2.720	2.345	-
3	385.951	175.571	372	-	-	191.266	(18.648)	-

(1) Information on financial figures above has been obtained from the financial statements at 30 June 2008 and is disclosed in thousands of CHF.

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

3. Movement of unconsolidated investments in associates:

	30 June 2008	31 December 2007
Balance at the beginning of the period	46.062	46.932
Movements during the period	95	(870)
Purchases	95	-
Transfers	-	-
Bonus shares obtained	-	-
Dividends from current period income	-	-
Sales	-	-
Revaluation (decrease)/increase	-	-
Impairment provision	-	(870)
Balance at the end of the period	46.157	46.062
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

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

	30 June 2008	31 December 2007
Banks	43.404	43.404
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	2.658	2.658
Total Financial Investments	46.062	46.062

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5. Valuation of unconsolidated investments in associates:

	30 June 2008	31 December 2007
Valuation with cost	46.157	46.062
Valuation with fair value	-	-
Valuation with equity method	-	-
Total	46.157	46.062

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

h. Information on subsidiaries (Net):

1. Information on subsidiaries:

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

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

(2) Information on financial figures in Note 2 below are obtained from the financial statements at 31 March 2008.

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

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

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

No	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Market value (*)
1	54.203	46.451	589	4.976	1.108	22.925	20.567	-
2	45.408	45.381	-	10	-	(5.487)	1.298	-
3	305.663	222.930	17.015	14.171	12.296	44.360	38.457	-
4	8.066	6.658	224	62	-	(187)	46	-
5	1.025.132	76.902	473	52.399	-	9.581	10.262	-
6	218.882	64.807	8.059	8.309	1.417	2.546	3.205	-
7	683.971	257.967	32.056	8.999	5.182	6.022	3.083	1.272.000
8	2.721.943	519.709	866	76.385	-	36.338	31.629	799.352
9	276.373	103.550	3.731	6.680	66	(3.292)	2.397	95.200
10	53.114	52.921	34	1.402	922	(7.080)	6.680	18.227
11	36.378	12.106	4.123	19	701	592	(19.157)	-
12	82.511	14.458	409	3.715	1.762	2.168	1.705	-
13	1.526.228	148.925	347	53.565	20.104	7.190	1.245	-

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

3. Movement schedule of subsidiaries:

	30 June 2008	31 December 2007
Balance at the beginning of the period	1.421.842	791.219
Movements during the period	353.679	630.623
Purchases (*)	353.679	804.103
Transfers	-	(54.299)
Bonus shares obtained	-	-
Dividends from current period income	-	-
Sales	-	(24.500)
Revaluation (decrease) / increase	-	-
Impairment provision	-	(94.681)
Balance at the end of the period	1.775.521	1.421.842
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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 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.

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

Subsidiaries	30 June 2008	31 December 2007
Banks	242.240	77.178
Insurance Companies	148.019	148.019
Factoring Companies	183.325	183.325
Leasing Companies	722.491	722.491
Finance Companies	-	-
Other Financial Subsidiaries	477.146	288.529
Total Financial Subsidiaries	1.773.221	1.419.542

5. Subsidiaries quoted to stock exchange:

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

i. Information on hedging derivative financial assets:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Fair Value Hedge	294	741	1.018	666
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	294	741	1.018	666

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 June 2008	31 December 2007
Net book value at the beginning of the period	1.187.125	1.152.548
Additions during the Period	12.469	65.981
Unused and Disposed Items (-)	(119)	(707)
Impairment Charges on Income Statement (-)	-	-
Amortisation Expenses (-)	(20.754)	(30.697)
Net book value at the end of the period	1.178.721	1.187.125

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

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

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

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

	28 September 2005
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)
Addition to Net Assets	1.721.576

(*) Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 30 June 2008, the net book value of these intangible assets amounts to YTL118.237 thousand.

k. Information on other assets:

As of 30 June 2008, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

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

1(i). 30 June 2008:

