

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 SEPTEMBER 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 September 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 September 2008 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with 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, 12 November 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 SEPTEMBER 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

M.Gökmen UÇAR
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Herbert HANGEL
Member of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 September 2008, 18,21% shares of the Bank are publicly traded (31 December 2007: 18,21%). The Bank's publicly traded shares are traded in ISE and the representatives of these shares, Global Depository Receipts, is quoted to London Stock Exchange.

As of 28 September 2005, 57,4% of the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank A.Ş. ("Koçbank"). Besides, during April 2006 Koçbank purchased 9,1% of the shares of the Bank which were publicly traded on the ISE and 0,8% of the shares of an investment fund owned by the Bank by 100%, which were in the available-for-sale portfolio of the Bank. As a result, Koçbank increased its participation ratio to 67,3%. 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.

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

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

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

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

<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 ⁽¹⁾	Member	Undergraduate
General Manager:	Tayfun BAYAZIT	Chief Executive Officer	Graduate
Vice General Managers:	Stileyman Cihangir KAVUNCU	Human Resources Management	Graduate
	Cemal Aybars SANAL	Legal Activities Management	Undergraduate
	Muzaffer ÖZTÜRK	Retail Banking Management	Undergraduate
	Erhan ÖZÇELİK	Private Banking and Foreign Operations Management	Undergraduate
	Hamit AYDOĞAN	Corporate Banking Management	Undergraduate
	Mert GÜVENEN	Commercial Banking Management	Graduate
	Mert YAZICIOĞLU	Treasury Management	Graduate
	Mehmet Murat ERMERT	Corporate Identity and Communication	Undergraduate
	Zeynep Nazan SOMER	Credit Cards and Consumer Lending	Undergraduate
	Marco CRAVARIO	Financial Planning, Administration and Control/CFO	Graduate
	Mehmet Güray ALPKAYA ⁽²⁾	Credit Management	Graduate
	Mehmet Güray ALPKAYA	Risk Management	Graduate
	Fahri ÖBEK	Information Technology Management	Graduate
	Muzaffer ÖZTÜRK	Retail Sales Management	Undergraduate
	Mehmet Erkan ÖZDEMİR	Compliance Officer	Undergraduate
	Stefano PERAZZINI	Internal Audit	Undergraduate
	Luca RUBAGA	Organisation Management, Logistics and Cost Management	Undergraduate
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) Thomas Gross has resigned from being Board of Directors Members as of 31 October 2008 and no assignment has been done instead.

(2) Massimiliano Fossati has been assigned to Vice General Manager in charge of Credit management as of 22 October 2008.

**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 SEPTEMBER 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	-

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

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 September 2008, the Bank has 834 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 15.023 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 SEPTEMBER 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)	(30/09/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
		ASSETS					
I. CASH BALANCES WITH CENTRAL BANK	I-a	1.536.731	2.615.799	4.152.530	1.640.591	2.048.074	3.688.665
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	I-b	47.717	169.989	217.706	38.724	190.218	228.942
2.1 Trading Financial Assets		3.834	163.033	166.867	3.317	179.823	183.140
2.1.1 Government Debt Securities		3.834	163.033	166.867	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		43.883	6.956	50.839	35.407	10.395	45.802
III. BANKS	I-c	240.240	1.578.983	1.819.223	47.846	683.129	730.975
IV. MONEY MARKETS		1.000.931	-	1.000.931	-	-	-
4.1 Interbank Money Market Placements		1.000.931	-	1.000.931	-	-	-
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	196.224	392.037	588.261	207.958	71.906	279.864
5.1 Share Certificates		2.082	12.247	14.329	2.063	26.873	28.936
5.2 Government Debt Securities		136.653	249.878	386.531	159.064	36.314	195.378
5.3 Other Marketable Securities		57.489	129.912	187.401	46.831	8.719	55.550
VI. LOANS	I-e	24.926.647	11.279.321	36.205.968	19.575.498	8.933.383	28.508.881
6.1 Loans		24.479.846	11.272.771	35.752.617	19.228.559	8.933.326	28.161.885
6.1.1 Bank's risk group		400.856	254.453	655.309	208.630	190.931	399.561
6.1.2 Other		24.078.990	11.018.318	35.097.308	19.019.929	8.742.395	27.762.324
6.2 Loans under Follow-up		1.438.404	35.019	1.473.423	1.736.839	2.416	1.739.255
6.3 Specific Provisions (-)		(991.603)	(28.469)	(1.020.072)	(1.389.900)	(2.359)	(1.392.259)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	5.614.577	4.908.862	10.523.439	6.205.305	5.837.681	12.042.986
8.1 Government Debt Securities		5.614.577	4.908.862	10.523.439	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	1.422.377	365.173	1.787.550	1.233.760	188.082	1.421.842
10.1 Unconsolidated Financial Subsidiaries		1.420.077	365.173	1.785.250	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	-	-	-	1.018	666	1.684
13.1 Fair Value Hedge		-	-	-	1.018	666	1.684
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		1.080.521	-	1.080.521	1.068.086	-	1.068.086
XV. INTANGIBLE ASSETS (Net)	I-j	1.146.253	-	1.146.253	1.187.125	-	1.187.125
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		166.760	-	166.760	207.632	-	207.632
XVI. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
XVII. TAX ASSET		222.438	-	222.438	207.799	-	207.799
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		222.438	-	222.438	207.799	-	207.799
XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		82.828	-	82.828	59.629	48.734	108.363
18.1 Held for sale Purposes		82.828	-	82.828	59.629	48.734	108.363
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-k	211.080	275.381	486.461	269.159	350.157	619.316
TOTAL ASSETS		37.731.317	21.628.949	59.360.266	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 SEPTEMBER 2008 AND 31 DECEMBER 2007

