

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

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REVIEW REPORT
AT 30 JUNE 2007**

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries at 30 June 2007 and the related consolidated statements of income, cash flows and changes in shareholders’ equity for the period then ended. These financial statements are the responsibility of the Bank’s management. Our responsibility, as independent auditors is to issue a report on these consolidated 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 company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at 30 June 2007 and the consolidated results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency (“BRSA”) on accounting and financial reporting standards.

We would like to draw your attention to the following matter:

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

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

Zeynep Uras, SMMM
Partner

İstanbul, 13 August 2007

**THE CONSOLIDATED FINANCIAL REPORT OF
YAPI VE KREDİ BANKASI A.Ş. AS OF 31 MARCH 2007**

E-Mail : financialreports@yapikredi.com.tr

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

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

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

Subsidiaries

1. Yapı Kredi Sigorta A.Ş.
2. Yapı Kredi Emeklilik A.Ş.
3. Yapı Kredi Finansal Kiralama A.O.
4. Yapı Kredi Faktoring A.Ş.
5. Yapı Kredi Yatırım Menkul Değerler A.Ş.
6. Yapı Kredi Yatırım Ortaklığı A.Ş.
7. Yapı Kredi Portföy Yönetimi A.Ş.
8. Yapı Kredi Bank Deutschland A.G.
9. Yapı Kredi Holding B.V.
10. Yapı Kredi Bank Nederland N.V.
11. Yapı Kredi Bank Moscow

Associates

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

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

Rüşdü SARAÇOĞLU
Chairman of the
Board of Directors

Tayfun BAYAZIT
Member of the
Board of Directors and
General Manager

Carlo VIVALDI
Executive Vice President

Duygu DÖNMEZ
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

Name-Surname / Title: M.Serkan Keskin / Assistant Manager

Telephone Number : 0212 339 72 73

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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. THE PARENT BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE :

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

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

The Parent Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 30 June 2007, 19,57% shares of the Bank are publicly traded (31 December 2006: 19,54%).

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 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 details 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 has been transferred to the Koç Finansal Hizmetler A.Ş. ("KFS").

KFS, was established on 16 March 2001 to combine Koç Group finance companies under one organization and as of 22 October 2002, Koç Group established a strategic partnership with UniCredit SpA ("UCI") over KFS. Therefore, the Bank is a joint venture of UCI and Koç Group.

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

Merging Entities		Merger Date	Merged Entity
Yapı Kredi	Koçbank	2 October 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	25 December 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	29 December 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	29 December 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	12 January 2007	Yapı Kredi Menkul

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

As of 30 June 2007, the Parent Bank's Board of Directors, Members of the Audit Committee and Executive President and Vice Presidents are listed below:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>
Chairman of the Board of Directors:	Dr. Rüşdü SARAÇOĞLU	Chairman
Board of Directors Members:	Tayfun BAYAZIT	Chief Executive Officer
	Federico GHIZZONI	Member
	Seyit Kemal KAYA	Member
	Ranieri De MARCHIS	Member
	Ahmet Fadıl ASHABOĞLU	Member
	Thomas GROSS	Member
	Robert ZADRAZIL	Member
	Alessandro M. DECIO	Member
	Füsün Akkal BOZOK	Member
General Manager :	Tayfun BAYAZIT	Chief Executive Officer
Vice General Managers:	Süleyman Cihangir KAVUNCU	Human Resources Management
	Alpar ERGUN	Legal Activities Management
	Mehmet Gani SÖNMEZ	Retail Banking Management
	Erhan ÖZÇELİK	Foreign Relations Management
	Hamit AYDOĞAN	Corporate and Commercial Management
	Mert YAZICIOĞLU	Treasury Management
	Tülay GÜNGEN	Corporate Identity and Communication
	Zeynep Nazan SOMER	Credit Cards and Consumer Lendings
	Carlo VIVALDI	Financial Planning, Administration and Control/CFO
	Mehmet Güray ALPKAYA	Credit Management
	Marco ARNABOLDI	Risk Management
	Mahmut Tefvik ÇEVİKEL	Central Purchasing and Insurance Management
	Mohammed Hishem LAROUSSI	Information Technology Management
	Mert GÜVENEN	Commercial Banking Management
	Muzaffer ÖZTÜRK	Retail Sales Management
	Kemal SEMERCİLER	Compliance Officer
	Stefano PERAZZINI	Internal Audit
	Luca RUBAGA	Organisation Management
Audit Committee Members:	Ranieri De MARCHIS	Chairman
	Robert ZADRAZIL	Member
	Ahmet Fadıl ASHABOĞLU	Member
Statutory auditors:	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES :

Name/Commercial title	Share Amounts (Nominal)	Share Percentage	Paid-in Capital (Nominal)	Unpaid Portion
Koç Finansal Hizmetler A.Ş.	2.525.332.177,57	%80,18	2.525.332.177,57	-

V. EXPLANATION ON THE PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

The Parent Bank's core business activities include retail banking, corporate banking, private banking, foreign exchange, money markets and securities transactions (Treasury transactions) and international banking. As of 30 June 2007, the Bank has 637 branches operating in Turkey, 1 branch and 4 representative offices operating abroad (31 December 2006: 607 branches operating in Turkey, 1 branch and 4 representative offices operating abroad) and 13.091 employees (31 December 2006: 13.478 employees).

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

As of 30 June 2007, the Group has 15.454 employees (31 December 2006: 15.873 employees).

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YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 31 DECEMBER 2006

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

**SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five)						
		(30/06/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
ASSETS							
I. CASH BALANCES WITH CENTRAL BANK	I-a	1.610.913	2.086.791	3.697.704	1.857.188	2.264.206	4.121.394
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	185.449	197.090	382.539	245.898	368.630	614.528
2.1 Trading Financial Assets		148.740	189.336	338.076	173.798	363.025	536.823
2.1.1 Government Debt Securities		93.081	189.336	282.417	122.699	342.773	465.472
2.1.2 Share Certificates		18.094	-	18.094	17.735	-	17.735
2.1.3 Other Marketable Securities		37.565	-	37.565	33.364	20.252	53.616
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		36.709	7.754	44.463	72.100	5.605	77.705
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	I-c	227.294	2.400.787	2.628.081	76.037	2.240.567	2.316.604
IV. MONEY MARKETS		29.482	2.176	31.658	28.354	27.422	55.776
4.1 Interbank Money Market Placements		2.640	2.176	4.816	-	27.422	27.422
4.2 Receivables from Istanbul Stock Exchange Money Market		647	-	647	700	-	700
4.3 Receivables from Reverse Repurchase Agreements		26.195	-	26.195	27.654	-	27.654
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	490.324	368.637	858.961	365.189	363.480	728.669
5.1 Share Certificates		15.588	23.621	39.209	17.496	15.244	32.740
5.2 Government Debt Securities		436.971	295.486	732.457	292.540	326.601	619.141
5.3 Other Marketable Securities		37.765	49.530	87.295	55.153	21.635	76.788
VI. LOANS	I-e	16.528.834	7.621.520	24.150.354	15.347.891	7.337.415	22.685.306
6.1 Loans		16.191.287	7.608.120	23.799.407	15.036.005	7.321.433	22.357.438
6.2 Loans under Follow-up		1.734.667	48.007	1.782.674	1.724.812	51.893	1.776.705
6.3 Specific Provisions (-)		(1.397.120)	(34.607)	(1.431.727)	(1.412.926)	(35.911)	(1.448.837)
VII. FACTORING RECEIVABLES		560.809	443.976	1.004.785	641.151	517.669	1.158.820
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	6.603.765	7.158.550	13.762.315	6.505.820	9.901.346	16.407.166
8.1 Government Debt Securities		6.603.765	7.158.550	13.762.315	6.505.820	9.901.346	16.407.166
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	2.657	40.172	42.829	3.529	41.352	44.881
9.1 Consolidated Based on Equity Method		-	40.172	40.172	-	41.352	41.352
9.2 Unconsolidated		2.657	-	2.657	3.529	-	3.529
9.2.1 Financial Investments in Associates		2.657	-	2.657	3.529	-	3.529
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	66.795	24.500	91.295	110.608	24.500	135.108
10.1 Financial Subsidiaries		28.141	-	28.141	30.173	-	30.173
10.2 Non-financial Subsidiaries		38.654	24.500	63.154	80.435	24.500	104.935
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)		651.145	1.351.751	2.002.896	545.056	1.045.360	1.590.416
12.1 Financial Lease Receivables		848.604	1.576.766	2.425.370	706.053	1.221.498	1.927.551
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		(197.459)	(225.015)	(422.474)	(160.997)	(176.138)	(337.135)
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-i	467	480	947	-	-	-
13.1 Fair Value Hedge		467	480	947	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		1.191.438	9.624	1.201.062	1.220.216	16.879	1.237.095
XV. INTANGIBLE ASSETS (Net)	I-j	1.147.231	-	1.147.231	1.156.130	16	1.156.146
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		167.738	-	167.738	176.637	16	176.653
XVI. TAX ASSET		252.735	1.159	253.894	287.812	1.399	289.211
16.1 Current Tax Asset		43.711	1.093	44.804	120.960	1.270	122.230
16.2 Deferred Tax Asset	I-k	209.024	66	209.090	166.852	129	166.981
XVII. ASSETS HELD FOR RESALE (Net)		166.057	7.072	173.129	182.487	7.430	189.917
XVIII. OTHER ASSETS	I-l	562.163	428.058	990.221	462.488	328.118	790.606
TOTAL ASSETS		30.277.558	22.142.343	52.419.901	29.035.854	24.485.789	53.521.643

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

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

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 31 DECEMBER 2006

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

I. BALANCE SHEET		Note (Section Five)						
			(30/06/2007)			(31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
LIABILITIES								
I.	DEPOSITS	II-a	18.005.536	14.119.867	32.125.403	16.045.124	15.635.956	31.681.080
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	96.279	2.351	98.630	29.275	2.798	32.073
III.	BORROWINGS	II-c	485.425	4.540.527	5.025.952	574.320	4.313.442	4.887.762
IV.	MONEY MARKETS		782.565	227.555	1.010.120	2.957.832	399.088	3.356.920
4.1	Funds from Interbank Money Market		4.997	-	4.997	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		777.568	227.555	1.005.123	2.957.832	399.088	3.356.920
V.	MARKETABLE SECURITIES ISSUED (Net)	II-d	-	1.675.590	1.675.590	-	1.650.006	1.650.006
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	1.675.590	1.675.590	-	1.650.006	1.650.006
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		2.172.270	207.363	2.379.633	2.011.478	525.034	2.536.512
VIII.	OTHER LIABILITIES	II-e	186.591	761.002	947.593	315.472	483.533	799.005
IX.	FACTORING PAYABLES		-	224.432	224.432	104.890	267.945	372.835
X.	FINANCIAL LEASE PAYABLES (Net)	II-f	78	75	153	1	4	5
10.1	Financial Lease Payables		78	75	153	1	5	6
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	(1)	(1)
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-g	21.200	-	21.200	-	-	-
11.1	Fair Value Hedge		21.200	-	21.200	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	II-h	1.898.679	526.916	2.425.595	1.973.911	555.948	2.529.859
12.1	General Loan Loss Provision		477.290	215.448	692.738	482.686	226.261	708.947
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		138.317	2.303	140.620	159.574	3.602	163.176
12.4	Insurance Technical Provisions (Net)		454.431	306.913	761.344	468.744	321.669	790.413
12.5	Other Provisions		828.641	2.252	830.893	862.907	4.416	867.323
XIII.	TAX LIABILITY	II-i	264.297	6.606	270.903	175.549	6.448	181.997
13.1	Current Tax Liability		264.297	3.920	268.217	173.751	3.883	177.634
13.2	Deferred Tax Liability		-	2.686	2.686	1.798	2.565	4.363
XIV.	PAYABLES FOR ASSET HELD FOR RESALE		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	II-j	-	1.832.118	1.832.118	-	1.559.258	1.559.258
XVI.	SHAREHOLDERS' EQUITY	II-k	4.366.042	16.537	4.382.579	3.919.316	15.015	3.934.331
16.1	Paid-in Capital		3.149.450	-	3.149.450	3.142.818	-	3.142.818
16.2	Capital Reserves		46.590	16.537	63.127	53.306	15.015	68.321
16.2.1	Share Premium		45.781	-	45.781	45.781	-	45.781
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Value Increase Fund	II-l	(6.499)	16.537	10.038	7.525	15.015	22.540
16.2.4	Revaluation of Property and Equipment		-	-	-	-	-	-
16.2.5	Revaluation of Intangible Fixed Assets		-	-	-	-	-	-
16.2.6	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.7	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.8	Value Increase of Assets Held for Resale		-	-	-	-	-	-
16.2.9	Other Capital Reserves		7.308	-	7.308	-	-	-
16.3	Profit Reserves		343.184	-	343.184	343.184	-	343.184
16.3.1	Legal Reserves		17.159	-	17.159	17.159	-	17.159
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		326.025	-	326.025	326.025	-	326.025
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		297.321	-	297.321	(168.602)	-	(168.602)
16.4.1	Prior Years' Income or (Loss)		(148.318)	-	(148.318)	(696.955)	-	(696.955)
16.4.2	Current Year Income or (Loss)		445.639	-	445.639	528.353	-	528.353
16.5	Minority Share		529.497	-	529.497	548.610	-	548.610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			28.278.962	24.140.939	52.419.901	28.107.168	25.414.475	53.521.643