	Demand	Up to 1 Month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving Deposits	995.812	2.436.526	9.379.737	129.233	18.662	61.133	13.021.103
Foreign Currency Deposits	2.931.563	4.394.171	5.864.028	914.549	156.673	1.042.516	15.303.500
Residents in Turkey	2.818.810	4.197.172	5.383.006	887.804	139.575	948.063	14.374.430
Residents Abroad	112.753	196.999	481.022	26.745	17.098	94.453	929.070
Public Sector Deposits	583.556	4.337	316.570	6.187	-	582	911.232
Commercial Deposits	1.112.757	2.077.986	4.247.565	268.973	37.262	32.441	7.776.984
Other Institutions Deposits	29.954	32.323	12.928	288	105	314	75.912
Gold Vault	109.604	12.334	674	355	724	3.100	126.791
Bank Deposits	165.805	50.806	15	-	125.174	3.290	345.090
The CBRT	-	-	-	-	-	-	-
Domestic Banks	3.031	5.503	-	-	-	-	8.534
Foreign Banks	144.866	45.303	15	-	125.174	3.290	318.648
Special Financial Institutions	17.908	-	-	-	-	-	17.908
Other	-	-	-	-	-	-	-
Total	5.929.051	9.008.483	19.821.517	1.319.585	338.600	1.143.376	37.560.612

1(ii). 31 December 2007:

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

(*) The Bank has no cumulative deposits and deposits with 7 days notifications.

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Saving Deposits				
Saving Deposits	6.648.171	5.996.775	6.355.307	5.228.946
Foreign Currency Savings Deposit	2.878.523	2.837.947	5.448.400	4.712.030
Other Deposits in the Form of Savings deposits	7.490	5.793	107.880	64.590
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

2(ii). Saving deposits, which are not under the guarantee of the saving deposits insurance fund:

	30 June 2008	31 December 2007
Saving Deposits in Foreign Branches	-	-
Saving Deposits in Off-shore Banking Regions	105.597	83.319
Total	105.597	83.319

2(iii). Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	30 June 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	22.899	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	105.597	83.319

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b. Information on trading derivative financial liabilities:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	19.448	1.025	24.528	5.522
Swap Transactions	90.981	7	160.558	-
Futures Transactions	-	-	-	-
Options	-	950	-	979
Other	-	-	-	-
Total	110.429	1.982	185.086	6.501

c. Information on borrowings:

1. Information on borrowings:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	176.122	95.296	178.94	116.453
From Foreign Banks, Institutions and Funds	5.133	5.901.656	326	3.940.281
Total	181.255	5.996.952	179.267	4.056.734

2. Information on maturity structure of borrowings:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Short-term	181.255	1.995.780	179.267	1.376.738
Medium and Long-term	-	4.001.172	-	2.679.996
Total	181.255	5.996.952	179.267	4.056.734

3. Repayment schedule of securitisation credits:

The Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.671.590 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 June 2008	31 December 2007
2008	-	-
2009	-	-
2010	313.671	289.196
2011	339.388	312.977
2012	339.388	312.977
2013	339.388	312.977
2014	305.086	280.332
2015	25.717	23.781
Interest Expense Accrual	8.952	10.369
Total	1.671.590	1.542.609

d. Information on other liabilities:

As of 30 June 2008, other liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

e. Information on financial leasing agreements:

	30 June 2008		31 December 2007	
	Gross	Net	Gross	Net
Less than 1 year	15.136	14.737	24.483	23.581
Between 1-4 years	43	6	57	13
More than 4 years	-	-	-	-
Total	15.179	14.743	24.540	23.594

f. Information on hedging derivative financial liabilities:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
Fair Value Hedge	10.271	-	27.786	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	10.271	-	27.786	-

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.

g. Information on provisions:

1. Information on general provisions:

	30 June 2008	31 December 2007
Provisions for Group I loans and receivables	380.976	528.050
Provisions for Group II loans and receivables	48.214	42.466
Provisions for non cash loans	74.942	81.623
Other	26.825	13.755
Total	530.957	665.894

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2. Information on reserve for employment termination benefits:

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

Following actuarial assumptions were used in the calculation of total liabilities.

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

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

Movement of employment termination benefits liability in the balance sheet:

	30 June 2008	31 December 2007
Prior period ending balance	88.549	94.345
Provisions recognised during the period	6.051	11.198
Paid during the period	(10.924)	(16.994)
Balance at the end of the period	83.676	88.549

In addition, the Bank has accounted for vacation rights provision amounting to YTL47.702 thousand as of 30 June 2008 (31 December 2007: YTL37.676 thousand).