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

I. BALANCE SHEET	Note (Section Five)	(30/09/2008)			(31/12/2007)		
		LIABILITIES			LIABILITIES		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	II-a	22.831.545	15.595.263	38.426.808	18.863.332	13.302.621	32.165.953
1.1 Deposits of Bank's risk group		1.494.102	2.294.425	3.788.527	1.386.568	1.444.162	2.830.730
1.2 Other		21.337.443	13.300.838	34.638.281	17.476.764	11.858.459	29.335.223
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	143.117	2.842	145.959	185.086	6.501	191.587
III. BORROWINGS	II-c	1.016.450	5.884.779	6.901.229	179.267	4.056.734	4.236.001
IV. MONEY MARKETS		66.318	204.554	270.872	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		66.318	204.554	270.872	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		2.191.272	86.503	2.277.775	2.058.983	149.909	2.208.892
VIII. OTHER LIABILITIES	II-d	947.677	519.530	1.467.207	440.584	497.434	938.018
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)		3.267	5.480	8.747	-	23.594	23.594
10.1 Financial Lease Payables	II-e	3.310	5.643	8.953	-	24.540	24.540
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		(43)	(163)	(206)	-	(946)	(946)
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	6.502	57	6.559	27.786	-	27.786
11.1 Fair Value Hedge		6.502	57	6.559	27.786	-	27.786
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	1.588.276	228.568	1.816.844	1.495.813	261.611	1.757.424
12.1 General Loan Loss Provision		366.405	195.611	562.016	433.346	232.548	665.894
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		125.449	-	125.449	126.225	-	126.225
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		1.096.422	32.957	1.129.379	936.242	29.063	965.305
XIII. TAX LIABILITY	II-h	278.870	-	278.870	137.058	-	137.058
13.1 Current Tax Liability		278.870	-	278.870	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	-	1.866.044	1.866.044	-	1.772.914	1.772.914
XVI. SHAREHOLDERS' EQUITY	II-j	5.861.761	31.591	5.893.352	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		562.503	31.591	594.094	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	2.353	31.591	33.944	4.748	43.227	47.975
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		18.517	-	18.517	5.298	-	5.298
16.3 Profit Reserves		866.733	-	866.733	343.184	-	343.184
16.3.1 Legal Reserves		44.089	-	44.089	17.159	-	17.159
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		822.644	-	822.644	326.025	-	326.025
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		1.005.474	-	1.005.474	538.608	-	538.608
16.4.1 Prior Years' Income or (Loss)		-	-	-	(170.577)	-	(170.577)
16.4.2 Current Period Income or (Loss)		1.005.474	-	1.005.474	709.185	-	709.185
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		34.935.055	24.425.211	59.360.266	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 SEPTEMBER 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)	01/01-30/09/2008	01/01-30/09/2007
I.	INTEREST INCOME	III-a	4.958.996	4.449.513
1.1	Interest on Loans	III-a-1	3.638.860	2.944.661
1.2	Interest Received from Reserve Requirements		23.511	20.662
1.3	Interest Received from Banks	III-a-2	183.611	188.173
1.4	Interest Received from Money Market Transactions		11.823	6.296
1.5	Interest Received from Marketable Securities Portfolio	III-a-3	1.084.291	1.248.901
1.5.1	Trading Financial Assets		11.786	16.094
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		24.972	21.455
1.5.4	Held to Maturity Investments		1.047.533	1.211.352
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		16.900	40.820
II.	INTEREST EXPENSE	III-b	(3.157.435)	(2.960.124)
2.1	Interest on Deposits	III-b-3	(2.760.215)	(2.470.001)
2.2	Interest on Funds Borrowed	III-b-1	(314.784)	(285.788)
2.3	Interest on Money Market Transactions		(80.662)	(198.633)
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		(1.774)	(5.702)
III.	NET INTEREST INCOME (I + II)		1.801.561	1.489.389
IV.	NET FEES AND COMMISSIONS INCOME		924.170	687.121
4.1	Fees and Commissions Received		1.139.739	877.959
4.1.1	Non-cash Loans		109.675	97.905
4.1.2	Other		1.030.064	780.054
4.2	Fees and Commissions Paid		(215.569)	(190.838)
4.2.1	Non-cash Loans		(47)	(53)
4.2.2	Other		(215.522)	(190.785)
V.	DIVIDEND INCOME		168.319	38.617
VI.	TRADING INCOME/(LOSS) (Net)	III-c	49.739	74.322
6.1	Trading Gains/(Losses) on Securities		205.413	(63.466)
6.2	Foreign Exchange Gains/(Losses)		(155.674)	137.788
VII.	OTHER OPERATING INCOME	III-d	350.426	165.807
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		3.294.215	2.455.256
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	III-e	(352.603)	(191.595)
X.	OTHER OPERATING EXPENSES (-)	III-f	(1.677.425)	(1.495.605)
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		1.264.187	768.056
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)		1.264.187	768.056
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	III-g	(258.713)	(135.946)
16.1	Current Tax Provision		(222.959)	(213.544)
16.2	Deferred Tax Provision		(35.754)	77.598
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		1.005.474	632.110
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	1.005.474	632.110
	Earnings/(Loss) per share		0,0029	0,0020

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 JULY TO 30 SEPTEMBER 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)	01/07-30/09/2008	01/07-30/09/2007
I.	INTEREST INCOME		1.774.414	1.515.834
1.1	Interest on Loans		1.330.582	1.027.765
1.2	Interest Received from Reserve Requirements		8.530	6.957
1.3	Interest Received from Banks		75.599	65.056
1.4	Interest Received from Money Market Transactions		5.529	5.902
1.5	Interest Received from Marketable Securities Portfolio		350.255	410.154
1.5.1	Trading Financial Assets		4.828	3.829
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		11.413	6.585
1.5.4	Held to Maturity Investments		334.014	399.740
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		3.919	-
II.	INTEREST EXPENSE		(1.161.884)	(999.750)
2.1	Interest on Deposits		(1.032.893)	(870.943)
2.2	Interest on Funds Borrowed		(111.629)	(97.410)
2.3	Interest on Money Market Transactions		(17.073)	(30.907)
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		(289)	(490)
III.	NET INTEREST INCOME (I + II)		612.530	516.084
IV.	NET FEES AND COMMISSIONS INCOME		342.539	260.731
4.1	Fees and Commissions Received		417.702	328.547
4.1.1	Non-cash Loans		37.119	32.884
4.1.2	Other		380.583	295.663
4.2	Fees and Commissions Paid		(75.163)	(67.816)
4.2.1	Non-cash Loans		(36)	(6)
4.2.2	Other		(75.127)	(67.810)
V.	DIVIDEND INCOME		17	22
VI.	TRADING INCOME/(LOSS) (Net)		24.102	18.529
6.1	Trading Gains/(Losses) on Securities		90.797	(34.180)
6.2	Foreign Exchange Gains/(Losses)		(66.695)	52.709
VII.	OTHER OPERATING INCOME		22.265	36.740
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.001.453	832.106
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(111.948)	(63.933)
X.	OTHER OPERATING EXPENSES (-)		(527.350)	(492.630)
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		362.155	275.543
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)		362.155	275.543
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(76.217)	(43.968)
16.1	Current Tax Provision		(115.381)	(77.120)
16.2	Deferred Tax Provision		39.164	33.152
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		285.938	231.575
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)		285.938	231.575
	Earnings/(Loss) per share		0,0008	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 SEPTEMBER 2008 AND 31 DECEMBER 2007
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)**

III. OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(30/09/2008)			(31/12/2007)		
		YTL	FC	Total	YTL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		23.693.060	15.436.073	39.129.133	22.155.591	14.192.776	36.348.367
I. GUARANTEES AND WARRANTIES	IV-a-2,3	5.852.334	9.213.435	15.065.769	5.797.524	7.953.203	13.750.727
1.1 Letters of Guarantee		5.848.697	5.655.359	11.504.056	5.772.747	5.062.683	10.835.430
1.1.1 Guarantees Subject to State Tender Law		448.664	413.848	862.512	437.494	409.529	847.023
1.1.2 Guarantees Given for Foreign Trade Operations		686.211	5.241.511	5.927.722	650.971	4.653.154	5.304.125
1.1.3 Other Letters of Guarantee		4.713.822	-	4.713.822	4.684.282	-	4.684.282
1.2 Bank Acceptances		-	199.479	199.479	-	184.493	184.493
1.2.1 Import Letter of Acceptance		-	199.479	199.479	-	184.493	184.493
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		796	2.914.068	2.914.864	787	2.009.776	2.010.563
1.3.1 Documentary Letters of Credit		796	2.914.068	2.914.864	787	2.009.776	2.010.563
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		143	1.642	1.785	143	1.553	1.696
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		2.698	276.931	279.629	23.847	548.393	572.240
1.9 Other Collaterals		-	165.956	165.956	-	146.305	146.305
II. COMMITMENTS	IV-a-1	14.837.268	701.738	15.539.006	13.330.953	852.372	14.183.325
2.1 Irrevocable Commitments		14.837.268	701.738	15.539.006	13.330.953	852.372	14.183.325
2.1.1 Asset Purchase and Sale Commitments		-	103.069	103.069	-	431.565	431.565
2.1.2 Deposit Purchase and Sales Commitments		407	78.102	78.509	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		1.947.176	520.547	2.467.723	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		1.449.585	-	1.449.585	1.359.423	-	1.359.423
2.1.8 Tax and Fund Liabilities from Export Commitments		40.045	-	40.045	39.945	-	39.945
2.1.9 Commitments for Credit Card Limits		11.322.891	-	11.322.891	10.449.281	-	10.449.281
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		77.164	20	77.184	124	47	171
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		3.003.458	5.520.900	8.524.358	3.027.114	5.387.201	8.414.315
3.1 Hedging Derivative Financial Instruments		52.088	48.032	100.120	119.763	102.004	221.767
3.1.1 Transactions for Fair Value Hedge		52.088	48.032	100.120	119.763	102.004	221.767
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		2.951.370	5.472.868	8.424.238	2.907.351	5.285.197	8.192.548
3.2.1 Forward Foreign Currency Buy/Sell Transactions		834.500	1.655.880	2.490.380	955.130	1.235.526	2.190.656
3.2.1.1 Forward Foreign Currency Transactions-Buy		459.257	789.738	1.248.995	375.653	713.805	1.089.458
3.2.1.2 Forward Foreign Currency Transactions-Sell		375.243	866.142	1.241.385	579.477	521.721	1.101.198
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		922.006	2.023.662	2.945.668	1.069.229	2.923.019	3.992.248
3.2.2.1 Foreign Currency Swap-Buy		43.009	488.394	531.403	305.407	956.634	1.262.041
3.2.2.2 Foreign Currency Swap-Sell		-	526.986	526.986	40.000	1.222.741	1.262.741
3.2.2.3 Interest Rate Swap-Buy		33.375	872.879	906.254	33.375	646.700	680.075
3.2.2.4 Interest Rate Swap-Sell		845.622	135.403	981.025	690.447	96.944	787.391
3.2.3 Foreign Currency, Interest rate and Securities Options		1.194.864	1.793.326	2.988.190	882.981	1.124.248	2.007.229
3.2.3.1 Foreign Currency Options-Buy		373.947	827.312	1.201.259	431.680	568.325	1.000.005
3.2.3.2 Foreign Currency Options-Sell		421.434	785.894	1.207.328	445.729	555.923	1.001.652
3.2.3.3 Interest Rate Options-Buy		-	180.120	180.120	-	-	-
3.2.3.4 Interest Rate Options-Sell		180.625	-	180.625	-	-	-
3.2.3.5 Securities Options-Buy		69.312	-	69.312	3.240	-	3.240
3.2.3.6 Securities Options-Sell		149.546	-	149.546	2.332	-	2.332
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	11	2.404	2.415
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		76.406.415	11.660.207	88.066.622	71.401.397	9.219.570	80.620.967
IV. ITEMS HELD IN CUSTODY		54.106.669	1.184.199	55.290.868	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		46.817.288	995.725	47.813.013	45.505.901	791.271	46.297.172
4.3 Checks Received for Collection		5.974.406	24.753	5.999.159	4.797.997	26.350	4.824.347
4.4 Commercial Notes Received for Collection		1.314.975	142.679	1.457.654	3.106.718	154.172	3.260.890
4.5 Other Assets Received for Collection		-	19.371	19.371	-	25.247	25.247
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	1.164	-	1.164
V. PLEDGES RECEIVED		21.375.618	9.821.106	31.196.724	16.985.999	7.413.664	24.399.663
5.1 Marketable Securities		348.664	459	349.123	342.775	434	343.209
5.2 Guarantee Notes		343.385	282.752	626.137	304.997	223.708	528.705
5.3 Commodity		7.909	-	7.909	7.609	-	7.609
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		13.234.247	6.589.677	19.823.924	10.769.129	5.275.952	16.045.081
5.6 Other Pledged Items		7.441.413	2.946.006	10.387.419	5.561.240	1.911.476	7.472.716
5.7 Pledged Items-Depository		-	2.212	2.212	249	2.094	2.343
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		924.128	654.902	1.579.030	1.003.618	806.263	1.809.881
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		100.099.475	27.096.280	127.195.755	93.556.988	23.412.346	116.969.334

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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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	(30/09/2008)	(30/09/2007)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	3.921	3.658
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	2.478	(5.858)
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	(1.840)	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(1.194)	(1.909)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	3.365	(4.109)
XI. CURRENT PERIOD PROFIT/LOSS	19.236	2.795
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	19.236	2.795
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)	(15.871)	(6.904)

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
30 September 2007																	
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
Changes in the Period																	
IV. Increase/Decrease due to the Merger																	
V. Marketable Securities Valuation Differences												(6.904)					(6.904)
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										632.110							632.110
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	632.110	(170.577)	43.113					4.050.369

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share 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
30 September 2008																	
I. Prior Period End Balance		3.427.051		541.633	-	17.159	-	326.025	5.298	709.185	(170.577)	47.975	-	-	-	-	4.903.749
Changes in the Period																	
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences												(14.031)					(14.031)
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									(1.840)								(1.840)
XVII. Current Period Income or Loss										1.005.474							1.005.474
XVIII. Profit Distribution						26.930		496.619	15.059	(709.185)	170.577						
18.1 Dividend Paid																	
18.2 Transfers to Reserves						26.930		496.619	15.059	(709.185)	170.577						
18.3 Other																	
Period End Balance (I+II+III+.....+XVI+XVII+XVIII)		3.427.051		541.633		44.089		822.644	18.517	1.005.474		33.944					5.893.352

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

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

VI. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(30/09/2008)	(30/09/2007)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		879.234	2.223.709
1.1.1 Interest received		5.206.118	4.747.166
1.1.2 Interest paid		(3.123.545)	(2.924.136)
1.1.3 Dividend received		168.319	38.617
1.1.4 Fees and commissions received		1.129.073	918.626
1.1.5 Other income		573.598	496.696
1.1.6 Collections from previously written-off loans and other receivables		626.169	358.892
1.1.7 Payments to personnel and service suppliers		(656.160)	(573.972)
1.1.8 Taxes paid		(322.786)	(197.497)
1.1.9 Other		(2.721.552)	(640.683)
1.2 Changes in operating assets and liabilities		1.206.690	(4.863.962)
1.2.1 Net decrease in trading securities		38.332	122.322
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/ decrease in banks		1.165.080	(345.268)
1.2.4 Net (increase) in loans		(7.718.168)	(2.698.982)
1.2.5 Net (increase)/decrease in other assets		(932.447)	37.623
1.2.6 Net (decrease) in bank deposits		(1.506.506)	(2.442.442)
1.2.7 Net increase in other deposits		6.231.928	488.577
1.2.8 Net increase in funds borrowed		3.218.745	(30.757)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase in other liabilities		709.726	4.965
I. Net cash provided from banking operations		2.085.924	(2.640.253)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		261.678	2.420.851
2.1 Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships)		(365.803)	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships)		-	-
2.3 Purchases of property and equipment		(164.617)	(90.300)
2.4 Disposals of property and equipment		176.658	111.346
2.5 Cash paid for purchase of investments available-for-sale		(296.589)	(85.982)
2.6 Cash obtained from sale of investments available-for-sale		-	546
2.7 Cash paid for purchase of investment securities		(365.980)	(2.577.613)
2.8 Cash obtained from sale of investment securities		1.293.882	5.048.892
2.9 Other		(15.873)	13.962
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(14.847)	(3.586)
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		(14.847)	(3.586)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		2.332.755	(222.988)
VI. Cash and cash equivalents at beginning of the period	V-a	1.684.288	3.220.136
VII. Cash and cash equivalents at end of the period	V-a	4.017.043	2.997.148

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

The unconsolidated financial statements, 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 “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

**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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 September 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.

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”.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

"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:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

d. Available-for-sale financial assets:

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

A tangible asset (or a 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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”).

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION:

a. Current tax:

“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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 AVALISED DRAFTS AND ACCEPTANCES:

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 September 2008 and 31 December 2007, the 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.