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

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

**YAPI VE KREDİ BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007**

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

II. INCOME STATEMENT		
INCOME AND EXPENSE ITEMS	Note (Section Five)	01/01-30/06/2007
I. INTEREST INCOME	III-a	3.128.225
1.1 Interest on loans	III-a-1	1.895.430
1.2 Interest Received from Reserve Requirements		90.740
1.3 Interest Received from Banks	III-a-2	54.312
1.4 Interest Received from Money Market Transactions		823
1.5 Interest Received from Marketable Securities Portfolio	III-a-3	873.373
1.5.1 Trading Financial Assets		16.417
1.5.2 Financial Assets at fair value through profit or loss		-
1.5.3 Available-for-sale Financial Assets		29.918
1.5.4 Held to maturity Investments		827.038
1.6 Financial Lease Income		117.181
1.7 Other Interest Income		96.366
II. INTEREST EXPENSE	III-b	(2.031.515)
2.1 Interest on Deposits	III-b-3	(1.603.177)
2.3 Interest on Funds Borrowed	III-b-1	(221.633)
2.4 Interest Expense on Money Market Transactions		(167.726)
2.5 Interest on Securities Issued		(34.139)
2.6 Other Interest Expenses		(4.840)
III. NET INTEREST INCOME (I + II)		1.096.710
IV. NET FEES AND COMMISSIONS INCOME		756.073
4.1 Fees and Commissions Received		1.009.214
4.1.1 Cash Loans		26.804
4.1.2 Non-cash Loans		65.339
4.1.3 Other		917.071
4.2 Fees and Commissions Paid		(253.141)
4.2.1 Cash Loans		(2.124)
4.2.2 Non-cash Loans		(227)
4.2.3 Other		(250.790)
V. DIVIDEND INCOME		3.300
VI. TRADING INCOME/(LOSS) (Net)	III-c	58.932
6.1 Trading Gains / (Losses) on Securities		(24.570)
6.2 Foreign Exchange Gains / (Losses)		83.502
VII. OTHER OPERATING INCOME	III-d	225.933
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2.140.948
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	III-e	(125.874)
X. OTHER OPERATING EXPENSES (-)	III-f	(1.387.648)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		627.426
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		2.453
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-
XV. INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV+XV)	III-g	629.879
XVI. PROVISION FOR INCOME TAXES (±)	III-h	(112.186)
16.1 Current Tax Provision		(157.235)
16.2 Deferred Tax Provision		45.049
XVII. OPERATING INCOME/(LOSS) AFTER TAXES (XV+XVI)		517.693
17.1 Discontinued Operations		-
17.2 Other		517.693
XVIII. NET INCOME/(LOSS) (XVII)	III-i	517.693
18.1 Group's Gains / (Losses)		445.639
18.2 Minority Interest Gains / (Losses)	III-j	72.054
Earnings/(Loss) per share (in YTL full)		0.0014

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

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

**YAPI VE KREDİ BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
FROM 1 APRIL TO 30 JUNE 2007**

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

II. INCOME STATEMENT		
INCOME AND EXPENSE ITEMS	Note (Section Five)	01/04-30/06/2007
I. INTEREST INCOME		1.580.396
1.1 Interest on loans		980.277
1.2 Interest Received from Reserve Requirements		45.924
1.3 Interest Received from Banks		22.707
1.4 Interest Received from Money Market Transactions		630
1.5 Interest Received from Marketable Securities Portfolio		439.162
1.5.1 Trading Financial Assets		8.445
1.5.2 Financial Assets at fair value through profit or loss		-
1.5.3 Available-for-sale Financial Assets		16.364
1.5.4 Held to maturity Investments		414.353
1.6 Financial Lease Income		62.904
1.7 Other Interest Income		28.792
II. INTEREST EXPENSE		(1.019.703)
2.1 Interest on Deposits		(818.710)
2.3 Interest on Funds Borrowed		(118.710)
2.4 Interest Expense on Money Market Transactions		(68.531)
2.5 Interest on Securities Issued		(11.514)
2.6 Other Interest Expenses		(2.238)
III. NET INTEREST INCOME (I + II)		560.693
IV. NET FEES AND COMMISSIONS INCOME		381.609
4.1 Fees and Commissions Received		516.046
4.1.1 Cash Loans		14.385
4.1.2 Non-cash Loans		33.538
4.1.3 Other		468.123
4.2 Fees and Commissions Paid		(134.437)
4.2.1 Cash Loans		(785)
4.2.2 Non-cash Loans		(83)
4.2.3 Other		(133.569)
V. DIVIDEND INCOME		1.426
VI. TRADING INCOME/(LOSS) (Net)		26.031
6.1 Trading Gains / (Losses) on Securities		(43.437)
6.2 Foreign Exchange Gains / (Losses)		69.468
VII. OTHER OPERATING INCOME		150.638
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.120.397
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(37.580)
X. OTHER OPERATING EXPENSES (-)		(748.653)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		334.164
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		1.759
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-
XV. INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV+XV)		335.923
XVI. PROVISION FOR INCOME TAXES (±)		(61.314)
16.1 Current Tax Provision		(105.777)
16.2 Deferred Tax Provision		44.463
XVII. OPERATING INCOME/(LOSS) AFTER TAXES (XV+XVI)		274.609
17.1 Discontinued Operations		-
17.2 Other		274.609
XVIII. NET INCOME/(LOSS) (XVII)		274.609
18.1 Group's Gains / (Losses)		239.265
18.2 Minority Interest Gains / (Losses)		35.344
Earnings/(Loss) per share (in YTL full)		0,0008

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

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 31 DECEMBER 2006

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

III. OFF-BALANCE SHEET COMMITMENTS			(30/06/2007)			(31/12/2006)		
		Note (Section five)	YTL	FC	Total	YTL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		20.628.089	14.235.314	34.863.403	17.697.746	13.475.298	31.173.044
I.	GUARANTEES AND WARRANTIES	IV-a-2,3	6.524.440	8.429.527	14.953.967	6.292.731	9.209.176	15.501.907
I.1.	Letters of Guarantee		5.654.411	5.346.127	11.000.538	5.566.960	5.646.062	11.213.022
I.1.1.	Guarantees Subject to State Tender Law		449.114	560.973	1.010.087	431.794	650.341	1.082.135
I.1.2.	Guarantees Given for Foreign Trade Operations		827.647	4.678.189	5.505.836	1.032.092	4.902.924	5.935.016
I.1.3.	Other Letters of Guarantee		4.377.650	106.965	4.484.615	4.103.074	92.797	4.195.871
I.2.	Bank Acceptances		-	214.521	214.521	-	216.649	216.649
I.2.1.	Import Letter of Acceptance		-	214.521	214.521	-	216.649	216.649
I.2.2.	Other Bank Acceptances		-	-	-	-	-	-
I.3.	Letters of Credit		1.117	2.310.558	2.311.675	325	2.589.144	2.589.469
I.3.1.	Documentary Letters of Credit		1.117	2.187.458	2.188.575	325	2.544.433	2.544.758
I.3.2.	Other Letters of Credit		-	123.100	123.100	-	44.711	44.711
I.4.	Prefinancing Given as Guarantee		143	1.753	1.896	143	1.884	2.027
I.5.	Endorsements		-	-	-	-	-	-
I.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
I.5.2.	Other Endorsements		-	-	-	-	-	-
I.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
I.7.	Factoring Guarantees		-	-	-	-	-	-
I.8.	Other Guarantees		6.180	495.201	501.381	4.770	583.506	588.276
I.9.	Other Collaterals		862.589	61.367	923.956	720.533	171.931	892.464
II.	COMMITMENTS	IV-a-1	11.075.574	253.919	11.329.493	9.514.236	586.371	10.100.607
2.1.	Irrevocable Commitments		11.075.574	253.919	11.329.493	9.514.236	586.371	10.100.607
2.1.1.	Asset Purchase Commitments		-	206.213	206.213	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	15.883	15.883	-	569.144	569.144
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		-	30.793	30.793	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		1.364.958	-	1.364.958	1.310.760	-	1.310.760
2.1.8.	Tax and Fund Liabilities from Export Commitments		41.541	-	41.541	39.365	-	39.365
2.1.9.	Commitments for Credit Card Limits		9.668.950	-	9.668.950	8.163.986	-	8.163.986
2.1.10.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		125	1.030	1.155	125	17.227	17.352
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		3.028.075	5.551.868	8.579.943	1.890.779	3.679.751	5.570.530
3.1.	Hedging Derivative Financial Instruments		154.433	143.364	297.797	-	-	-
3.1.1.	Transactions for Fair Value Hedge		154.433	143.364	297.797	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Transactions		2.873.642	5.408.504	8.282.146	1.890.779	3.679.751	5.570.530
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		1.126.570	1.698.447	2.825.017	551.647	1.524.875	2.076.522
3.2.1.1.	Forward Foreign Currency Transactions-Buy		581.881	958.319	1.540.200	379.139	674.128	1.053.267
3.2.1.2.	Forward Foreign Currency Transactions-Sell		544.689	740.128	1.284.817	172.508	850.747	1.023.255
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		971.651	2.925.930	3.897.581	579.009	1.548.452	2.127.461
3.2.2.1.	Foreign Currency Swap-Buy		8.000	1.128.271	1.136.271	112.788	504.311	617.099
3.2.2.2.	Foreign Currency Swap-Sell		239.829	926.172	1.166.001	159.236	450.111	609.347
3.2.2.3.	Interest Rate Swap-Buy		33.375	746.038	779.413	-	450.968	450.968
3.2.2.4.	Interest Rate Swap-Sell		690.447	125.449	815.896	306.985	143.062	450.047
3.2.3.	Foreign Currency, Interest rate and Securities Options		774.396	784.127	1.558.523	546.180	606.424	1.152.604
3.2.3.1.	Foreign Currency Options-Buy		383.987	392.109	776.096	273.090	303.212	576.302
3.2.3.2.	Foreign Currency Options-Sell		384.023	392.018	776.041	273.090	303.212	576.302
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5.	Securities Options-Buy		5.426	-	5.426	-	-	-
3.2.3.6.	Securities Options-Sell		960	-	960	-	-	-
3.2.4.	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5.	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		1.025	-	1.025	213.943	-	213.943
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		66.688.375	3.269.767	69.958.142	68.025.125	2.527.949	70.553.074
IV.	ITEMS HELD IN CUSTODY		51.451.330	1.437.724	52.889.054	54.784.978	1.500.439	56.285.417
4.1.	Customer Fund and Portfolio Balances		2.070.609	2.113	2.072.722	6.858.696	2.267	6.860.963
4.2.	Investment Securities Held in Custody		41.436.351	1.112.741	42.549.092	39.859.872	1.154.620	41.014.492
4.3.	Checks Received for Collection		4.760.045	52.591	4.812.636	4.669.933	49.098	4.719.031
4.4.	Commercial Notes Received for Collection		3.183.063	216.187	3.399.250	3.395.301	235.461	3.630.762
4.5.	Other Assets Received for Collection		-	54.092	54.092	-	58.993	58.993
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		97	-	97	11	-	11
4.8.	Custodians		1.165	-	1.165	1.165	-	1.165
V.	PLEDGES RECEIVED		14.967.153	1.797.585	16.764.738	13.240.147	1.027.510	14.267.657
5.1.	Marketable Securities		361.900	489	362.389	362.711	580	363.291
5.2.	Guarantee Notes		1.085.472	1.214.726	2.300.198	291.104	363.967	655.071
5.3.	Commodity		20.698	-	20.698	20.617	-	20.617
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		10.620.236	456.973	11.077.209	9.682.256	499.324	10.181.580
5.6.	Other Pledged Items		2.878.598	9.643	2.888.241	2.883.210	39.853	2.923.063
5.7.	Pledged Items-Depository		249	115.754	116.003	249	123.786	124.035
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		269.892	34.458	304.350	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			87.316.464	17.505.081	104.821.545	85.722.871	16.003.247	101.726.118

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

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

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT AT 30 JUNE 2007

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

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Value Increase	Marketable Securities Value Increase Fund	Total Equity Except Minority Interest	Minority Interest	Total Shareholders' Equity
30 June 2007																	
I. Prior Period End Balance		3.142.818	-	45.781	-	17.159	-	326.025	-	528.353	(696.955)	-	-	22.540	3.385.721	548.610	3.934.331
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger	VI.i.	-	-	-	-	-	-	-	-	-	33.925	-	-	-	33.925	(33.925)	-
III. Available-for-sale Investments, Subsidiaries and Associates		-	-	-	-	-	-	-	-	-	-	-	-	(12.502)	(12.502)	(481)	(12.983)
IV. Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Available-for-sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Net Current Period Income/Loss		-	-	-	-	-	-	-	7.308	445.639	521.045	-	-	-	445.639	72.054	517.693
VIII. Profit Distribution		-	-	-	-	-	-	-	7.308	(528.353)	521.045	-	-	-	-	(56.462)	(56.462)
8.1 Dividends Paid		-	-	-	-	-	-	-	7.308	(528.353)	521.045	-	-	-	-	(56.462)	(56.462)
8.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital Increase		6.632	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-
9.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2 Value increase due to revaluation of property and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3 Investments in associates, subsidiaries and joint ventures bonus shares obtained		6.632	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-
9.4 Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5 Adjustment to share capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6 Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7 Foreign Currency Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Primary subordinated borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Secondary subordinated borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Purchases from minorities		-	-	-	-	-	-	-	-	-	299	-	-	-	299	(299)	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+ XII+XIII+XIV+XV+XVI)		3.149.450	-	45.781	-	17.159	-	326.025	7.308	445.639	(148.318)	-	-	10.038	3.853.082	529.497	4.382.579