3. Other provisions:

	30 June 2008	31 December 2007
Pension fund provision ⁽¹⁾	735.719	604.278
Tax risk provision ⁽²⁾	116.936	72.043
Non-cash loan provision	53.148	50.249
Provisions on credit cards and promotion campaigns related to banking services	40.462	36.014
Provision on export commitment estimated liability	39.627	39.945
Legal risk provision ⁽²⁾	12.349	10.997
Other	90.450	151.779
Total	1.088.691	965.305

(1) As of 30 June 2008, the Bank provided full provision for the technical deficit based on the report prepared by a registered actuary 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.

4. Information on provisions related with the foreign currency difference of foreign indexed loans:

As of 30 June 2008, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL63.012 thousand (31 December 2007: YTL99.986 thousand).

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h. Information on taxes payable:

(i) Information on taxes payable:

	30 June 2008	31 December 2007
Corporate Tax Payable	62.238	3.103
Taxation of Marketable Securities	55.934	84.246
Property Tax	981	1.051
Banking Insurance Transaction Tax (“BITT”)	29.508	28.033
Foreign Exchange Transaction Tax	-	3.167
Value Added Tax Payable	823	2.738
Other	13.671	13.580
Total	163.155	135.918

(ii) Information on premium payables:

	30 June 2008	31 December 2007
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	-	-
Bank Pension Fund Premiums – Employee	-	-
Bank Pension Fund Premiums – Employer	-	-
Pension Fund Deposit and Provisions – Employee	5.974	-
Pension Fund Deposit and Provisions – Employer	8.397	-
Unemployment Insurance – Employee	425	380
Unemployment Insurance – Employer	850	760
Other	-	-
Total	15.646	1.140

i. Information on subordinated loans:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.997.868	-	1.772.914
From Other Foreign Institutions	-	-	-	-
Total	-	1.997.868	-	1.772.914

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

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j. Information on shareholders’ equity:

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

	30 June 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 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. 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.

As explained in Note VIII. of Section Five, during the meeting of the Bank’s Board of Directors at 15 May 2008, it has been decided to increase the Bank’s capital by YTL920.000.000.

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 June 2008, KFH has pledged YTL670.000 thousand to the 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 as subordinated loan and can be taken into consideration as supplementary capital within the equity calculation.

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

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

7. Privilege on the corporate stock: None.

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k. Information on marketable securities valuation differences:

	30 June 2008		31 December 2007	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(278)	27.713	4.748	43.227
Foreign Currency Difference	-	-	-	-
Total	(278)	27.713	4.748	43.227

III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	30 June 2008		30 June 2007	
	YTL	FC	YTL	FC
Short-term Loans	1.342.283	123.635	1.262.537	83.284
Medium/Long-term Loans	605.888	183.173	364.257	162.718
Interest on Loans Under Follow-up	47.400	5.899	44.041	59
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total (*)	1.995.571	312.707	1.670.835	246.061

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

2. Information on interest income on banks:

	30 June 2008		30 June 2007	
	YTL	FC	YTL	FC
From the CBRT	76.922	5.610	72.054	4.974
From Domestic Banks	4.184	2.557	1.545	1.153
From Foreign Banks	2.208	16.531	2.413	40.978
Headquarters and Branches Abroad	-	-	-	-
Total	83.314	24.698	76.012	47.105

3. Information on interest income on marketable securities:

	30 June 2008		30 June 2007	
	YTL	FC	YTL	FC
From Trading Financial Assets	427	6.531	1.360	10.905
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	10.474	3.085	10.491	4.379
From Held-to-maturity investments	511.404	202.115	557.027	254.585
Total	522.305	211.731	568.878	269.869

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

	30 June 2008	30 June 2007
Interests Received From Investments in Associates and Subsidiaries	484	4.792

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2008		30 June 2007	
	YTL	FC	YTL	FC
Banks	14.135	162.459	14.608	114.398
The CBRT	-	-	-	-
Domestic Banks	12.778	3.117	13.850	4.864
Foreign Banks	1.357	159.342	758	109.534
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	26.561	-	59.372
Total (*)	14.135	189.020	14.608	173.770

(*) Includes fees and commissions related to cash loans.