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 September 2008	30 September 2007
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	1.005.474	632.110
Weighted Average Number of Issued Ordinary Shares (Thousand) (*)	342.705.100	314.945.000
Earnings Per Share (Disclosed in full YTL)	0,0029	0,0020

(*)Unregistered capital increase amounting to YTL920.000 thousand is not included.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 September 2007, to conform to changes in presentation in the 30 September 2008 financials.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Bank is 15,40% (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)	18.106.239	2.479.708	6.010.644	30.867.538	290.472	2.442
Cash	705.401	1.329	-	-	-	-
Matured marketable securities						
The Central Bank of the Republic of Turkey	1.644.411	-	-	-	-	-
Domestic, foreign banks, head offices and		1.815.052	-	2.642	-	-
Interbank money market placements	1.000.000	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements	1.791.808	-	-	-	-	-
Loans	1.605.135	573.242	5.925.933	26.836.521	290.472	2.442
Non-performing receivables (Net)	-	-	-	453.351	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	490.868	57.986	-	23.392	-	-
Held-to-maturity investments	10.343.823	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	13.878	-	-
Miscellaneous receivables	-	82	-	180.791	-	-
Interest and income accruals	291.212	9.720	84.711	383.655	-	-
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	1.759.503	-	-
Fixed assets	-	-	-	1.163.349	-	-
Other assets	233.581	22.297	-	50.456	-	-
Off-balance sheet items	365.969	620.882	361.742	9.673.783	-	-
Non-cash loans and commitments	365.969	531.910	361.742	9.636.641	-	-
Derivative financial instruments	-	88.972	-	37.142	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total Risk Weighted Assets	18.472.208	3.100.590	6.372.386	40.541.321	290.472	2.442

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

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d. Summary information about capital adequacy ratio:

	30 September 2008	31 December 2007
Amount subject to credit risk (“ASCR”)	44.788.224	38.688.000
Amount subject to market risk (“ASMR”)	320.975	331.825
Amount subject to operational risk (“ASOR”)	4.839.316	3.640.891
Shareholders’ equity	7.694.292	5.831.740
Shareholders’ equity / (ASCR+ASMR+ASOR) *100	15,40	13,67

e. Information about shareholders’ equity items:

	30 September 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	1.005.474	709.185
Current period net profit	1.005.474	709.185
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	134.207	83.040
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	18.517	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	5.993.615	4.938.814

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SUPPLEMENTARY CAPITAL		
General provisions	562.016	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	2.508.897	1.742.336
45 % of Marketable Securities valuation fund	15.275	21.589
From investments in associates and subsidiaries	-	-
Available-for-Sale financial assets	15.275	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	3.086.188	2.297.184
TIER III CAPITAL	-	-
CAPITAL	9.079.803	7.235.998
DEDUCTIONS FROM THE CAPITAL	1.385.511	1.404.258
Special costs	-	26.217
Prepaid expenses	145.661	116.258
Intangible Assets	1.146.253	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	19.393	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	7.694.292	5.831.740

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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. Notwithstanding, the Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank’s on- and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Asset and Liability Committee. The below table represents the details of market risk calculation as of 30 September 2008 in accordance with 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 September 2008	31 December 2007
(I) Capital to be Employed for General Market Risk - Standard Method	12.576	16.277
(II) Capital to be Employed for Specific Risk -Standard Method	6.491	397
(III) Capital to be Employed for Currency Risk - Standard Method	3.328	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	3.283	6.070
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	25.678	26.546
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	320.975	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 September 2008, the total amount subject to operational risk is YTL4.839.316 thousand (31 December 2007: YTL3.640.891 thousand) and the amount of the related capital requirement is YTL387.145 thousand (31 December 2007: YTL291.271 thousand).

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).

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

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

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

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

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

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, marketable securities valuation differences and non-performing loans are considered as Turkish Lira in the calculation of the Net Currency Position regarding the related regulation. Therefore, there is a difference between the sum of the foreign currency assets 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 September 2008					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.489.447	117.518	101	8.733	2.615.799
Banks	1.091.871	372.029	5.059	110.024	1.578.983
Financial Assets at Fair Value Through Profit or Loss	68.241	94.792	-	-	163.033
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	9.391	382.646	-	-	392.037
Loans (*)	4.165.730	8.622.988	55.938	250.851	13.095.507
Investments in Associates, Subsidiaries and Joint Ventures	275.967	89.206	-	43.404	408.577
Held-to-Maturity Investments	410.141	4.498.721	-	-	4.908.862
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	58.126	113.087	-	77.564	248.777
Total Assets	8.568.914	14.290.987	61.098	490.576	23.411.575
Liabilities					
Bank Deposits	11.288	139.808	99	120.677	271.872
Foreign Currency Deposits	4.266.742	10.724.983	25.352	306.314	15.323.391
Funds From Interbank Money Market	36.135	168.419	-	-	204.554
Funds Borrowed From Other Financial Institutions	2.422.773	3.458.574	2.738	694	5.884.779
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	31.240	52.742	-	2.521	86.503
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.172.166	210.771	172	7.945	2.391.054
Total Liabilities	8.940.344	14.755.297	28.361	438.151	24.162.153
Net On-balance Sheet Position	(371.430)	(464.310)	32.737	52.425	(750.578)
Net Off-balance Sheet Position	310.863	664.838	(32.450)	(51.201)	892.050
Financial Derivative Assets	1.131.119	1.937.933	53.914	83.509	3.206.475
Financial Derivative Liabilities	820.256	1.273.095	86.364	134.710	2.314.425
Non-Cash Loans	3.114.599	5.658.896	284.574	155.366	9.213.435
31 December 2007					
Total Assets	6.253.065	12.807.918	30.463	376.171	19.467.617
Total Liabilities	6.921.406	12.619.540	10.596	456.554	20.008.096
Net On-balance Sheet Position	(668.341)	188.378	19.867	(80.383)	(540.479)
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 YTL1.822.736 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 September 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	1.851.755	-	-	-	-	2.300.775	4.152.530
Banks	1.178.565	2.128	133.452	-	-	505.078	1.819.223
Financial Assets at Fair Value Through Profit/Loss	33.859	52.211	50.255	62.376	19.005	-	217.706
Interbank Money Market Placements	1.000.931	-	-	-	-	-	1.000.931
Available-for-Sale Financial Assets	35	120.338	81.567	141.025	172.983	72.313	588.261
Loans	9.124.981	4.471.374	8.791.000	8.597.396	4.767.866	453.351	36.205.968
Held-to-Maturity Investments	624.125	346.970	4.708.627	1.628.912	3.214.805	-	10.523.439
Other Assets	-	-	-	-	-	4.852.208	4.852.208
Total Assets	13.814.251	4.993.021	13.764.901	10.429.709	8.174.659	8.183.725	59.360.266
Liabilities							
Bank Deposits	117.944	1.055	119.210	-	-	292.805	531.014
Other Deposits	27.534.266	3.223.472	1.109.052	5.046	-	6.023.958	37.895.794
Funds From Interbank Money Market	65.627	104.043	101.202	-	-	-	270.872
Miscellaneous Payables	1.926.760	-	-	-	-	351.015	2.277.775
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	897.645	3.758.188	2.214.736	30.660	-	-	6.901.229
Other Liabilities and Shareholders' Equity	677.901	459.100	889.224	1.084	-	9.456.273	11.483.582
Total Liabilities	31.220.143	7.545.858	4.433.424	36.790	-	16.124.051	59.360.266
Balance Sheet Long Position	-	-	9.331.477	10.392.919	8.174.659	-	27.899.055
Balance Sheet Short Position	(17.405.892)	(2.552.837)	-	-	-	(7.940.326)	(27.899.055)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(77.655)	(74.063)	(1.079)	(809)	-	-	(153.606)
Total Position	(17.483.547)	(2.626.900)	9.330.398	10.392.110	8.174.659	(7.940.326)	(153.606)