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

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V. STATEMENT OF CASH FLOWS		
	Notes (Section Five)	(30/06/2007)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities		1.544.136
1.1.1 Interest received		3.219.725
1.1.2 Interest paid		(1.991.493)
1.1.3 Dividend received		3.300
1.1.4 Fees and commissions received		1.009.214
1.1.5 Other income		201.363
1.1.6 Collections from previously written-off loans and other receivables		223.323
1.1.7 Payments to personnel and service suppliers		(456.976)
1.1.8 Taxes paid		(87.528)
1.1.9 Extraordinary items		-
1.1.10 Other		(576.792)
1.2 Changes in operating assets and liabilities		(2.977.920)
1.2.1 Net decrease in trading securities		184.105
1.2.2 Net decrease in fair value through profit/loss financial assets		-
1.2.3 Net decrease in due from banks and other financial institutions		377.063
1.2.4 Net (increase) in loans		(1.691.387)
1.2.5 Net (increase) in other assets		(239.654)
1.2.6 Net (decrease) in bank deposits		(2.585.882)
1.2.7 Net increase in other deposits		664.931
1.2.8 Net increase in funds borrowed		396.343
1.2.9 Net (decrease) in payables		-
1.2.10 Net (decrease) in other liabilities		(83.439)
I. Net cash provided from banking operations		(1.433.784)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		1.711.915
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-
2.3 Purchases of property and equipment		(52.590)
2.4 Disposals of property and equipments		10.358
2.5 Cash paid for purchase of investments available-for-sale		(85.329)
2.6 Cash obtained from sale of investments available-for-sale		(39.123)
2.7 Cash paid for purchase of investment securities		(2.657.799)
2.8 Cash obtained from sale of investment securities		4.505.601
2.9 Other		30.797
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		(37.572)
3.1 Cash obtained from funds borrowed and securities issued		18.742
3.2 Cash used for repayment of funds borrowed and securities issued		-
3.3 Issued capital instruments		-
3.4 Dividends paid		(56.462)
3.5 Payments for finance leases		148
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-
V. Net (decrease) in cash and cash equivalents (I+II+III+IV)		240.559
VI. Cash and cash equivalents at beginning of the year	V-a	3.284.226
VII. Cash and cash equivalents at end of the year	V-a	3.524.785

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

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**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS ON BASIS OF PRESENTATION:

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No:26333 dated 1 November 2006 by the Banking Regulatory and Supervisory Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes, explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced consolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiques 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. The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No: 5411 ("Banking Act"), which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

In accordance with temporary article 1 of "Regulation for Banks Consolidated Financial Statements" published in the Official Gazette No. 26340 dated 8 November 2006 by the BRSA, since the Parent Bank is the subsidiary of a domestic financial holding company ("KFS"), the Group is not obligated to prepare comparative consolidated financial statements until 31 December 2007 and therefore only balance sheet and off-balance sheet commitments accounts of the consolidated financial statements are presented comparatively as of 30 June 2007.

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

Financial statements have been subjected to the inflation adjustment according to "Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004. As of 28 April 2005, BRSA announced that the inflation accounting application in the banking sector had been terminated based on the decree No:1623 dated 21 April 2005. Therefore; the application of inflation accounting has been terminated in the preparation of the financial statements as of 1 January 2005.

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

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with the TAS. The Group prepared its financial statements inline with TAS for the first time in 31 December 2006, in accordance with the Communique. Those accounting policies and valuation principles are explained in Notes II. to XXXI. below.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 consolidated financial statements. Accordingly, the consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date and are recognised in the income statement under the account of “Foreign exchange gains or losses”.

III. INFORMATION ON CONSOLIDATION PRINCIPALS:

a. Consolidation principals applied:

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

1. Consolidation principles of subsidiaries:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

<u>Title</u>	<u>Incorporation (City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rates (%) 2007</u>	<u>Direct and Indirect Rates (%) 2007</u>
Yapı Kredi Sigorta A.Ş.	Istanbul/ Turkey	Insurance	84,98	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/ Turkey	Insurance	84,96	100,00
Yapı Kredi Leasing (*)	Istanbul/ Turkey	Leasing	25,74	25,74
Yapı Kredi Faktoring (*)	Istanbul/ Turkey	Factoring	40,48	40,48
Yapı Kredi Menkul	Istanbul/ Turkey	Portfolio Management	64,70	64,70
Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	Portfolio Management	40,19	56,07
Yapı Kredi Portföy	Istanbul/ Turkey	Portfolio Management	69,15	99,97
Yapı Kredi Bank Deutschland A.G. (**)	Frankfurt/Germany	Banking	97,50	97,50
Yapı Kredi Bank Holding B.V.	Amsterdam/ Nederland	Financial Consultancy	100,00	100,00
Yapı Kredi Bank Nederland N.V.	Amsterdam/ Nederland	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/ Russia	Banking	99,89	100,00
Yapı Kredi Diversified Payment Rights Company (***)	George Town/ Cayman Islands	Special Purpose Company	-	

(*) Although the shareholding rate is less than 50%, the Group has power to control the financial and operating policies of these companies for the benefit of the Group.

(**) It is under liquidation process.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

2. Consolidation principles of associates:

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

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

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

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

<u>Title</u>	<u>Incorporation (City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rates (%) 30 June 2007</u>	<u>Direct and Indirect Rates (%) 30 June 2007</u>
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

3. Consolidation principles of joint ventures: None.

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

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

5. Transactions with minority shareholders:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged. As of 30 June 2007, the Group has derivative instruments qualified for hedging purposes.

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

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

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

"Financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE :

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

The Group ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no any income accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE :

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

VII. EXPLANATIONS ON FINANCIAL ASSETS :

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

The Group provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 26333 dated 1 November 2006. In this context, the revised credit risk, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic conjunction on the basis of the prudence principle are taken into consideration by the Group in determining the estimates. General loan loss provision provided by this methodology is greater 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 Value Increase Fund”, until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

Securities subject to repurchase agreements (“Repo”) are classified as “Fair value difference through profit or loss”, “Available-for-sale” and “Held-to-maturity” according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the “effective interest method”. Interest expense on repo transactions are recorded under “Interest expense on Money Market transactions” in the income statement.

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

The Group has no securities lending transactions.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. INFORMATION ON ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS:

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and 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 2001, No.26333.

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 (i.e. carry forward tax losses), intangible assets (i.e. trademarks) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination; if can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

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

b. Other Intangible Assets:

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

Intangibles are amortised over their useful lives (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 tangible expenditures	5 years

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

Buildings	2%
Movables, Movables Acquired by Financial Leasing	20%
Special Costs (*)	Amortised over the lease period.

(*) Special costs include the expenditures for the leased immovables and amortised over the lease period if the lease period is less than the useful life and over useful life (5 years) if the lease period is greater than useful life.

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, the quality of the product or to decrease the costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

a. Accounting of leasing operations according to lessee:

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

b. Accounting of leasing operations according to lessor:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON FACTORING RECEIVABLES AND PAYABLES :

Factoring receivables are recognised at original factored receivable amount, which represents the fair value of consideration given, and subsequently remeasured at amortised cost less reserve for factoring receivable losses. Factoring payables are recognised at original factored amount less advances extended against factoring receivables, interest and factoring commissions charged, and then carried at amortised cost.

XVI. EXPLANATIONS ON INSURANCE TECHNICAL INCOME AND EXPENSES :

Premium Income

Premium income arises after the deduction of cancellations and transferred share to reinsurers from the installment amount of policies arranged within the previous years and accumulated life policies issued in the current year. In non-life branches, accrual of premium income is realized when the policy is issued.

In life branch, accrual of premium income is realized in installments' maturities. The Company cancels life premiums which accrues in installment maturities but not paid in a certain time and deducts it from the premium income and receivables of the insured.

Paid Claims

Claims are expensed as they are paid. Outstanding claim reserves are set for the reported but not paid claims in the period end or incurred but not reported claims. Paid claims are reflected after the deduction of related reinsurer shares.

Commission Expense/Income

Commission expense related with the sale of issued insurance policies and commission income taken from reinsurers is reflected to operations in the period when the policy was issued. In life branch, commission expense occurs as premiums are collected.

Deferred Policy Expense

Deferred policy expenses consist of the policy acquisition and net commission expenses proportional to its unearned premium reserves which fall to the following period for all insurance policies excluding life insurances which are more than 1 year long.

XVII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES :

Unearned Premium Reserves

Insurance companies have to set unearned premium reserves for its liabilities excluding life insurances covering more than one year. Unearned premium reserves consist of the following year's portion of the premiums accrued, on a daily basis, for the policies in force. As for the marine branch policies, 50% of premiums written for the last three months are set as unearned premium reserves. Life branch unearned premium reserves are identified according to actuary calculations on policy and day basis.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Outstanding Claim Reserves

Outstanding claim reserves are set for all obligations of claim files that are incurred as of year end but not paid yet. Outstanding claim reserves are identified consistent to expert reports or first evaluations of the insured and expert. Outstanding claim reserves are reflected after the deduction of related reinsurer shares.

As of 2004 year end outstanding claim reserves for the incurred but not reported claim and insurance amounts were started to be set. Outstanding claim reserves for the incurred but not reported claim and insurance amounts are calculated by multiplying weighted average rates found by various statistical models with net conservation premiums. Besides outstanding claim reserves for the incurred but not reported claim and insurance amounts, outstanding claim reserves adequacy ratios are calculated per branch basis by using statistical models and if the ratio is not adequate, in current period the adequacy difference of outstanding claim reserves is added.

Life Mathematical Reserves and Life Profit Share Reserves

Life mathematical reserves are set for the compensations that the life branch subsidiaries are committed to pay in the future. In accordance with the Insurance Inspection Law, the subsidiaries operating as life branches set life mathematical reserves by deducting the collection expenses and mortality risk premiums and commissions from the premiums collected based on the life insurance contracts made by the life branches of correspondent subsidiaries. For the revenue generated from the utilization of these reserves in investment activities life profit share reserve is set. These reserves are calculated based on the actuarial mortality tables approved by the Turkish Treasury.

XVIII. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS :

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

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

Provision for the Parent Bank’s Pension Fund Deficit:

The Parent Bank’s personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı (“Fund”) which was established in accordance with the 20th temporary article of the Social Security Law No. 506.

According to the temporary article 23 of the Banking Law No.5411, Funds like “Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı” will be transferred to the Social Security Institution (“SSI”) within three years beginning from the published date of this article without the need of any transactions. On 2 November 2005, the President of the Turkish Republic applied to the Constitutional Court of Turkey for the temporary 23th article and Constitutional Court reached a verdict dated 22 March 2007 No: E. 2005/39, K. 2007/33 issued in the Official Gazette dated 31 March 2007 No:26479, with regards to the cancellation of the first paragraph of the related article and it has been abrogated as of the publication date of the decision.

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An actuarial report has been prepared by a registered actuary for the Fund in accordance with the written decree published by the Council of Ministers in the Official Gazette dated 15 December 2006 No. 26377 for the purpose of determining the principles and procedures to be applied during the transfer. The Parent Bank will provide a full provision regarding deficit reported in the actuarial report until 31 December 2007 and the calculated provision is accounted under the "Other provisions" account as of the balance sheet date.

Moreover, in accordance with the article 58 and temporary article 7 of the Banking Law, banks cannot transfer any resources to these foundations to cover their deficits as of 1 January 2008.

BRSA expressed its opinion regarding the announcement of temporary article 23, paragraph 1 of the Banking Law that the cancellation of the transfer of the Fund to the SSI will not have any impact on the measurement principles of the existing liability of the Parent Bank that is calculated based on the above mentioned methodology in the subsequent periods.

XIX. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

XX. EXPLANATIONS ON TAXATION :

a. Current Tax:

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

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

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 10th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least 2 years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder’s equity for 5 years.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which 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 Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”) and the related decrees of the BRSA concerning about the income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

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

XXI. 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.

XXII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted as expense in the income statement.

No dividend payments were announced after the balance sheet date of the Parent Bank.

XXIII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2007 and 31 December 2006, the Group has no government grants.

XXV. LEGAL MERGER:

Assets and liabilities, subject to business combinations in the accounting of business combinations which occur under common control are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year when the business combinations occurred. Previous period financial statements are adjusted in the same way in order to be comparable. As a result of those transactions, any goodwill or negative goodwill is not calculated.