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

	30 June 2008	30 June 2007
Interests paid to Investments in Associates and Subsidiaries	17.773	9.332

3. Maturity structure of the interest expense on deposits:

	Demand Deposit	Time Deposit					Cumulative Deposit	Total	30 June 2007
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	Over 1 Year			
YTL									
Bank Deposits	1.333	7.982	2	-	161	482	9.960	7.998	
Saving Deposits	1.374	232.816	685.449	12.184	1.848	4.567	938.238	874.889	
Public Sector Deposits	-	1.482	2.401	537	5.222	44	9.686	12.100	
Commercial Deposits	12.772	212.888	272.115	10.718	1.916	8.246	518.655	469.416	
Other Deposits	-	5.355	21.944	70	7	21	27.397	13.068	
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-	
Total	15.479	460.523	981.911	23.509	9.154	13.360	1.503.936	1.377.471	
FC									
Foreign Currency Deposits	3.767	95.984	76.544	17.417	3.388	23.522	220.622	219.986	
Bank Deposits	-	21	-	2.643	-	-	2.664	1.523	
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-	
Gold Vault	-	33	3	2	6	56	100	78	
Total	3.767	96.038	76.547	20.062	3.394	23.578	223.386	221.587	
Grand Total	19.246	556.561	1.058.458	43.571	12.548	36.938	1.727.322	1.599.058	

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

	30 June 2008	30 June 2007
Income	4.825.473	2.934.471
Income from Capital Market Transactions	2.345.179	1.108.156
Derivative Financial Transactions	2.296.391	1.092.276
Other	48.788	15.880
Foreign Exchange Gains	2.480.294	1.826.315
Loss(-)	(4.799.836)	(2.878.678)
Loss from Capital Market Transactions	(2.230.563)	(1.137.442)
Derivative Financial Transactions	(2.217.530)	(1.115.068)
Other	(13.033)	(22.374)
Foreign Exchange Loss	(2.569.273)	(1.741.236)
Net Gain/(Loss)	25.637	55.793

d. Information on other operating income:

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

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

	30 June 2008	30 June 2007
Specific provisions for loans and other receivables	159.100	69.854
III. Group Loans and Receivables	10.462	1.139
IV. Group Loans and Receivables	30.963	31.967
V. Group Loans and Receivables	117.675	36.748
General Provision Expenses	33.704	9.073
Provision Expense for Possible Risks	47.851	4.386
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	-	44.349
Investments in Associates	-	870
Subsidiaries	-	43.479
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	240.655	127.662

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f. Information related to other operational expenses:

	30 June 2008	30 June 2007
Personnel Expenses	433.078	381.039
Reserve For Employee Termination Benefits	-	-
Provision Expense for Pension Fund	131.441	60.498
Impairment Expenses of Fixed Assets	1.895	-
Depreciation Expenses of Fixed Assets	55.086	62.239
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	20.754	18.984
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	2.150	8.114
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	350.072	334.302
Operational Lease Expenses	39.148	25.532
Maintenance Expenses	11.422	10.142
Advertising Expenses	38.630	52.178
Other Expense	260.872	246.450
Loss on Sales of Assets	606	28.854
Other	154.478	108.945
Total	1.150.075	1.002.975

g Provision for taxes on income from continuing operations:

As of 30 June 2008, the Bank has current tax expense amounting to YTL107.578 thousand (30 June 2007: YTL136.424 thousand) and deferred tax expense amounting to YTL74.918 thousand (30 June 2007: YTL44.446 thousand deferred tax income).

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

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 YTL131 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 Bank'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.

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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:

	30 June 2008	31 December 2007
Commitments on credit cards limits	10.804.653	10.449.281
Loan granting commitments	2.472.107	1.902.940
Commitments for cheque books	1.432.524	1.359.423
Total	14.709.284	13.711.644

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

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

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

	30 June 2008	31 December 2007
Bank Acceptance Loans	202.061	184.493
Letter of Credits	3.288.277	2.010.563
Other Guarantees and Collaterals	545.116	720.241
Total	4.035.454	2.915.297

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

	30 June 2008	31 December 2007
Temporary Letter of Guarantees	558.882	638.848
Definite Letter of Guarantees	7.994.600	7.778.742
Advance Letter of Guarantees	1.750.826	1.539.381
Letter of Guarantees Given to Customs	624.932	579.354
Other Letter of Guarantees	284.555	299.105
Total	11.213.795	10.835.430

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

	30 June 2008	31 December 2007
Non-cash Loans Given Against Cash Loans	154.527	180.627
With Original Maturity of 1 Year or Less Than 1 Year	29.120	28.046
With Original Maturity of More Than 1 Year	125.407	152.581
Other Non-cash Loans	15.094.722	13.570.100
Total	15.249.249	13.750.727