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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 September 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	1,85	0,89	-	8,51
Banks	3,27	1,88	-	9,78
Financial Assets at Fair Value Through Profit/Loss	6,70	8,59	-	18,78
Interbank Money Market Placements	-	-	-	18,20
Available-for-sale Financial Assets	10,73	8,51	-	16,33
Loans	6,50	5,32	3,27	22,05
Held-to-maturity Investments	5,36	7,21	-	20,06
Liabilities				
Bank Deposits	-	2,51	-	2,96
Other Deposits	2,44	3,79	0,01	18,03
Funds From Interbank Money Market	7,15	5,45	-	18,07
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,09	3,66	2,17	14,76

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 September 2008								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.300.775	1.851.755	-	-	-	-	-	4.152.530
Banks	505.078	1.178.565	2.128	133.452	-	-	-	1.819.223
Financial Assets at Fair Value Through Profit or Loss	-	28.016	20.948	49.627	71.472	47.643	-	217.706
Interbank Money Market Placements	-	1.000.931	-	-	-	-	-	1.000.931
Available-for-sale Financial Assets	57.984	34	14	80.368	262.552	172.980	14.329	588.261
Loans	-	7.734.701	4.292.736	9.048.787	9.144.515	5.531.878	453.351	36.205.968
Held-to-maturity Investments	-	-	346.970	332.101	5.052.635	4.791.733	-	10.523.439
Other Assets (1)	122.631	194.306	2.313	3.470	6.940	-	4.522.548	4.852.208
Total Assets	2.986.468	11.988.308	4.665.109	9.647.805	14.538.114	10.544.234	4.990.228	59.360.266
Liabilities								
Bank Deposits	292.805	117.944	1.055	119.210	-	-	-	531.014
Other Deposits	6.023.958	27.534.266	3.223.472	1.109.052	5.046	-	-	37.895.794
Funds Borrowed From Other Financial Institutions	-	57.123	1.576.044	2.638.070	2.036.271	593.721	-	6.901.229
Funds From Interbank Money Market	-	65.627	104.043	101.202	-	-	-	270.872
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	57.345	2.220.430	-	-	-	-	-	2.277.775
Other Liabilities (2)	1.816.843	1.761.099	52.995	39.475	53.773	1.866.045	5.893.352	11.483.582
Total Liabilities	8.190.951	31.756.489	4.957.609	4.007.009	2.095.090	2.459.766	5.893.352	59.360.266
Net Liquidity Gap	(5.204.483)	(19.768.181)	(292.500)	5.640.796	12.443.024	8.084.468	(903.124)	-
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 September 2008	Retail Banking	Corporate Banking	Private Banking	Credit Cards	Other	Total Operations of the Bank
Operating revenue	947.740	620.595	91.903	735.653	730.005	3.125.896
Unallocated costs					(2.030.028)	(2.030.028)
Net Operating Profit	947.740	620.595	91.903	735.653	(1.300.023)	1.095.868
Dividend income						168.319
Profit before tax						1.264.187
Tax Expense						(258.713)
Net Profit						1.005.474
Segment assets	9.873.141	16.758.813	206.236	7.103.507	19.565.423	53.507.120
Investments in associates, subsidiaries and joint ventures					1.833.707	1.833.707
Unallocated assets					4.019.439	4.019.439
Total Assets	9.873.141	16.758.813	206.236	7.103.507	25.418.569	59.360.266
Segment liabilities	14.894.289	13.532.601	9.041.745	1.824.155	12.078.406	51.371.196
Shareholders' Equity					5.893.352	5.893.352
Unallocated liabilities					2.095.718	2.095.718
Total liabilities	14.894.289	13.532.601	9.041.745	1.824.155	20.067.476	59.360.266

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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:

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

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Cash	516.275	138.760	307.931	130.758
The CBRT	1.020.456	2.475.710	1.332.660	1.916.237
Other	-	1.329	-	1.079
Total	1.536.731	2.615.799	1.640.591	2.048.074

2. Information on the account of the CBRT:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Demand Unrestricted Amount (*)	1.020.456	672.146	1.332.660	521.735
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	-	1.803.564	-	1.394.502
Total	1.020.456	2.475.710	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 September 2008 the corresponding interest rates are 12,56% for YTL, 0,75% for USD and 1,88% for EUR reserves.

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

1. As of 30 September 2008, financial assets at fair value through profit or loss subject to repo transactions amount to YTL102.958 thousand (31 December 2007: YTL102.027 thousand), and 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 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	36.985	1.858	18.806	4.854
Swap Transactions	6.898	3.099	16.601	4.480
Futures Transactions	-	-	-	-
Options	-	1.999	-	1.061
Other	-	-	-	-
Total	43.883	6.956	35.407	10.395

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c. Information on banks:

1. Information on banks:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Banks	240.240	1.578.983	47.846	683.129
Domestic	74.972	39.065	31.277	11.751
Foreign	165.268	1.539.918	16.569	671.378
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	240.240	1.578.983	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 September 2008, available-for-sale financial assets given as collateral/blocked amount to YTL132.663 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 September 2008	31 December 2007
Debt Securities	512.898	196.067
Quoted to Stock Exchange ⁽¹⁾	392.575	196.067
Not Quoted	120.323	-
Share Certificates	56.131	70.738
Quoted to Stock Exchange	-	-
Not Quoted	56.131	70.738
Impairment Provision (-)	(47.846)	(42.491)
Other ⁽²⁾	67.078	55.550
Total	588.261	279.864

(1) As of 30 September 2008, even though Eurobonds amounting to YTL360.548 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 September 2008, other available-for-sale financial assets include mutual funds amounting to YTL57.986 thousand (31 December 2007: YTL47.301 thousand) and bonds issued by financial institutions amounting to YTL9.092 thousand (31 December 2007: YTL8.249 thousand).

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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 September 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	583.094	507.092	352.826	679.098
Loans Granted to Employees	62.776	-	56.355	-
Total	645.870	507.092	409.181	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	34.797.123	-	941.350	14.144
Discount and Purchase Notes	287.088	-	369	-
Export Loans	2.767.511	-	124.065	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	794.738	-	-	-
Foreign Loans	464.247	-	-	-
Consumer Loans	5.855.049	-	387.594	-
Credit Cards	7.014.428	-	304.107	-
Precious Metal Loans	147.562	-	-	-
Other	17.466.500	-	125.215	14.144
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	34.797.123	-	941.350	14.144

As of 30 September 2008, there is 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 is no outstanding cash risk of Çukurova Group in the Bank and the pledges on the collaterals were abolished since the non-cash risks amounting to USD1.575.527,93 and YTL736.087,07 were collateralized.