XXVI. 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 Turkish Commercial Code (“TCC”). TCC foresees that first legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued but holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and can not be used for other purposes unless they exceed 50% of paid-in capital.

XXVII. EARNINGS PER SHARE:

Earning per share disclosed in the income statement is calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned.

	30 June 2007
Group’s Profit	445.639
Weighted Average Number of Issued Ordinary Shares(Thousand)	314.945.000
Earning Per Share (Disclosed in full YTL)	0,0014

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

XXVIII. 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 details in Note VII. of Section Five.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIX. CASH AND CASH EQUIVALENTS :

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

XXX. OPERATING SEGMENTS:

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

XXXI. EXPLANATIONS ON COMPARATIVE FINANCIAL STATEMENTS:

In accordance with temporary article 1 of “Regulation for Banks Consolidated Financial Statements”, since the Parent Bank is the subsidiary of a domestic financial holding company (“KFS”), the Group is not obligated to prepare comparative consolidated financial statements until 31 December 2007 and therefore only balance sheet and off-balance sheet commitments accounts of the consolidated financial statements are presented comparatively as of 30 June 2007.

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

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Group is %12,61 (31 December 2006: 13,30%).
- b. The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders Equity” (together referred as “Regulation Regarding Capital Adequacy”) published as of 1 November 2006. The following tables show the details of “Risk weighted assets” and the calculation of “Shareholders’ Equity” for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio :

	Risk Weights							
	The Parent Bank				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Amount subject to credit risk								
Balance sheet items (Net)	18.963.428	2.470.727	3.692.835	21.078.716	20.076.989	3.146.143	3.974.445	23.255.018
Cash	348.565	2.875	-	-	360.585	6.705	-	4.835
Matured marketable securities	-	-	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	534.909	-	-	-	534.909	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	2.320.655	-	11.412	-	2.602.848	-	12.118
Interbank Money Market Placements	-	-	-	-	5.463	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	26.195	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	2.751.643	-	-	-	2.751.643	-	-	-
Loans	1.528.537	9.354	3.649.267	18.229.525	1.528.537	195.774	3.694.370	18.874.057
Non-Performing Receivables (Net)	-	-	-	337.514	-	-	-	350.947
Lease receivables	-	-	-	-	35.128	8.833	234.151	1.704.875
Available-for-Sale financial assets	211.485	-	-	26.144	719.855	-	-	126.504
Held-to-Maturity investments	12.692.436	-	-	-	13.172.681	-	-	-
Receivables from the disposal of assets	-	-	-	18.039	-	-	-	18.039
Miscellaneous receivables	-	119.146	-	136.701	644	311.525	-	267.349
Interest and income accruals	650.523	3.014	43.568	217.641	677.445	4.775	45.924	241.435
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	748.280	-	-	-	63.154
Fixed assets	-	-	-	1.271.538	-	-	-	1.347.088
Other assets	245.330	15.683	-	81.922	263.904	15.683	-	244.617
Off-balance sheet items	253.618	3.962.989	2.279.861	8.141.388	253.618	3.969.614	2.405.188	8.204.143
Non-cash loans and commitments	253.618	3.923.643	2.279.861	8.130.318	253.618	3.923.643	2.405.188	8.189.552
Derivative financial instruments	-	39.346	-	11.070	-	45.971	-	14.591
Non-risk weighted accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	19.217.046	6.433.716	5.972.696	29.220.104	20.330.607	7.115.757	6.379.633	31.459.161

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d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Amount subject to credit risk ("ASCR")	33.493.195	32.474.602	36.072.129	34.741.253
Amount subject to market risk ("ASMR")	360.325	309.900	444.425	391.363
Amount subject to operational risk ("ASOR") (*)	4.665.604		6.046.863	
Shareholder's Equity	4.736.653	4.037.076	5.365.228	4.671.162
Shareholder's Equity/(ASCR+ASMR+ASOR)*100	12,30	12,31	12,61	13,30

(*) Amount subject to operational risk is effective from 1 June 2007 regarding the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006, and it has been calculated for the first time as of 30 June 2007.

Information about shareholders' equity items:

	30 June 2007	31 December 2006
CORE CAPITAL		
Paid-in capital	3.149.450	3.142.818
Nominal capital	3.149.450	3.142.818
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share Premium	45.781	45.781
Share cancellation profits	-	-
Legal reserves	17.159	17.159
First legal reserve (Turkish Commercial Code 466/1)	17.159	17.159
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	326.025	326.025
Reserves allocated by the General Assembly	326.025	326.025
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves, extraordinary reserves and minority interests	529.497	548.610
Profit	445.639	528.353
Current period profit (net)	445.639	528.353
Prior period profit	-	-
Provisions for possible risks (up to 25% of core capital)	79.537	108.514
Profit on disposal of associates, subsidiaries and immovables to be transferred to share	7.308	-
Primary Subordinated Loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	(148.318)	(696.955)
Current period loss (net)	-	-
Prior period loss	(148.318)	(696.955)
Special costs (-) (*)	27.103	30.974
Prepaid expenses (-) (*)	104.774	75.726
Intangible assets (-) (*)	1.147.231	1.156.146
Deferred tax asset amount exceeding 10% of core capital (-) (*)	-	-
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
Total Core Capital	4.452.078	4.020.305

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SUPPLEMENTARY CAPITAL		
General provisions	456.456	439.157
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	1.803.024	1.540.285
45 % of Marketable Securities valuation fund	4.517	10.143
From investments in associates and subsidiaries	-	-
Available-for-Sale financial assets	4.517	10.143
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	2.263.997	1.989.585
TIER III CAPITAL	-	-
CAPITAL	6.716.075	6.009.890
DEDUCTIONS FROM THE CAPITAL (*)	1.350.847	1.338.728
Investments in unconsolidated financial institutions and banks	30.798	33.702
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	769	828
The carrying amounts for investments, subsidiaries, other investments, financial subsidiaries which equity method is applied without consolidating asset and liability	40.172	41.352
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and to be Disposed Accordingly with Banking Law article 57 as They are Held for More Than Five Years From the Acquisition Date.	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	5.365.228	4.671.162

(*) According to the temporary article 1. of “Regulation Regarding Capital Adequacy”; “Special Costs”, “Prepaid Expenses”, “Intangible Assets” and “Amount of deferred tax exceeding 10% of core capital” which are presented under “Core Capital” will be considered as “Deductions from the Capital” until 1 January 2009.

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II. EXPLANATIONS ON MARKET RISK:

The Parent Bank, considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank’s market risk exposure is calculated on a daily and weekly basis with Value-at-Risk method on the basis of marketable securities portfolio including the Bank’s currency risk. Below table represents the details of market risk calculation as of 30 June 2007 in accordance with the Section 3 of the “ Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No. 26333 dated 1 November 2006, namely “Calculation of Market Risk with Standard Method”.

a. Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	23.670
(II) Capital to be Employed for Specific Risk –Standard Method	3.491
(III) Capital to be Employed for Currency Risk - Standard Method	8.393
(IV) Capital to be Employed for Commodity Risk	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	35.554
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	444.425

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III. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2006, 2005 and 2004 year-end gross income balances of the Bank, in accordance with the Section 4 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 the Amount Subject to Operational Risk". As of 30 June 2007, the total amount subject to operational risk is YTL6.046.863 thousand and the amount of the related capital requirement is YTL483.749 thousand.

IV. EXPLANATIONS ON CURRENCY RISK:

The difference between the Parent Bank's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities 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 changes of the exchange rates of different foreign currencies in "Net Foreign Currency Position" (Cross Currency Risk). The Parent Bank keeps the foreign currency value-at-risk within the legal limits and follows closely daily currency risk and reports it to the Asset and Liability Committee. When necessary, derivatives like forward foreign exchange contracts and currency swaps are used as part of the currency risk management.

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

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	YTL1,28180	YTL1,72530	YTL0,01039
1. Day bid rate	YTL1,29180	YTL1,73590	YTL0,01052
2. Day bid rate	YTL1,28670	YTL1,73090	YTL0,01043
3. Day bid rate	YTL1,27640	YTL1,71740	YTL0,01031
4. Day bid rate	YTL1,27010	YTL1,70540	YTL0,01021
5. Day bid rate	YTL1,27200	YTL1,70270	YTL0,01026

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

USD	: YTL 1,28244
Euro	: YTL 1,72012
Yen	: YTL 0,01044

As of 31 December 2006;

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	YTL1,37770	YTL1,81210	YTL0,01157

Information on currency risk of the Bank:

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

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	EURO	USD	Yen	Other FC (*)	Total
30 June 2007					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.851.396	216.654	210	18.531	2.086.791
Due From Banks and Other Financial Institutions	1.534.706	640.522	15.762	209.797	2.400.787
Financial Assets at Fair Value Through Profit or Loss	71.099	118.237	-	-	189.336
Interbank Money Market Placements	728	987	-	461	2.176
Available-for-Sale Financial Assets	64.578	261.891	-	42.168	368.637
Loans (**)	2.563.268	5.615.930	21.755	215.900	8.416.853
Investments in Associates, Subsidiaries and Joint Ventures	-	24.500	-	40.172	64.672
Held-to-Maturity Investments	769.056	6.389.494	-	-	7.158.550
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	226	-	-	9.398	9.624
Intangible Assets	-	-	-	-	-
Other Assets	1.433.838	617.411	1.725	175.450	2.228.424
Total Assets	8.288.895	13.885.626	39.452	711.877	22.925.850
Liabilities					
Bank Deposits	20.867	82.038	86	108.359	211.350
Foreign Currency Deposits	4.206.351	9.273.220	30.685	398.261	13.908.517
Funds From Interbank Money Market	35.942	191.613	-	-	227.555
Funds Borrowed From Other Financial Institutions	1.678.771	2.820.519	915	40.322	4.540.527
Marketable Securities Issued	720.168	955.422	-	-	1.675.590
Miscellaneous Payables	92.344	98.614	3.626	12.779	207.363
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.495.213	568.901	1.862	59.642	3.125.618
Total Liabilities	9.249.656	13.990.327	37.174	619.363	23.896.520
Net On Balance Sheet Position	(960.761)	(104.701)	2.278	92.514	(970.670)
Net Off Balance Sheet Position	1.071.467	103.154	(3.566)	13.279	1.184.334
Financial Derivative Assets	1.430.105	1.916.512	2.173	19.311	3.368.101
Financial Derivative Liabilities	358.638	1.813.358	5.739	6.032	2.183.767
Non-Cash Loans	2.718.458	5.229.390	296.226	185.453	8.429.527
31 December 2006					
Total Assets	8.936.528	15.477.911	27.330	684.606	25.126.375
Total Liabilities	8.974.469	15.471.065	19.233	698.010	25.162.777
Net On Balance Sheet Position	(37.941)	6.846	8.097	(13.404)	(36.402)
Net Off Balance Sheet Position	(2.237)	92.590	(7.192)	102.326	185.487
Financial Derivative Assets	561.109	1.164.826	3.259	203.425	1.932.619
Financial Derivative Liabilities	563.346	1.072.236	10.451	101.099	1.747.132
Non-Cash Loans	2.838.437	5.883.178	348.346	139.215	9.209.176

(*) Of the "Other FC" total assets amounting to YTL711.877 thousand (31 December 2006: YTL684.606 thousand); YTL219.974 thousand (31 December 2006: YTL243.728 thousand) is in Gold; YTL254.388 thousand (31 December 2006: YTL197.703 thousand) is in British Pounds; YTL71.773 thousand (31 December 2006: YTL70.443 thousand) is in Swiss Francs and YTL165.742 thousand (31 December 2006: YTL172.732 thousand) is in other currencies. Of the total liabilities amounting to YTL619.363 thousand (31 December 2006: YTL698.010 thousand); YTL223.800 thousand (31 December 2006: YTL254.771 thousand) is in Gold; YTL262.302 thousand (31 December 2006: YTL305.563 thousand) is in British Pounds, YTL53.043 thousand (31 December 2006: YTL63.652 thousand) is in Swiss Francs and YTL80.218 thousand (31 December 2006: YTL74.024 thousand) is in other currencies.

(**) Includes FC indexed loans amounting to YTL795.333 thousand (31 December 2006: YTL649.167 thousand) which has been disclosed as YTL in the financial statements.

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V. EXPLANATIONS ON INTEREST RATE RISK:

The monitoring of interest rate sensitive assets and liabilities 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 monthly presented to Asset and Liability Committee ("ALCO"). By using sensitivity and scenario analyses; the possible loss effects on the equity were analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are closely monitored.