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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
Non-cash Loans				
Letters of Guarantee	5.539.910	5.581.583	61.563	30.739
Bank Acceptances	-	200.301	-	1.760
Letters of Credit	718	3.287.476	-	83
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2.731	542.385	-	-
Total	5.543.359	9.611.745	61.563	32.582

b. Information on contingent liabilities:

In this respect, several outstanding legal cases against the Bank have been considered as contingent liabilities and an YTL12.349 thousand (31 December 2007: YTL10.997 thousand) provision against these legal cases has been accounted for in the financial statements under the “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 June 2008	30 June 2007
Cash	1.330.660	1.394.615
Cash and Effectives	439.766	435.711
Demand Deposits in Banks	890.894	958.904
Cash Equivalents	353.628	1.567.730
Interbank Money Market	-	-
Deposits in Bank	353.628	1.567.730
Total Cash and Cash Equivalents	1.684.288	2.962.345

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

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

	30 June 2008	30 June 2007
Cash	1.678.655	1.432.961
Cash and Effectives	488.927	344.620
Demand Deposits in Banks	1.189.728	1.088.341
Cash equivalents	1.799.557	1.787.176
Interbank Money Market	-	-
Time Deposits in Banks	1.799.557	1.787.176
Total Cash and Cash Equivalents	3.478.212	3.220.137

- 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 BANK’S MERGER, TRANSFERS AND
COMPANIES ACQUIRED BY BANKS**

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

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

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

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

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

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

1. 30 June 2008:

Banks’ Risk Group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	67.986	110.549	358.699	679.098	211	-
Balance at the End of the Period	83.429	29.184	559.025	613.260	17.181	-
Interest and Commission Income Received	484	231	28.111	950	23	-

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

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

2. 31 December 2007:

Banks’ Risk Group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non- Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	24.145	85.916	379.620	731.475	-	-
Balance at the End of the Period	67.986	110.549	358.699	679.098	211	-
Interest and Commission Income Received ⁽³⁾	4.792	452	20.194	1.134	-	-

(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 June 2007 values.

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

Banks’ Risk Group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Deposit						
Beginning of the Period	156.132	145.912	2.890.090	3.134.323	19.825	-
End of the Period	311.509	156.132	4.837.592	2.890.090	22.899	19.825
Interest Expense on Deposits ⁽³⁾	17.773	9.332	167.241	146.793	619	-

(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 June 2007 values.

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

Banks’ Risk Group ⁽¹⁾	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Transactions at Fair Value Through Profit or Loss⁽²⁾						
Beginning of the Period ⁽³⁾	844.729	1.472	261.295	213.997	-	-
End of the Period ⁽³⁾	360.739	844.729	400.469	261.295	-	-
Total Profit / Loss⁽⁴⁾	13.566	(62)	2.169	6.286	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit/Loss⁽⁴⁾	-	-	-	-	-	-

(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 June 2007 values.

b. With respect to the Bank’s risk group:

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

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

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

	Total Risk Group	Total Transaction Volume	%
Loans	627.246	33.402.295	1,88
Banks	16.465	2.323.271	0,71
Marketable Securities	15.924	12.279.056	0,13
Interest Income Received	28.618	2.416.290	1,18
Non-cash Loans	642.444	15.249.249	4,21
Commission Income Received	1.181	72.556	1,63
Deposit	3.833.129	37.560.612	10,21
Borrowings and Money Markets	1.338.871	6.435.812	20,80
Interest Expense Paid	185.633	1.994.066	9,31
Trading Transactions	761.208	9.182.187	8,29
Trading Transactions Profit (net)	15.735	114.616	13,73

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

Salaries paid to the Bank's key management amount to YTL3.366 thousand as of 30 June 2008 (30 June 2007: YTL3.587 thousand).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

The 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 CMB and the prospect authorized by CMB was registered at 15 July 2008. The existing shareholders have participated in increased capital by using 99,85% of their pre-emptive rights between 18 July - 1 August 2008.

**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

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

**SECTION SEVEN
EXPLANATIONS ON REVIEW REPORT**

I. EXPLANATIONS ON REVIEW REPORT

The unconsolidated interim financial statements for the period ended 30 June 2008 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The review report dated 7 August 2008 is presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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