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3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and Long-term	Total
Consumer Loans-YTL	219.630	5.605.489	5.825.119
Real estate loans	7.202	2.838.260	2.845.462
Automotive loans	27.003	600.100	627.103
Consumer loans	13.009	146.083	159.092
Other	172.416	2.021.046	2.193.462
Consumer Loans-FC Indexed	11.947	302.475	314.422
Real estate loans	6.849	250.973	257.822
Automotive loans	891	29.055	29.946
Consumer loans	174	3.068	3.242
Other	4.033	19.379	23.412
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	7.117.902	12.999	7.130.901
With installments	3.141.662	12.999	3.154.661
Without installments	3.976.240	-	3.976.240
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-YTL	5.871	20.156	26.027
Real estate loans	41	1.836	1.877
Automotive loans	228	984	1.212
Consumer loans	21	155	176
Other	5.581	17.181	22.762
Personnel Loans-FC Indexed	16	174	190
Real estate loans	-	89	89
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	16	85	101
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	35.978	17	35.995
With installments	19.208	17	19.225
Without installments	16.770	-	16.770
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-YTL (Real Person) (*)	76.885	-	76.885
Credit Deposit Account-FC (Real Person)	-	-	-
Total	7.468.229	5.941.310	13.409.539

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-YTL	261.644	2.369.223	2.630.867
Business Loans	4.138	308.262	312.400
Automotive Loans	71.975	1.273.982	1.345.957
Consumer Loans		51	51
Other	185.531	786.928	972.459
Commercial Installments Loans-FC Indexed	41.117	270.598	311.715
Business Loans	307	20.625	20.932
Automotive Loans	5.153	133.793	138.946
Consumer Loans	-	-	-
Other	35.657	116.180	151.837
Commercial Installments Loans-FC	-	-	-
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-YTL	151.628	11	151.639
With installment	26.318	11	26.329
Without installment	125.310	-	125.310
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-YTL (Legal Person)	123.251	-	123.251
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	577.640	2.639.832	3.217.472

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

	30 September 2008	31 December 2007
Domestic loans	35.288.370	27.904.507
Foreign loans	464.247	257.378
Total	35.752.617	28.161.885

6. Loans granted to investments in associates and subsidiaries:

	30 September 2008	31 December 2007
Direct loans granted to investments in associates and subsidiaries	82.364	67.986
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	82.364	67.986

7. Specific provisions provided against loans:

	30 September 2008	31 December 2007
Loans and other receivables with limited collectability	43.145	30.108
Loans and other receivables with doubtful collectability	198.619	120.683
Uncollectible loans and other receivables	778.308	1.241.468
Total	1.020.072	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 September 2008			
(Gross amounts before specific reserves)	1.445	485	9.923
Restructured loans and other receivables	1.445	485	9.923
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 (+)	798.265	101.855	36.453
Transfers from other categories of non-performing loans (+)	-	467.124	304.320
Transfer to other categories of non-performing loans (-)	(467.124)	(304.320)	(7.773)
Collections (-)	(254.756)	(102.043)	(269.370)
Write-offs (-)	-	(297)	(568.166)
Corporate and Commercial Loans	-	(291)	(471.850)
Consumer Loans	-	(6)	(746)
Credit Cards	-	-	(95.570)
Other	-	-	-
30 September 2008	236.362	375.159	861.902
Special Provision (-)	(43.145)	(198.619)	(778.308)
Net Balance on Balance Sheet	193.217	176.540	83.594

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 September 2008	-	-	-
Period end balance	-	32.746	2.273
Specific provision (-)	-	(26.196)	(2.273)
Net Balance on-balance sheet	-	6.550	-
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 September 2008 (Net)	193.217	169.990	83.594
Loans granted to real persons and corporate entities (Gross)	236.362	342.413	776.916
Specific provision amount (-)	(43.145)	(172.423)	(693.322)
Loans granted to real persons and corporate entities (Net)	193.217	169.990	83.594
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	32.746	84.986
Specific provision amount (-)	-	(26.196)	(84.986)
Other loans and receivables (Net)	-	6.550	-
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 September 2008	31 December 2007
Government Bond	10.426.591	11.952.742
Treasury Bill	-	-
Other debt securities(*)	96.848	90.244
Total	10.523.439	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 September 2008	31 December 2007
Debt Securities	10.581.146	12.070.661
Quoted to Stock Exchange (*)	10.410.493	11.921.396
Not Quoted	170.653	149.265
Impairment Provision (-)	(57.707)	(27.675)
Total	10.523.439	12.042.986

(*) Even though Eurobonds amounting to YTL4.202.015 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 September 2008	31 December 2007
Beginning balance	12.042.986	15.879.899
FC differences on monetary assets	50.332	(981.293)
Purchases during period	390.876	2.886.776
Disposals through sales and redemptions (-)	(1.930.723)	(5.718.209)
Impairment provision (-)	(30.032)	(24.187)
Period end balance	10.523.439	12.042.986

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

As of 30 September 2008, held-to-maturity investments given as collateral amount to YTL2.687.083 thousand (31 December 2007: YTL1.324.464 thousand). Held-to-maturity investments subject to repo transactions amount to YTL224.498 thousand (31 December 2007: YTL1.764.891 thousand).

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g. Information on investments in associates (Net):

1. 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	Satel 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	2.965.710	149.294	5.127	70.378	5.639	30.876	18.574	-
2	22.369	17.068	1.919	2.115	1	4.361	2.894	-
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 September 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 September 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 financial investments in associates:

	30 September 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 September 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 ⁽²⁾	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	99,58
9	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽³⁾	Istanbul/ Turkey	30,45	30,45
10	Yapı Kredi Yatırım Ortaklığı A.Ş. ⁽³⁾	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⁾ Financial statement information is expressed in USD thousands in Note 2.

⁽³⁾ Information on financial figures in Note 2 below are obtained from the financial statements at 30 June 2008.

⁽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	66.249	58.138	544	7.245	1.901	34.612	31.999	-
2	45.506	45.486	-	10	-	(5.381)	2.460	-
3	304.328	213.575	17.008	21.355	15.812	49.045	44.825	-
4	8.127	6.768	210	70	-	(77)	80	-
5	1.223.051	81.092	454	86.592	-	13.771	14.752	-
6	209.116	57.691	7.489	15.263	2.126	1.221	5.458	-
7	689.062	286.044	17.515	32.649	17.183	52.372	22.950	1.128.000
8	2.686.955	578.393	558	220.620	-	93.092	97.979	729.000
9	162.477	102.637	3.554	10.362	130	(8.126)	12.632	76.000
10	53.114	52.921	34	1.402	922	(7.080)	6.680	17.900
11	36.753	12.495	4.109	32	-	981	(35.873)	-
12	107.537	23.815	1.040	5.545	2.462	3.455	2.769	-
13	1.653.046	152.489	399	80.728	29.240	10.755	11.190	-

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

3. Movement schedule of subsidiaries:

	30 September 2008	31 December 2007
Balance at the beginning of the period	1.421.842	791.219
Movements during the period	365.708	630.623
Purchases (*)	365.708	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	1.787.550	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.

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.

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

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

	30 September 2008	31 December 2007
Banks	254.269	77.178
Insurance Companies	148.019	148.019
Factoring Companies	183.325	183.325
Leasing Companies	722.491	722.491
Finance Companies	-	-
Other Financial Subsidiaries	477.146	288.529
Total Financial Subsidiaries	1.785.250	1.419.542

5. Subsidiaries quoted to stock exchange:

	30 September 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 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Fair Value Hedge	-	-	1.018	666
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	-	-	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 September 2008	31 December 2007
Net book value at the beginning of the period	1.187.125	1.152.548
Additions during the Period	19.781	65.981
Unused and Disposed Items (-)	(30.641)	(707)
Impairment Charges on Income Statement (-)	-	-
Amortisation Expenses (-)	(30.012)	(30.697)
Net book value at the end of the period	1.146.253	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 September 2008, the net book value of these intangible assets amounts to YTL114.160 thousand.

k. Information on other assets:

As of 30 September 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 September 2008:

	Demand	Up to 1 Month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving Deposits	1.165.181	2.420.715	10.613.964	143.383	24.251	57.791	14.425.285
Foreign Currency Deposits	2.641.317	4.486.233	6.309.057	821.642	142.910	815.097	15.216.256
Residents in Turkey	2.543.519	4.146.377	5.965.472	797.145	129.494	736.436	14.318.443
Residents Abroad	97.798	339.856	343.585	24.497	13.416	78.661	897.813
Public Sector Deposits	474.293	5.566	44.780	508	632	600	526.379
Commercial Deposits	1.514.342	1.619.785	3.657.390	459.677	37.940	10.829	7.299.963
Other Institutions Deposits	137.689	15.279	167.014	356	102	336	320.776
Gold Vault	91.136	13.409	659	459	717	755	107.135
Bank Deposits	292.805	116.897	15	1.031	119.204	1.062	531.014
The CBRT	-	-	-	-	-	-	-
Domestic Banks	4.379	76.386	-	1.031	-	-	81.796
Foreign Banks	259.952	40.511	15	-	119.204	1.062	420.744
Special Financial Institutions	28.474	-	-	-	-	-	28.474
Other	-	-	-	-	-	-	-
Total	6.316.763	8.677.884	20.792.879	1.427.056	325.756	886.470	38.426.808

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 September 2008	31 December 2007	30 September 2008	31 December 2007
Saving Deposits				
Saving Deposits	7.058.318	5.996.775	7.345.822	5.228.946
Foreign Currency Savings Deposit	2.739.016	2.837.947	4.947.779	4.712.030
Other Deposits in the Form of Savings deposits	8.805	5.793	86.890	64.590
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

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

	30 September 2008	31 December 2007
Saving Deposits in Foreign Branches	-	-
Saving Deposits in Off-shore Banking Regions	121.941	83.319
Total	121.941	83.319

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

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

b. Information on trading derivative financial liabilities:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Forward Transactions	27.873	833	24.528	5.522
Swap Transactions	115.244	41	160.558	-
Futures Transactions	-	-	-	-
Options	-	1.968	-	979
Other	-	-	-	-
Total	143.117	2.842	185.086	6.501

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c. Information on borrowings:

1. Information on borrowings:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	192.668	96.910	178.941	116.453
From Foreign Banks, Institutions and Funds	823.782	5.787.869	326	3.940.281
Total	1.016.450	5.884.779	179.267	4.056.734

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

2. Information on maturity structure of borrowings:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Short-term	217.405	1.822.971	179.267	1.376.738
Medium and Long-term	799.045	4.061.808		2.679.996
Total	1.016.450	5.884.779	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 YTL1.624.850 thousand using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

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

d. Information on other liabilities:

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

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e. Information on financial leasing agreements:

	30 September 2008		31 December 2007	
	Gross	Net	Gross	Net
Less than 1 year	8.928	8.743	24.483	23.581
Between 1-4 years	25	4	57	13
More than 4 years	-	-	-	-
Total	8.953	8.747	24.540	23.594

f. Information on hedging derivative financial liabilities:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
Fair Value Hedge	6.502	57	27.786	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	6.502	57	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 September 2008	31 December 2007
Provisions for Group I loans and receivables	423.195	528.050
Provisions for Group II loans and receivables	38.694	42.466
Provisions for non cash loans	68.618	81.623
Other	31.509	13.755
Total	562.016	665.894

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

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Movement of employment termination benefits liability in the balance sheet:

	30 September 2008	31 December 2007
Prior period ending balance	88.549	94.345
Provisions recognised during the period	9.412	11.198
Paid during the period	(14.234)	(16.994)
Balance at the end of the period	83.727	88.549

In addition, the Bank has accounted for vacation rights provision amounting to YTL41.722 thousand as of 30 September 2008 (31 December 2007: YTL37.676 thousand).

3. Other provisions:

	30 September 2008	31 December 2007
Pension fund provision ⁽¹⁾	750.843	604.278
Tax risk provision ⁽²⁾	120.942	72.043
Non-cash loan provision	53.891	50.249
Provisions on credit cards and promotion campaigns related to banking services	50.095	36.014
Provision on export commitment estimated liability	40.045	39.945
Legal risk provision ⁽²⁾	13.265	10.997
Other	100.298	151.779
Total	1.129.379	965.305

⁽¹⁾ As of 30 September 2008, the Bank provided provision amounting to YTL 750.843 thousand for the technical deficit corresponding a monetary value of YTL 735.719 thousand considering the best estimates of the management based on the report prepared by a registered actuary as of 31 May 2008 in accordance with the technical interest rate of 9.8% determined by the New Law and CSO 1980 mortality table. In the financial statements of the Bank prepared as of 31 December 2007, the provision for the technical deficit calculated as of 31 December 2006 in accordance with the decision of the Council of Ministers numbered 2006/11345 published in the Official Gazette dated 15 December 2006 and numbered 26377 using a technical interest rate 10,24%.

⁽²⁾ Considered as provisions for possible risks.

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

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

h. Information on taxes payable:

(i) Information on taxes payable:

	30 September 2008	31 December 2007
Corporate Tax Payable	115.344	3.103
Taxation of Marketable Securities	89.616	84.246
Property Tax	804	1.051
Banking Insurance Transaction Tax (“BITT”)	33.060	28.033
Foreign Exchange Transaction Tax		3.167
Value Added Tax Payable	837	2.738
Other	20.865	13.580
Total	260.526	135.918

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(ii) Information on premium payables:

	30 September 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	7.026	-
Pension Fund Deposit and Provisions – Employer	9.817	-
Unemployment Insurance – Employee	500	380
Unemployment Insurance – Employer	1.001	760
Other	-	-
Total	18.344	1.140

i. Information on subordinated loans:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.866.044	-	1.772.914
From Other Foreign Institutions	-	-	-	-
Total	-	1.866.044	-	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.

j. Information on shareholders' equity:

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

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

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

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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 as of 31 October 2007. The difference between the fair values of the transferred shares and the capital increase amounting to YTL495.852 thousand has been accounted under share premium.

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 the CMB and the prospect authorized by CMB was registered on 15 July 2008. The existing shareholders have participated in increased capital by utilizing their pre-emptive rights between 18 July and 1 August 2008. Registration process of the capital increase which has been approved by the BRSA in accordance with the decisions numbered BDDK.UY1.50.1-14758 dated 3 November 2008 is ongoing.

4. Information on transfers from revaluation funds to capital during the current period: None.

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period:

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

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

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

7. Privilege on the corporate stock: None.

k. Information on marketable securities valuation differences:

	30 September 2008		31 December 2007	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	2.353	31.591	4.748	43.227
Foreign Currency Difference	-	-	-	-
Total	2.353	31.591	4.748	43.227

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III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	30 September 2008		30 September 2007	
	YTL	FC	YTL	FC
Short-term Loans	2.129.356	188.419	1.933.032	127.742
Medium/Long-term Loans	974.428	278.074	580.985	237.367
Interest on Loans Under Follow-up	62.520	6.063	65.470	65
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total (*)	3.166.304	472.556	2.579.487	365.174

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

2. Information on interest income on banks:

	30 September 2008		30 September 2007	
	YTL	FC	YTL	FC
From the CBRT	125.113	8.820	113.298	7.566
From Domestic Banks	6.049	3.631	3.112	1.657
From Foreign Banks	4.483	35.515	4.787	57.753
Headquarters and Branches Abroad	-	-	-	-
Total	135.645	47.966	121.197	66.976

3. Information on interest income on marketable securities:

	30 September 2008		30 September 2007	
	YTL	FC	YTL	FC
From Trading Financial Assets	2.018	9.768	1.777	14.317
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	19.419	5.553	15.742	5.713
From Held-to-maturity investments	764.892	282.641	838.455	372.897
Total	786.329	297.962	855.974	392.927

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

	30 September 2008	30 September 2007
Interests Received From Investments in Associates and Subsidiaries	2.257	9.415

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 September 2008		30 September 2007	
	YTL	FC	YTL	FC
Banks	34.781	247.548	22.539	178.957
The CBRT	-	-	-	-
Domestic Banks	19.521	4.410	21.061	7.153
Foreign Banks	15.260	243.138	1.478	171.804
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	32.455	-	84.292
Total (*)	34.781	280.003	22.539	263.249