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

30 June 2007	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year 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 Turkey	2.810.172	-	-	-	-	887.532	3.697.704
Due From Banks and Other Financial Institutions	1.873.067	120.577	1.667	7.877	478	624.415	2.628.081
Financial Assets at Fair Value Through Profit/Loss	26.097	41.494	51.178	33.573	174.539	55.658	382.539
Interbank Money Market Placements	29.481	-	-	-	-	2.177	31.658
Available-for-Sale Financial Assets	53.571	166.481	49.507	189.778	322.121	77.503	858.961
Loans	6.049.766	2.985.604	3.555.768	3.982.132	7.225.276	351.808	24.150.354
Held-to-Maturity Investments	1.128.577	4.235.360	1.400.299	560.682	6.437.397	-	13.762.315
Other Assets	62.387	1.226.135	367.623	346.689	1.095.122	3.810.333	6.908.289
Total Assets	12.033.118	8.775.651	5.426.042	5.120.731	15.254.933	5.809.426	52.419.901
Liabilities							
Bank Deposits	30.898	157.215	4.661	13.383	-	56.758	262.915
Other Deposits	21.807.109	3.600.522	582.922	616.767	115.275	5.139.893	31.862.488
Funds From Interbank Money Market	888.393	12.862	108.865	-	-	-	1.010.120
Miscellaneous Payables	2.130.874	8.987	2.892	2.274	-	234.606	2.379.633
Marketable Securities Issued	-	1.675.590	-	-	-	-	1.675.590
Funds Borrowed From Other Financial Institutions	26.524	2.138.148	2.085.548	667.688	108.003	41	5.025.952
Other Liabilities and Shareholders' Equity	16.711	1.097.189	1.090.111	97.790	486.551	7.414.851	10.203.203
Total Liabilities	24.900.509	8.690.513	3.874.999	1.397.902	709.829	12.846.149	52.419.901
Balance Sheet Long Position	-	85.138	1.551.043	3.722.829	14.545.104	-	19.904.114
Balance Sheet Short Position	(12.867.391)	-	-	-	-	(7.036.723)	(19.904.114)
Off-balance Sheet Long Position	5.715	35.314	159.666	-	3.266	-	203.961
Off-balance Sheet Short Position	-	-	-	(22.364)	-	-	(22.364)
Total Position	(12.861.676)	120.452	1.710.709	3.700.465	14.548.370	(7.036.723)	181.597

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31 December 2006	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year 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 Turkey	3.106.514	-	-	-	-	1.014.880	4.121.394
Due From Banks and Other Financial Institutions	1.758.236	79.525	37.805	26.781	21.889	392.368	2.316.604
Financial Assets at Fair Value Through Profit/Loss	18.806	86.995	148.699	36.418	272.510	51.100	614.528
Interbank Money Market Placements	28.355	-	-	-	-	27.421	55.776
Available-for-Sale Financial Assets	34.089	125.749	60.232	49.039	371.095	88.465	728.669
Loans	5.224.474	4.012.015	4.264.282	3.635.177	5.221.140	328.218	22.685.306
Held-to-Maturity Investments	3.419.703	3.669.897	2.402.885	795.132	6.119.549	-	16.407.166
Other Assets	122.700	1.291.492	236.398	312.293	888.169	3.741.148	6.592.200
Total Assets	13.712.877	9.265.673	7.150.301	4.854.840	12.894.352	5.643.600	53.521.643
Liabilities							
Bank Deposits	342.081	14.832	13.806	61.843	-	70.732	503.294
Other Deposits	21.384.461	3.729.445	393.488	506.523	84.739	5.079.130	31.177.786
Funds From Interbank Money Market	3.071.866	12.808	272.246	-	-	-	3.356.920
Miscellaneous Payables	1.941.700	227.745	86.707	316	-	280.044	2.536.512
Marketable Securities Issued	-	1.650.006	-	-	-	-	1.650.006
Funds Borrowed From Other Financial Institutions	592.923	901.206	675.083	1.288.301	1.430.249	-	4.887.762
Other Liabilities and Shareholders' Equity	19.663	355.924	42.132	9.222	1.559.367	7.423.055	9.409.363
Total Liabilities	27.352.694	6.891.966	1.483.462	1.866.205	3.074.355	12.852.961	53.521.643
Balance Sheet Long Position		2.373.707	5.666.839	2.988.635	9.819.997		20.849.178
Balance Sheet Short Position	(13.639.817)					(7.209.361)	(20.849.178)
Off-balance Sheet Long Position	333.765	25.097	13.646	-	86	-	372.594
Off-balance Sheet Short Position	(112.945)	(1.266)	(1.382)	(4.375)	-	-	(119.968)
Total Position	(13.418.997)	2.397.538	5.679.103	2.984.260	9.820.083	(7.209.361)	252.626

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b. Average interest rates for monetary financial instruments:

Below average interest rates are calculated by weighting the simple rates with their principals.

30 June 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	1,94	2,18	-	11,28
Due From Banks and Other Financial Institutions	4,18	5,44	0,72	19,86
Financial Assets at Fair Value Through Profit/Loss	6,42	8,71	-	18,74
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	6,20	-	18,88
Loans	5,85	7,03	2,81	22,09
Held-to-maturity Investments	5,73	7,53	-	19,89
Liabilities				
Bank Deposits	-	3,81	-	19,21
Other Deposits	2,64	4,74	0,30	20,03
Funds From Interbank Money Market	5,87	7,76	-	19,39
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,64	5,34	1,49	16,04
31 December 2006 (*)	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	1,71	2,26	-	11,07
Due From Banks and Other Financial Institutions	3,63	5,39	-	19,06
Financial Assets at Fair Value Through Profit/Loss	9,06	8,44	-	19,08
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	7,43	-	16,94
Loans	5,55	5,48	2,17	21,38
Held-to-maturity Investments	3,85	7,25	-	19,25
Liabilities				
Bank Deposits	1,00	5,66	-	20,70
Other Deposits	2,69	4,97	0,29	21,14
Funds From Interbank Money Market	4,02	6,97	-	20,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,19	5,35	1,28	15,62

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

VI. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset-Liability Management strategy 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. During the monthly meetings of the ALCO, the liquidity position of the Group is evaluated and it is ensured that the required actions are taken when considered necessary.

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The mismatching of the payments is limited by the capital regarding the scenario analyses. The limit is followed-up monthly and the results are reported to the ALCO. In the case of a limit override; necessary action is taken and risk is restricted with the capital.

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

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	1 year and over	Unclassified (*)	Total
30 June 2007								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	887.532	2.810.172	-	-	-	-	-	3.697.704
Due From Banks and Other Financial Institutions	624.415	1.873.067	120.577	1.667	7.877	478	-	2.628.081
Financial Assets at Fair Value Through Profit or Loss	37.565	24.979	14.268	36.332	35.426	215.876	18.093	382.539
Interbank Money Market Placements	2.177	29.481	-	-	-	-	-	31.658
Available-for-Sale Financial Assets	38.318	6.089	14.753	18.230	192.683	549.703	39.185	858.961
Loans	861	5.340.121	3.064.390	3.693.876	3.176.890	8.523.269	350.947	24.150.354
Held-to-maturity Investments	-	3.994	479.719	376.043	962.700	11.939.859	-	13.762.315
Other Assets (*)	177.372	455.234	1.172.353	406.856	415.906	1.439.552	2.841.016	6.908.289
Total Assets	1.768.240	10.543.137	4.866.060	4.533.004	4.791.482	22.668.737	3.249.241	52.419.901
Liabilities								
Bank Deposits	56.758	30.898	157.215	4.661	13.383	-	-	262.915
Other Deposits	5.139.893	21.807.109	3.600.522	582.922	616.767	115.275	-	31.862.488
Funds Borrowed From Other Financial Institutions	41	217.260	1.523.232	552.532	1.005.999	1.726.888	-	5.025.952
Funds From Interbank Money Market	-	888.393	12.862	108.865	-	-	-	1.010.120
Marketable Securities Issued	-	-	-	-	-	1.675.590	-	1.675.590
Miscellaneous Payables	46.541	2.156.051	40.242	9.162	16.939	3.494	107.204	2,379.633
Other Liabilities (**)	1.542.269	1.198.632	217.248	111.542	74.521	2,279.991	4,779.000	10,203.203
Total Liabilities	6.785.502	26.298.343	5.551.321	1,369.684	1,727.609	5,801.238	4,886.204	52,419.901
Net Liquidity Gap	(5,017.262)	(15,755.206)	(685.261)	3,163.320	3,063.873	16,867.499	(1,636.963)	-
31 December 2006								
Total Assets	1,789.417	12,697.628	6,144.752	5,713.047	3,907.220	20,022.013	3,247.566	53,521.643
Total Liabilities	7,495.195	28,177.659	5,037.240	1,173.674	2,105.584	5,133.685	4,398.606	53,521.643
Net Liquidity Gap	(5,705.778)	(15,480.031)	1,107.512	4,539.373	1,801.636	14,888.328	(1,151.040)	-

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON OPERATING SEGMENTS:

The Group manages its banking operations through 5 main commercial business units: retail banking, corporate banking, private banking and wealth management and credit cards and foreign operations..

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

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

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

Credit Cards segment under the umbrella brand of "World" include Worldcard, Worldgold, Worldplatinum, World Signia, Virtual Worldcard, Worlduniversity, Visa Business Card, Worldcard-Turkcell, Worldgold-Turkcell and Cagdaskart, each addressing the various needs of different types of consumers. It also provides POS merchant services for company clients.

Foreign operations include the Group's banking transactions in Holland, Germany, Switzerland and Russia.

Other operations mainly consist of Treasury transactions, operations of supporting business units, insurance operations and other unallocated transactions. Total assets managed by Treasury amount to YTL16.188.706 thousand and total liabilities amount to YTL7.907.747 thousand.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

	Retail Banking	Corporate Banking	Private Banking and Wealth Management	Credit Cards	Foreign Operations	Other	Consolidation Adjustments (*)	Total Operations of the Group
30 June 2007								
Segment revenue	466.198	439.835	122.645	455.554	20.374	664.336	(31.294)	2.137.648
Unallocated costs	-	-	-	-	-	(1.522.442)	8.920	(1.513.522)
Net Operating Profit	466.198	439.835	122.645	455.554	20.374	(858.106)	(22.374)	624.126
Dividend income	-	-	-	-	-	-	-	3.300
Profit/Loss from Shareholders that are applied Equity Method	-	-	-	-	-	-	-	2.453
Profit before tax	-	-	-	-	-	-	-	629.879
Tax Expense	-	-	-	-	-	-	-	(112.186)
Net Profit	-	-	-	-	-	-	-	517.693
Segment assets	5.049.875	14.913.865	508.402	5.894.972	815.570	22.643.211	(241.871)	49.584.024
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	134.124
Unallocated assets	-	-	-	-	-	2.701.753	-	2.701.753
Total Assets	5.049.875	14.913.865	508.402	5.894.972	815.570	25.344.964	(241.871)	52.419.901
Segment liabilities	13.138.688	12.893.976	7.744.273	1.558.589	570.363	11.193.829	(218.276)	46.881.442
Shareholders' Equity	-	-	-	-	-	-	-	4.382.579
Unallocated liabilities	-	-	-	-	-	1.155.880	-	1.155.880
Total liabilities	13.138.688	12.893.976	7.744.273	1.558.589	570.363	12.349.709	(218.276)	52.419.901

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

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

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

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

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Cash/Foreign currency	239.046	105.664	307.328	127.893
CBRT	1.371.867	1.960.532	1.549.860	2.095.114
Other	-	20.595	-	41.199
Total	1.610.913	2.086.791	1.857.188	2.264.206

2. Information on the account of the CBRT:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Demand Unrestricted Amount	411	534.498	283	570.264
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	1.371.456	1.426.034	1.549.577	1.524.850
Total	1.371.867	1.960.532	1.549.860	2.095.114

3. Information on reserve requirements:

In accordance with “Communiqué regarding the reserve requirements” numbered 2005/1, issued by the CBRT, the banks operating in Turkey are supposed to place reserves in CBRT with a rate of 6% for their YTL liabilities and 11% as USD and/or EUR for their foreign currency liabilities. CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 30 June 2007 the corresponding interest rates are 13,12% for YTL, 2,53% for USD and 1,97 % for EUR reserves.

As of 30 June 2007, the Group’s reserve deposits, including those at foreign banks, amount to YTL2.810.172 thousand (31 December 2006: YTL3.096.049 thousand).

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

- As of 30 June 2007, financial assets at fair value through profit or loss subject to repo transactions amount to YTL101.765 thousand (31 December 2006: YTL195.994 thousand) and given as collateral/blocked amounts to YTL72.663 thousand (31 December 2006: YTL15.302 thousand).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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2. Positive differences related to trading derivative financial assets:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	28.766	2.853	34.414	3.665
Swap Transactions	7.943	4.901	37.686	1.940
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	36.709	7.754	72.100	5.605

c. Information on banks and other financial institutions:

1. Information on banks and other financial institutions:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	227.294	2.400.787	75.946	2.240.567
Domestic	80.149	215.436	46.274	147.291
Foreign	147.145	2.184.645	29.672	2.093.276
Head Quarters and Branches Abroad	-	706	-	-
Other Financial Institutions	-	-	91	-
Total	227.294	2.400.787	76.037	2.240.567

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

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:
As of 30 June 2007, available-for-sale financial assets given as collateral/blocked amount to YTL458.243 thousand (31 December 2006: YTL455.533 thousand). There are no available for sale financial assets subject to repo transactions (31 December 2006: None).

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

	30 June 2007	31 December 2006
Debt Securities	732.738	620.086
Quoted to Stock Exchange (*)	732.738	618.515
Not Quoted	-	1.571
Share Certificates	81.009	74.542
Quoted to Stock Exchange	476	632
Not Quoted	80.533	73.910
Impairment Provision (-)	(42.081)	(42.747)
Other	87.295	76.788
Total	858.961	728.669

- (*) As of 30 June 2007, even though Eurobonds amounting to YTL247.878 thousand (31 December 2006: YTL312.236 thousand) are not quoted to stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

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

e. Explanations on loans:

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

	30 June 2007		31 December 2006	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	-	89	224
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	89	224
Indirect Loans Granted To Shareholders	334.841	551.147	418.362	719.753
Loans Granted To Employees	44.070	-	45.415	-
Total	378.911	551.147	463.866	719.977

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	22.028.381	980.261	773.716	17.049
Discount and Purchase Notes	219.055	-	920	-
Export Loans	2.038.056	427	60.413	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	271.229	-	-	-
Foreign Loans	121.008	680.948	-	-
Consumer Loans	2.791.566	-	174.653	-
Credit Cards	5.623.518	-	359.222	-
Precious Metal Loans	136.734	-	53	-
Other	10.827.215	298.886	178.455	17.049
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	22.028.381	980.261	773.716	17.049

The Bank's cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement ("FRA") amounted to USD738.710.506 (YTL946.879.127 thousand) (31 December 2006: USD752.945.836 (YTL1.037.333 thousand)) as of 30 June 2007, which is classified under "Standard Loans and Other Receivables that have been restructured or rescheduled". The annual interest rate for the remaining portion of the Çukurova Group risk per "FRA Modification Agreement" is identified as Libor+2,5% and the maturity of the last payment is 30 September 2015. According to the "Pledge Agreement" signed between the Bank, Çukurova Holding A.Ş. ("Çukurova Holding") and Çukurova Investments N.V. ("Çukurova Investments") on 28 September 2005, the Bank has a continuous pledge on 6,743% of Turkcell İletişim Hizmetleri A.Ş. ("Turkcell") shares of Çukurova Holding and Çukurova Investments in relation to the Çukurova Group loans repayment liability. The fair value of those Turkcell collaterals amounts to approximately YTL1.235.706 thousand as of 30 June 2007. As explained in Note VIII. of Section Five, Çukurova Holding made an early repayment at 13 July 2007, amounting to around USD480 million and the loan amount regarding the FRA decreased to USD257.858.006.

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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	112.967	2.627.980	2.740.947
Real estate loans	5.304	1.619.746	1.625.050
Automotive loans	12.480	437.312	449.792
Consumer loans	16.343	53.881	70.224
Other	78.840	517.041	595.881
Consumer Loans-FC Indexed	2.730	133.249	135.979
Real estate loans	771	106.665	107.436
Automotive loans	748	16.398	17.146
Consumer loans	10	38	48
Other	1.201	10.148	11.349
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	5.158.155	694.810	5.852.965
With installments	2.193.687	694.810	2.888.497
Without installments	2.964.468	-	2.964.468
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-YTL	3.889	14.094	17.983
Real estate loans	-	1.751	1.751
Automotive loans	77	645	722
Consumer loans	151	99	250
Other	3.661	11.599	15.260
Personnel Loans-FC Indexed	18	346	364
Real estate loans	-	291	291
Automotive loans	-	16	16
Consumer loans	-	-	-
Other	18	39	57
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	23.717	2.171	25.888
With installments	12.074	2.171	14.245
Without installments	11.643	-	11.643
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-YTL (Real Person)	70.946		70.946
Credit Deposit Account-FC (Real Person)	-	-	-
Total	5.372.422	3.472.650	8.845.072

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-YTL	199.585	1.490.981	1.690.566
Business Loans	1.919	177.871	179.790
Automotive Loans	49.705	887.865	937.570
Consumer Loans	-	-	-
Other	147.961	425.245	573.206
Commercial Installments Loans-FC Indexed	20.525	138.586	159.111
Business Loans	42	11.289	11.331
Automotive Loans	2.075	59.281	61.356
Consumer Loans	-	-	-
Other	18.408	68.016	86.424
Commercial Installments Loans-FC	-	-	-
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-YTL	103.559	328	103.887
With installment	16.750	328	17.078
Without installment	86.809	-	86.809
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-YTL (Legal Person)	80.731	-	80.731
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	404.400	1.629.895	2.034.295

5. Distribution of domestic and foreign loans:

	30 June 2007	31 December 2006
Domestic loans	22.997.450	21.434.168
Foreign loans	801.957	923.270
Total	23.799.407	22.357.438

6. Loans granted to investments in associates and subsidiaries:

	30 June 2007	31 December 2006
Direct loans granted to investments in associates and subsidiaries	-	-
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	-	-

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7. Specific provisions provided against loans:

	30 June 2007	31 December 2006
Loans and other receivables with limited collectibility	26.638	25.098
Loans and other receivables with doubtful collectibility	129.426	110.156
Uncollectible loans and other receivables	1.275.663	1.313.583
Total	1.431.727	1.448.837

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

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
30 June 2007			
(Gross amounts before specific reserves)	176	21.725	171.129
Restructured loans and other receivables	176	21.725	171.129
Rescheduled loans and other receivables	-	-	-
31 December 2006			
(Gross amounts before specific reserves)	455	1.110	221.192
Restructured loans and other receivables	455	1.110	221.192
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
31 December 2006	138.198	173.767	1.464.740
Additions (+)	295.500	19.945	26.320
Transfers from other categories of non-performing loans (+)	-	258.889	182.843
Transfers to other categories of non-performing loans (-)	(258.889)	(182.843)	-
Collections (-)	(36.547)	(36.553)	(150.222)
Foreign exchange valuation differences	-	(1.622)	(1.964)
Write-offs (-)	-	(963)	(107.925)
30 June 2007	138.262	230.620	1.413.792
Special Provision (-)	(26.638)	(129.426)	(1.275.663)
Net Balance on balance sheet	111.624	101.194	138.129

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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 collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
30 June 2007			
Period end balance	-	-	48.007
Specific provision (-)	-	-	(34.607)
Net balance on-balance sheet	-	-	13.400
31 December 2006			
Period end balance	-	33.866	18.027
Specific provision (-)	-	(22.492)	(13.419)
Net balance on-balance sheet	-	11.374	4.608

f. Information on held-to-maturity investments:

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

	30 June 2007	31 December 2006
Government Bond	13.762.315	13.215.501
Treasury Bill	-	17.320
Other debt securities(*)	-	3.174.345
Total	13.762.315	16.407.166

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

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

	30 June 2007	31 December 2006
Debt Securities	13.774.561	16.410.654
Quoted to Stock Exchange (*)	13.608.143	16.264.798
Not Quoted	166.418	145.856
Impairment Provision (-)	(12.246)	(3.488)
Total	13.762.315	16.407.166

(*) Even though Eurobonds are not quoted to stock exchanges, they are classified as such as they are traded in secondary markets.

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

	30 June 2007	31 December 2006
Beginning balance	16.407.166	8.290.032
FC differences on monetary assets	(450.541)	(478.283)
Purchases during year	2.760.861	10.388.933
Disposals through sales and redemptions	(4.944.849)	(1.791.592)
Impairment provision	(10.322)	(1.924)
Period end balance	13.762.315	16.407.166

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

As of 30 June 2007, held-to-maturity investments given as collateral amount to YTL1.471.798 thousand (31 December 2006: YTL1.317.671 thousand). Held-to-maturity investments subject to repo transactions amount to YTL1.004.520 thousand (31 December 2006: YTL3.497.368 thousand).

g. Information on investments in associates (Net):

1. Information on unconsolidated investments in associates:

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	18.031	14.614	1.950	1.351	-	2.345	2.114	-

2. Consolidated investments in associates:

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

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

(*) Financial statement information in Note 2(ii). below are disclosed in thousands CHF.

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	2.391.639	125.797	4.139	43.854	2.904	11.493	9.439	-

Financial statement information in the table above has been obtained from the financial statements as at 30 June 2007.

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

	30 June 2007	31 December 2006
Balance at the beginning of the period	41.352	36.352
Movements during the period	(1.180)	5.000
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	2.453	2.048
Sales	-	-
Foreign exchange valuation differences	(3.633)	2.952
Impairment provision	-	-
Balance at the end of the period	40.172	41.352
Capital Commitments	-	-
Share percentage at the end of the period (%)	30,67	30,67

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

	30 June 2007	31 December 2006
Banks	40.172	41.352
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	-	-
Total Investments	40.172	41.352

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

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h. Information on subsidiaries (Net):

1. Unconsolidated subsidiaries:

1(i). Information on unconsolidated subsidiaries:

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

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

(*) Extraordinary General Assembly related with taking over Bayındırlık İşleri A.Ş. and Akdeniz Marmara Turizm ve Ticaret A.Ş. by Enternasyonal Turizm Yatırım A.Ş. has been made on 5 February 2007 and the merger is registered on 8 February 2007.

(**) Financial figures presented in note 1(ii) have been obtained from the financial statements at 31 March 2007.

(***) Financial figures presented in note 1(ii) are in thousands of USD.

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

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit /Loss	Fair value (*)
1	7.126	6.085	137	62	-	46	266	-
2	48.047	17.075	25.421	1.558	866	(19.157)	3.004	-
3	306.396	101.312	4.344	265	228	2.397	(107)	162.000
4	18.154	18.154	-	-	-	65	-	-

(*) Fair value represents the market value of the Company's total shares based on ISE prices as of 30 June 2007.

Financial statement information in the table above has been obtained from the financial statements as at 30 June 2007.

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2. Information on consolidated subsidiaries:

2(i). Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's share percentage if different voting percentage(%)	Bank's risk group share percentage (%)
1	Yapı Kredi Holding B.V. (*)	Amsterdam/Holland	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	64,70	100,00
3	Yapı Kredi Faktoring	Istanbul/Turkey	40,48	100,00
4	Yapı Kredi Moscow (**)	Moscow/Russia	99,84	100,00
5	Yapı Kredi Bank Deutschland AG (*)	Frankfurt/Germany	62,92	97,50
6	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
7	Yapı Kredi Leasing	Istanbul/Turkey	25,74	99,58
8	Yapı Kredi Yatırım Ortaklığı A.Ş.(***)	Istanbul/Turkey	11,09	56,00
9	Yapı Kredi Emeklilik	Istanbul/Turkey	-	100,00
10	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
11	Yapı Kredi Nederland (*)	Amsterdam/Holland	-	100,00

Yapı Kredi Diversified Payment Rights Company which is a special purpose entity established for securitisation transactions of Yapı Kredi and is included in the consolidation although Yapı Kredi or any of its affiliates does not have any shareholding interest in this company.

(*) Financial figures presented in note 2(ii) are in thousands of EURO.

(**) Financial figures presented in note 2(ii) are in thousands of USD.

(***) Financial figures presented in note 2(ii) have been obtained from the financial statements at 31 March 2007.

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

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit /Loss	Fair value (*)
1	49.786	49.755	-	11	-	1.298	3.307	-
2	295.457	214.221	16.733	14.544	1.723	38.457	12.843	-
3	1.035.936	97.690	496	50.488	-	10.262	1.141	-
4	188.342	54.655	7.332	6.730	1.372	3.205	2.245	-
5	58.177	45.452	131	1.305	403	(479)	(9.188)	-
6	591.855	218.319	31.676	14.115	10.057	14.120	2.186	803.200
7	2.167.911	483.393	871	118.314	-	62.321	55.031	1.407.639
8	52.863	52.507	16	517	514	4.211	2.065	28.283
9	1.232.616	92.174	18.987	7.101	5.952	36.174	(6.228)	-
10	47.828	38.924	470	3.917	1.618	20.567	949	-
11	272.124	53.614	-	8.867	6.561	1.245	1.973	-

(*) Fair value represent the market value of the Company's total shares based on ISE prices as of 30 June 2007.

Financial statement information in the table above has been obtained from the financial statements as at 30 June 2007.

2(iii). Movement schedules of consolidated subsidiaries:

	30 June 2007	31 December 2006
Balance at the beginning of the period	658.142	634.121
Movements during the period	26.985	24.021
Purchases (*)	26.985	39.973
Bonus shares obtained	-	696
Dividends from current year income	-	-
Sales	-	-
Foreign exchange valuation differences	-	-
Impairment provision	-	(16.648)
Balance at the end of the period	685.127	658.142
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) 2007 purchases arise from the purchase of the 18.345.746 shares of Yapı Kredi Portföy Yönetimi corresponding to a nominal value of YTL183 thousand with a value of USD19.521.380 and the 289.468,32 shares of Yapı Kredi Finansal Kiralama corresponding to a nominal value of YTL289,468.32 with a total amount of YTL1.088.562.64, that were in the Yapı Kredi Emeklilik's portfolio by the Bank at 1 May 2007. 2006 purchases arise from the Bank's purchase of 6,77% of Yapı Kredi Sigorta A.Ş shares and 5,40% of Yapı Kredi Finansal Kiralama A.O. shares under Anatolia Investment Fund in 2006, as a result of the liquidation of foreign funds that are directly controlled by the Bank.