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

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

	30 September 2008	30 September 2007
Interests paid to Investments in Associates and Subsidiaries	29.778	13.004

3. Maturity structure of the interest expense on deposits:

Account name	Demand Deposit	Time Deposit					Cumulative Deposit	Total	30 September 2007
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	Over 1 Year			
YTL									
Bank Deposits	1.768	11.263	290	-	290	290	-	13.901	10.210
Saving Deposits	1.600	356.549	1.117.652	17.932	2.598	6.767	-	1.503.098	1.343.845
Public Sector Deposits	-	1.958	3.176	625	5.251	66	-	11.076	20.984
Commercial Deposits	19.362	302.786	476.804	30.408	3.613	8.648	-	841.621	742.177
Other Deposits	-	10.370	24.047	84	11	33	-	34.545	23.125
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-	-
Total	22.730	682.926	1.621.969	49.049	11.763	15.804	-	2.404.241	2.140.341
FC									
Foreign Currency Deposits	5.512	152.920	130.388	26.252	4.592	32.636	-	352.300	326.803
Bank Deposits	-	1.401	-	-	2.121	-	-	3.522	2.769
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-	-
Gold Vault	-	56	5	3	8	80	-	152	88
Total	5.512	154.377	130.393	26.255	6.721	32.716	-	355.974	329.660
Grand Total	28.242	837.303	1.752.362	75.304	18.484	48.520	-	2.760.215	2.470.001

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

	30 September 2008	30 September 2007
Income	7.010.105	5.907.079
Income from Capital Market Transactions	3.444.373	2.880.628
Derivative Financial Transactions	3.387.322	2.854.394
Other	57.051	26.234
Foreign Exchange Gains	3.565.732	3.026.451
Loss(-)	(6.960.366)	(5.832.757)
Loss from Capital Market Transactions	(3.238.960)	(2.944.094)
Derivative Financial Transactions	(3.225.090)	(2.896.899)
Other	(13.870)	(47.195)
Foreign Exchange Loss	(3.721.406)	(2.888.663)
Net Gain/(Loss)	49.739	74.322

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 September 2008	30 September 2007
Specific provisions for loans and other receivables	248.789	124.004
III. Group Loans and Receivables	13.038	2.737
IV. Group Loans and Receivables	77.936	17.171
V. Group Loans and Receivables	157.815	104.096
General Provision Expenses	50.020	10.740
Provision Expense for Possible Risks	53.794	4.810
Marketable Securities Impairment Expenses	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities	-	-
Value Decrease	-	52.041
Investments in Associates	-	870
Subsidiaries	-	51.171
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	352.603	191.595

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f. Information related to other operational expenses:

	30 September 2008	30 September 2007
Personnel Expenses	656.160	573.975
Reserve For Employee Termination Benefits	-	-
Provision Expense for Pension Fund	146.565	90.747
Impairment Expenses of Fixed Assets	1.895	-
Depreciation Expenses of Fixed Assets	84.840	102.243
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	30.012	22.073
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	515	-
Depreciation Expenses of Assets Held for Resale	2.878	14.877
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	531.727	506.835
Operational Lease Expenses	61.451	40.060
Maintenance Expenses	18.222	16.488
Advertising Expenses	53.286	61.788
Other Expense	398.768	388.499
Loss on Sales of Assets	606	29.410
Other	222.227	155.445
Total	1.677.425	1.495.605

g Provision for taxes on income from continuing operations:

As of 30 September 2008, the Bank has current tax expense amounting to YTL222.959 thousand (30 September 2007: YTL213.544 thousand) and deferred tax expense amounting to YTL35.754 thousand (30 September 2007: YTL77.598 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 YTL147 million, tax expense amounting to YTL49 million related to the compromise with the tax office and provision reversal income amounting to YTL185 million related with the revised general loan loss provision calculation) don't require any additional explanation to understand the 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 September 2008	31 December 2007
Commitments on credit cards limits	11.322.891	10.449.281
Loan granting commitments	2.467.723	1.902.940
Commitments for cheque books	1.449.585	1.359.423
Total	15.240.199	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 September 2008	31 December 2007
Bank Acceptance Loans	199.479	184.493
Letter of Credits	2.914.864	2.010.563
Other Guarantees and Collaterals	447.370	720.241
Total	3.561.713	2.915.297

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

	30 September 2008	31 December 2007
Temporary Letter of Guarantees	526.178	638.848
Definite Letter of Guarantees	8.244.755	7.778.742
Advance Letter of Guarantees	1.791.577	1.539.381
Letter of Guarantees Given to Customs	644.934	579.354
Other Letter of Guarantees	296.612	299.105
Total	11.504.056	10.835.430

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

	30 September 2008	31 December 2007
Non-cash Loans Given Against Cash Loans	174.555	180.627
With Original Maturity of 1 Year or Less Than 1 Year	47.681	28.046
With Original Maturity of More Than 1 Year	126.874	152.581
Other Non-cash Loans	14.891.214	13.570.100
Total	15.065.769	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	5.796.949	5.635.604	51.748	19.755
Bank Acceptances	-	199.479	-	-
Letters of Credit	796	2.914.012	-	56
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2.841	444.529	-	-
Total	5.800.586	9.193.624	51.748	19.811

b. Information on contingent liabilities:

In this respect, several outstanding legal cases against the Bank have been considered as contingent liabilities and an YTL13.265 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 September 2008	30 September 2007
Cash	1.330.660	1.432.961
Cash and Effectives	439.768	344.620
Demand Deposits in Banks	890.892	1.088.341
Cash Equivalents	353.628	1.787.175
Interbank Money Market	-	-
Deposits in Bank	353.628	1.787.175
Total Cash and Cash Equivalents	1.684.288	3.220.136

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

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

	30 September 2008	30 September 2007
Cash	1.839.191	1.175.284
Cash and Effectives	656.364	385.993
Demand Deposits in Banks	1.182.827	789.291
Cash equivalents	2.177.852	1.821.864
Interbank Money Market	1.000.000	-
Time Deposits in Banks	1.177.852	1.821.864
Total Cash and Cash Equivalents	4.017.043	2.997.148

- 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 September 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	82.364	32.523	596.528	507.092	15.168	-
Interest and Commission Income Received	2.257	347	55.968	1.796	8	-

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

(2) The information in table above includes due from banks 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⁾	9.415	688	36.808	1.719	-	-

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

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

(3) Shows the 30 September 2007 balances.

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

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 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 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	341.150	156.132	5.092.056	2.890.090	17.579	19.825
Interest Expense on Deposits ⁽³⁾	29.778	13.004	296.022	207.520	643	-

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

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

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

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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 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 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⁾	363.480	844.729	442.449	261.295	-	-
Total Profit / Loss⁽⁴⁾	12.509	18.194	2.540	313	-	-
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 September 2007 balances.

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	655.309	35.752.617	1,83
Banks	23.774	1.819.223	1,31
Marketable Securities	14.977	11.278.567	0,13
Interest Income Received	58.233	3.822.471	1,52
Non-cash Loans	539.615	15.065.769	3,58
Commission Income Received	2.143	109.675	1,95
Deposit	3.788.527	38.426.808	9,86
Borrowings and Money Markets	1.662.258	7.172.101	23,18
Interest Expense Paid	326.443	3.155.661	10,34
Trading Transactions	805.929	8.524.358	9,45
Trading Transactions Profit (net)	15.049	205.413	7,33

**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 SEPTEMBER 2008
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

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

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

Salaries paid to the Bank’s key management amount to YTL4.910 thousand as of 30 September 2008 (30 September 2007: YTL5.246 thousand).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

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

**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON 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 September 2008 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The review report dated 12 November 2008 is presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.