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

	30 June 2007	31 December 2006
Banks	107.679	85.033
Insurance Companies	148.016	148.016
Factoring Companies	38.782	38.782
Leasing Companies	115.411	114.321
Finance Companies	-	-
Other Financial Subsidiaries	275.239	271.991
Total Financial Subsidiaries	685.127	658.143

2(v). Subsidiaries quoted to Stock Exchange:

	30 June 2007	31 December 2006
Quoted to domestic stock exchanges	269.014	267.926
Quoted to foreign stock exchanges	-	-

i. Information on hedging derivative financial assets:

1. Positive differences related to the hedging derivative financial assets:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	467	480	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	467	480	-	-

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j. Information on intangible assets:

	30 June 2007
Beginning of the period	1.156.146
Additions during the Period	5.961
Unused and Disposed Items	(19)
Impairment Charges on Income Statement	-
Amortisation Expenses (-)	(14.857)
Foreign exchange valuation differences	-
End of the period	1.147.231

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

Information on acquisition of net assets related with Yapı Kredi Bank and related information on 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 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
Amounts due to Cost Distribution of Merger (*)	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 credit card trademark, customer base and relationship that can be measured reliably the future economic benefits embodied in the asset will flow to the Group. In line with the report dated 13 February 2006 the Bank recognized YTL163.084 thousand of intangibles in the unconsolidated financial statements. And this amount is booked under intangible assets in the unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 30 June 2007, net book value of these intangible assets amounts to YTL134.545 thousand.

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k. Information on deferred tax asset:

	30 June 2007		31 December 2006	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserves for employment termination benefit	140.620	28.864	159.574	31.821
Fund deficit provision	543.780	108.756	483.281	96.656
Trading derivative financial liabilities	115.548	23.109	31.445	6.289
Impairment on immovables	579.718	115.943	584.510	116.902
Subsidiaries, investment in associates and share certificates	78.770	15.754	78.397	15.680
Carry-forward tax losses	-	-	16.475	3.295
Other	179.939	35.990	152.992	30.734
Total deferred tax asset	1.638.375	328.416	1.506.674	301.377
Trading derivative financial assets	44.766	8.953	77.656	15.531
Valuation difference of securities portfolio	60.233	14.565	116.868	27.803
Property, equipment and intangibles, net	584.925	92.918	592.579	94.351
Other	16.628	5.576	7.406	1.074
Total deferred tax liability	706.552	122.012	794.509	138.759
Deferred Tax Asset, net	931.823	206.404	712.165	162.618

According to TAS 12, deferred tax assets amounting to YTL209.090 thousand and deferred tax liabilities amounting to YTL2.686 thousand have been netted off in the financial statements of subsidiaries subject to consolidation during the preparation of consolidated financial statements. They are shown separately in assets and liabilities in the consolidated financial statements.

l. Information on other assets:

As of 30 June 2007, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits:

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

1(i). 30 June 2007:

	Demand	With 7 days notifications	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over
Saving Deposits	900.456	-	1.942.768	8.025.422	209.895	24.902	68.864
Foreign Currency Deposits	3.139.484	351	3.494.088	5.185.414	812.129	285.703	865.437
Residents in Turkey	2.980.525	269	3.203.390	4.760.528	759.471	233.853	725.111
Residents Abroad	158.959	82	290.698	424.886	52.658	51.850	140.326
Public Sector Deposits	59.978	-	35.041	191.921	2	-	3
Commercial Deposits	906.971	-	2.202.868	2.956.419	188.157	-	64.725
Other Institutions Deposits	13.350	-	55.895	101.355	447	81	230
Gold Vault	119.654	-	1.493	610	324	855	7.196
Bank Deposits	56.758	745	28.994	8.989	58.512	107.904	1.013
The CBRT	181	-	-	-	-	-	-
Domestic Banks	6.203	-	18.062	-	9.549	1.095	-
Foreign Banks	39.954	745	10.932	8.989	48.963	106.809	1.013
Special Financial Institutions	10.420	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5.196.651	1.096	7.761.147	16.470.130	1.269.466	419.445	1.007.468

1(ii). 31 December 2006 :

	Demand	With 7 days notifications	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over
Saving Deposits	834.919	-	2.501.374	5.984.533	240.647	17.653	68.195
Foreign Currency Deposits	3.173.343	-	3.863.138	6.240.918	954.213	265.945	641.354
Residents in Turkey	3.040.113	-	3.316.433	5.836.814	866.101	226.603	529.805
Residents Abroad	133.230	-	546.705	404.104	88.112	39.342	111.549
Public Sector Deposits	9.115	-	44.113	9.710	6.603	-	37
Commercial Deposits	842.241	-	2.238.504	2.395.751	54.068	959	1.823
Other Institutions Deposits	63.553	-	23.694	253.088	5.463	87	204
Gold Vault	151.312	-	101.452	456	246	444	590
Bank Deposits	70.732	-	321.232	27.664	20.104	62.264	-
The CBRT	-	-	-	-	-	-	-
Domestic Banks	6.662	-	276.910	15.879	2.067	10.118	-
Foreign Banks	45.337	-	44.322	11.785	18.037	52.146	-
Special Financial Institutions	18.733	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Accrued Interest on Deposit	4.647	-	142.799	31.113	4.378	5.362	1.040
Total	5.149.862	-	9.236.306	14.943.233	1.285.722	352.714	713.243

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Saving Deposits				
Saving Deposits	5.416.867	4.970.931	5.722.310	4.749.385
Foreign Currency Savings Deposit	2.910.148	3.058.148	5.167.248	5.209.910
Other deposits in the form of savings deposits	6.128	5.893	59.653	90.317
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	30 June 2007	31 December 2006
Saving deposits in foreign branches	-	-
Saving deposits in off-shore banking regions	127.379	158.746
Total	127.379	158.746

b. Information on trading derivative financial liabilities :

Trading Derivative Financial Liabilities	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	20.566	2.346	19.757	2.349
Swap Transactions	75.713	5	9.518	449
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	96.279	2.351	29.275	2.798

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c. Information on borrowings:

1. Information on banks and other financial institutions :

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	290.480	140.072	359.459	239.147
From Foreign Banks, Institutions and Funds	194.945	4.400.455	203.632	4.029.960
Accrued Interest Expense of Banks and Other Financial Institutions	-	-	11.229	44.335
Total	485.425	4.540.527	574.320	4.313.442

2. Information on maturity structure of borrowings :

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-Term	485.425	3.537.381	563.091	3.625.172
Medium and Long-Term	-	1.003.146	-	643.935
Accrued Interest on Borrowings	-	-	11.229	44.335
Total	485.425	4.540.527	574.320	4.313.442

d. Information on marketable securities issued:

In December 2006, the Parent Bank finalised a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to a principle of YTL1.664.533 thousand by using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital Assurance as the guarantor. The interest rate of this borrowing ranges between 5,08% and 6,41%, and the maturity ranges between 6 and 8 years; the repayment will begin in the first period of 2010.

	30 June 2007	31 December 2006
2008	-	32.853
2009	-	131.411
2010	314.334	383.074
2011	340.277	383.074
2012	340.277	251.662
2013	340.277	251.662
2014	303.425	212.054
2015	25.943	-
Interest Expense Accrual	11.057	4.216
Total	1.675.590	1.650.006

e. Information on other liabilities:

As of 30 June 2007, other foreign liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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f. Information on financial leasing agreements:

The contingent rent instalments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which cause significant commitments onto the Bank.

	30 June 2007		31 December 2006	
	Gross	Net	Gross	Net
Less than 1 year	135	135	6	5
Between 1-4 years	18	18	-	-
More than 4 years	-	-	-	-
Total	153	153	6	5

g. Information on hedging derivative financial liabilities

1. Negative differences related to the hedging derivative financial liabilities:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	21.200	-	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	21.200	-	-	-

h. Information on provisions:

1. Information on general provisions:

	30 June 2007	31 December 2006
Provisions for Group I loans and receivables	431.682	447.333
Provisions for Group II loans and receivables	140.530	142.775
Provisions for non cash loans	99.823	102.806
Other	20.703	16.033
Total	692.738	708.947

2. Information on reserve for employment termination benefit:

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

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Following actuarial assumptions are used in the calculation of total liabilities

	30 June 2007	31 December 2006
Discount rate (%)	5,71	5,71
The Rate Used Related to Retirement Expectation (%)	96,24	96,50

The principal actuarial assumption is that the maximum liability of YTL2.030,19 as of 30 June 2007 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 YTL2.030,19 (31 December 2006: YTL1.857,44) effective from 1 January 2007 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

	30 June 2007	31 December 2006
Prior Period Beginning Balance	104.005	86.777
Provisions Recognised During the Period	835	28.624
Paid During the Period	(12.177)	(11.396)
Balance at the end of the period	92.663	104.005

In addition, the Group has accounted for vacation rights provision amounting to YTL47.957 thousand as of 30 June 2007 (31 December 2006: YTL59.171 thousand).

3. Other provisions:

	30 June 2007	31 December 2006
Pension fund provision (*)	543.780	483.281
Tax risk provision (**)	65.627	95.740
Non-cash loan provision	51.318	57.666
Provisions on credit cards and promotion campaigns related to banking services	32.231	53.441
Tax and fund liability provisions on possible export commitments	41.541	39.365
Legal risk provision (**)	13.910	12.774
Other	82.486	125.056
Total	830.893	867.323

(*) The Parent Bank obtained a actuarial report from a registered actuary regarding this Fund in accordance with the decree related to principles and procedures on determining the application of transfer transactions published in the Official Gazette dated 15 December 2006, No 26377 determined by the decision of Council of Ministers No 2006/11345. Based on this decree, the actuarial balance sheet of the Fund has been prepared in accordance with a technical interest rate of 10,24% and CSO 1980 mortality table, and reflects a technical deficit of YTL599.240 thousand as of 31 December 2006. The Parent Bank will provide a full provision regarding the actuarial report until the end of the year 2007 and has provided a provision amounting to YTL543.780 thousand in the financial statements as of 30 June 2007 (31 December 2006: YTL483.281 thousand).

(**) Considered as provisions for possible risks.

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

As of 30 June 2007, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL53.586 thousand (31 December 2006: YTL32.202 thousand).

i. Information on taxes payable:

1. Information on taxes payable:

	30 June 2007	31 December 2006
Corporate Tax Payable	150.918	76.938
Taxation of Marketable Securities	47.532	44.390
Property Tax	653	655
Banking Insurance Transaction Tax (BITT)	27.502	30.184
Foreign Exchange Transaction Tax	3.092	3.122
Value Added Tax Payable	1.281	1.580
Other	21.880	16.936
Total	252.858	173.805

2. Information on premium payables:

	30 June 2007	31 December 2006
Social Security Premiums – Employee	1.806	784
Social Security Premiums – Employer	586	1.768
Bank Pension Fund Premiums – Employee	-	-
Bank Pension Fund Premiums – Employer	-	-
Pension Fund Deposit and Provisions – Employee	5.313	-
Pension Fund Deposit and Provisions – Employer	6.309	-
Unemployment Insurance – Employee	407	403
Unemployment Insurance – Employer	938	827
Other	-	47
Total	15.359	3.829

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j. Information on subordinated loans:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.832.118	-	1.559.258
From Other Foreign Institutions	-	-	-	-
Total	-	1.832.118	-	1.559.258

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

k. Information on shareholders' equity:

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

	30 June 2007	31 December 2006
Common Stock	3.149.450	3.142.818
Preferred Stock	-	-

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

The Parent Bank has paid-in-capital with an amount of YTL3.149.450. thousand and does not apply registered share capital system .

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

Increase Date	Increase Amount	Cash	Profit Reserve Regarding Increase	Capital Reserve Regarding Increase
30 March 2007	6.632	-	6.632	-

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

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

7. Privilege on the corporate stock: None

I. Information on marketable securities value increase fund:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	6.137	16.537	5.148	15.015
Foreign Currency Difference	(12.636)	-	2.377	-
Total	(6.499)	16.537	7.525	15.015

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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 June 2007	
	YTL	FC
Short Term Loans	1.238.950	84.203
Medium/Long Term Loans	364.245	163.678
Interest on Loans Under Follow-up	44.041	313
Premiums Received from Resource Utilisation Support Fund	-	-
Total	1.647.236	248.194

2. Information on interest income on banks:

	30 June 2007	
	YTL	FC
From the CBRT	144	-
From Domestic Banks	3.793	1.377
From Foreign Banks	4.977	42.639
Headquarters and Branches Abroad	-	1.382
Total	8.914	45.398

3. Information on interest income on marketable securities:

	30 June 2007	
	YTL	FC
From Trading Financial Assets	5.359	11.058
From Financial Assets At Fair Value Through Profit or Loss	-	-
From Available-for-Sale Financial Assets	24.011	5.907
From Held-to-Maturity Investments	572.042	254.996
Total	601.412	271.961

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

	30 June 2007
Interests Received From Investments in Associates and Subsidiaries	-

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b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2007	
	YTL	FC
Banks	28.655	133.606
The CBRT	-	-
Domestic Banks	22.908	6.319
Foreign Banks	5.747	127.287
Headquarters and Branches Abroad	-	-
Other Institutions	-	59.372
Total	28.655	192.978

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

	30 June 2007
Interests paid to Investments in Associates and Subsidiaries	1.003

3. Maturity structure of the interest expense on deposits :

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
YTL								
Bank Deposits	1.175	6.902	63	259	-	-	-	8.399
Saving Deposits	852	184.471	664.262	18.693	1.408	5.203	-	874.889
Public Sector Deposits	-	7.583	4.027	487	-	3	-	12.100
Commercial Deposits	12.079	225.671	203.186	19.702	119	612	-	461.369
Other Deposits	-	5.876	6.999	169	7	17	-	13.068
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	14.106	430.503	878.537	39.310	1.534	5.835	-	1.369.825
FC								
Foreign Currency Deposits	5.295	86.241	99.442	17.405	5.936	14.154	-	228.473
Bank Deposits	-	443	582	2.043	1.733	-	-	4.801
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Gold Vault	-	20	2	2	4	50	-	78
Total	5.295	86.704	100.026	19.450	7.673	14.204	-	233.352
Grand Total	19.401	517.207	978.563	58.760	9.207	20.039	-	1.603.177

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

	30 June 2007
Income	3.019.219
Income from Capital Market Transactions	1.112.883
Derivative Financial Transactions	1.092.265
Other	20.618
Foreign Exchange Gains	1.906.336
Loss(-)	2.960.287
Loss from Capital Market Transactions	1.137.453
Derivative Financial Transactions	1.115.068
Other	22.385
Foreign Exchange Loss	1.822.834
Net Gain/Loss	58.932

d. Information on other operating income:

Other operating income mainly consists of collections from loans that were provisioned in the previous years'.

e. Provision expenses related to loans and other receivables:

	30 June 2007
Specific provisions for loans and other receivables	72.180
III. Group Loans and Receivables	9.007
IV. Group Loans and Receivables	31.967
V. Group Loans and Receivables	31.206
General Provision Expenses	4.959
Provision Expense for Possible Risks	4.386
Marketable Securities Impairment Expenses	-
Financial Assets at Fair Value Through Profit or Loss	-
Available-for-Sale Financial Assets	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	44.349
Investments in Associates	870
Subsidiaries	43.479
Joint Ventures	-
Held-to-Maturity Investments	-
Other	-
Total	125.874

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f. Information related to other operating expenses:

	30 June 2007
Personnel Expenses	456.976
Reserve for Employee Termination Benefits	2.350
Bank Social Aid Provision Fund Deficit Provision	60.498
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	70.840
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortisation Expenses of Intangible Assets	14.857
Impairment Expenses of Equity Participations for which Equity Method is applied	-
Impairment Expenses of Assets Held For Resale	-
Depreciation Expenses of Assets Held for Resale	8.114
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	360.774
Operational Lease Expenses	25.896
Maintenance Expenses	11.140
Advertising Expenses	55.776
Other Expense	267.962
Loss on Sales of Assets	28.854
Other (*)	384.385
Total	1.387.648

(*) Other mainly consists of insurance technical provisions amounting to YTL192.613 thousand

g. Explanations on profit and loss before tax:

Profit and loss before tax consists of net interest income amounting to YTL1.096.710 thousand, net fee and commission income amounting to YTL756.073 thousand and total other operating expense amounting YTL1.387.648 thousand.

h. Information on tax provision:

As of 30 June 2007, the Bank has current tax expense amounting to YTL157.235 thousand and deferred tax income amounting to YTL45.049 thousand.

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i. Information on net income/loss for the period :

For the understanding of the Bank's current year performance, the characteristic of income or expense items arising from common banking transactions, dimension and recurrence of these transactions are not required.

j. Profit/loss of minority interest:

	30 June 2007
Profit of minority interest	72.054

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

Commitments on credit cards limits are YTL9.668.950 thousand (31 December 2006: YTL8.163.986 thousand), commitments for cheque books is YTL1.364.958 thousand (31 December 2006: YTL1.310.760 thousand).

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

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

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

	30 June 2007	31 December 2006
Bank acceptance loans	214.521	216.649
Letter of credits	2.311.675	2.589.469
Other guarantees	1.427.233	1.482.767
Total	3.953.429	4.288.885

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

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of 30 June 2007 is YTL11.000.538 thousand (31 December 2006: YTL11.213.022 thousand).

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

	30 June 2007	31 December 2006
Non-cash loans given against cash loans	246.251	418.597
With original maturity of 1 year or less than 1 year	73.363	178.246
With original maturity of more than 1 year	172.888	240.351
Other non-cash loans	14.707.716	15.083.310
Total	14.953.967	15.501.907

3(ii). Information on sectoral concentration of non-cash loans :

	30 June 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	60.482	0,93	64.444	0,76	76.530	1,21	48.383	0,53
Farming and Raising livestock	45.603	0,70	60.349	0,71	59.239	0,94	43.824	0,48
Forestry	11.016	0,17	3.425	0,04	13.439	0,21	3.949	0,04
Fishing	3.863	0,06	670	0,01	3.852	0,06	610	0,01
Manufacturing	2.558.425	39,21	3.717.622	44,10	2.355.731	37,44	4.051.092	43,99
Mining	52.517	0,80	98.973	1,17	29.417	0,47	94.787	1,03
Production	2.411.541	36,96	3.330.204	39,51	2.278.549	36,21	3.619.999	39,31
Electric, Gas and Water	94.367	1,45	288.445	3,42	47.765	0,76	336.306	3,65
Construction	1.463.491	22,43	1.748.674	20,74	1.461.235	23,22	1.818.268	19,74
Services	2.384.864	36,55	2.353.400	27,92	2.341.363	37,21	2.836.030	30,79
Wholesale and Retail Trade	1.390.680	21,31	365.212	4,33	1.483.733	23,58	381.290	4,14
Hotel, Food and Beverage Services	65.690	1,01	69.466	0,84	70.874	1,13	91.303	0,99
Transportation and Telecommunication	328.302	5,03	464.731	5,51	236.576	3,76	605.619	6,58
Financial Institutions	397.671	6,10	887.050	10,52	318.796	5,07	1.129.409	12,26
Real Estate and Leasing Services	64.532	0,99	98.811	1,17	70.282	1,12	135.389	1,47
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	7.388	0,11	5.463	0,06	7.833	0,12	3.850	0,04
Health and Social Services	130.601	2,00	462.667	5,49	153.269	2,43	489.170	5,31
Other	57.178	0,88	545.387	6,48	57.872	0,92	455.403	4,95
Total	6.524.440	100,00	8.429.527	100,00	6.292.731	100,00	9.209.176	100,00

3(iii). Information on non-cash loans classified in 1st and 2nd group:

	Group I		Group II	
	YTL	FC	YTL	FC
Non- Cash Loans				
Letters of Guarantee	5.593.818	5.290.438	60.593	55.689
Bank Acceptances	-	205.928	-	8.593
Letters of Credit	1.117	2.271.441	-	39.117
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	860.806	556.863	8.106	1.458
Total	6.455.741	8.324.670	68.699	104.857

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b. Information on contingent liabilities:

In this respect, several outstanding legal cases against the group have been considered as contingent liability and YTL13.910 thousand (31 December 2006: YTL12.215 thousand) provision against these legal cases has been accounted for in the financial statements under "Other Provisions" account.

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 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:

Cash and cash equivalents at the end of period :

	30 June 2007	31 December 2006
Cash	1.504.034	1.398.136
Cash and Effectives	344.710	435.221
Demand Deposits in Banks	1.159.324	962.915
Cash Equivalents	2.020.751	1.886.090
Interbank Money Market	31.658	55.741
Deposits in Bank	1.989.093	1.830.349
Total Cash and Cash Equivalents	3.524.785	3.284.226

- 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**

i. 30 June 2007:

Extraordinary General Assembly meetings regarding the transfer of Koç Yatırım, with all its rights, receivables, liabilities and obligations to the Yapı Kredi Menkul and the consequential dissolution without liquidation were held on 29 December 2006 and the merger was approved on 12 January 2007. As a result of the merger, the Bank's share in Yapı Kredi Menkul. has decreased from 99,99% to 64,70%. However, share of Bank's risk Group is 100%.

ii. 31 December 2006:

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 amounted to nominal YTL335.015 thousand and 12,90% of the shares of Yapı Kredi owned by Saving Deposit Insurance Fund amounted to a nominal YTL97.032 thousand were transferred to Koçbank.

Moreover, Koçbank purchased a further 9,09% of Yapı Kredi shares traded on the in ISE and 0,79% of the shares under a foreign mutual fund in Yapı Kredi's available-for-sale financial assets portfolio during April and as a result, the ownership of the Bank increased to 67,31%. The Bank recognized 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. (Section Three Note III.5)

Besides, 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 No.5411 and other relevant legislation was published in the Official Gazette dated 1 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 1Ykr nominal valued 0,5313538 units of shares in exchange for each 1Ykr nominal valued the Bank share. 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.

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

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Due to the fact that the shareholders with the final control right over Yapı Kredi and Koçbank did not change before or after the merger, the merger has been defined as transactions under common control. By examining the principles in globally generally accepted accounting standards, the Group has decided to employ a methodology in line with "the pooling of interest" method of which resulted in information that is relevant to the economic decision-making needs of users and reflected the economic substance of transactions for the accounting of mergers under common control which is neither stated in TFRS 3 nor any of TFRS standards. According to this methodology, all the assets and liabilities subject to merger under common control are recorded to the consolidated financial statements at their carrying values. Income statements have been merged from the beginning of the financial year when the merger took place.

As a result of the purchase on 28 September 2005, Yapı Kredi and the subsidiaries owned by Yapı Kredi have been taken into the scope of consolidation. In accordance with generally accepted accounting practice explained in Section 5.k., goodwill, credit card brand value, deposit base and customer portfolio values stated as other identifiable intangibles are reflected to the Koçbank consolidated financial statements. With the merger on 2 October 2006, the transfer of Koçbank to Yapı Kredi had no effect on the Group's (Koçbank, Yapı Kredi and subsidiaries owned by Yapı Kredi) structure. As a result of these, 31 December 2006 consolidated financial statement are considered as a continuation of the 31 December 2005 Koçbank consolidated financial statements and the effects of the TFRS application are also reflected to these financial statements.

Extraordinary General Assembly meetings regarding the transfer of Koç Leasing with all its rights, receivables, liabilities and obligations to the Yapı Kredi Leasing and the consequential dissolution without liquidation were held on 21 December 2006 and the merger was approved on 25 December 2006. As a result of the merger, with the share purchase realized on 28 December 2006, the Bank's share in Yapı Kredi Leasing has decreased from 98,13% to 25,67%. However, share of Bank's risk Group is 99,58%.

Extraordinary General Assembly meetings regarding the transfer of one of the Bank's subsidiaries, Yapı Kredi Faktoring with all its rights, receivables, liabilities and obligations to the Koç Faktoring and the consequential dissolution without liquidation were held on 22 and 27 December 2006 and the corporate title of Koç Faktoring has been changed as Yapı Kredi Faktoring A.Ş. and the merger was approved on 29 December 2006. As a result of the merger, the Bank's share in Yapı Kredi Faktoring has decreased from 99,98% to 40,48%. However, share of Bank's risk Group is 100%.

Extraordinary General Assembly meetings regarding the transfer of Yapı Kredi Portföy which the Bank indirectly owns, with all its rights, receivables, liabilities and obligations to the Koç Portföy and the consequential dissolution without liquidation were held on 22 December 2006. The corporate title of Koç Portföy was changed to Yapı Kredi Portföy Yönetimi A.Ş. and the merger was approved on 29 December 2006. As a result of the merger, the Bank's share in Yapı Kredi Portföy has decreased from 32,49% to 4,84%. However, share of Bank's risk Group is 99,99%.

Besides, the merger operations of the above-mentioned entities have been reflected in the consolidated financial statements by taking the 'Pooling of Interest' methodology into consideration. In this context, equities of the entities which were subject to merger process but not included in the consolidation scope since they were not under the control of the Bank at 31 December 2005, namely Koç Leasing, Koç Faktoring, Koç Menkul and Koç Portföy were consolidated in the Group's equity at 1 January 2006 and the income statements from the beginning of the fiscal year when the merger took place.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

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

VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

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

1. 30 June 2007 :

Groups' Risk Group (*)	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	Cash	Non-Cash	Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	25.578	418.451	719.977		
Balance at the End of the Period	-	17.158	334.841	551.147		
Interest and Commission Income Received	-	42	38.069	1.129		

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

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

Group's Risk Group(*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Deposit						
Beginning of the Period	61.693		3.496.591			
End of the Period	12.531	61.693	3.034.720	3.496.591		-
Interest Expense on Deposits	1.003		147.100			

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

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

Group's Risk Group(*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Transactions at Fair Value Through Profit or Loss (**)						
Beginning of the Period (***)	-		230.617		-	
End of the Period (***)	-	-	46.667	230.617	-	-
Total Profit / Loss	-		6.900		-	
Transactions for hedging purposes						
Beginning of the Period	-		-		-	
End of the Period	-		-		-	
Total Profit / Loss	-		-		-	

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(Continued)**

- (*) Defined in the 49th Article of subsection 2 of the Banking Act No. 5411.
- (**) The Bank's derivative instruments are classified as "Financial Assets at Fair Value Through Profit or Loss" according to TAS 39.
- (***) The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments.

b. With respect to the Group's risk group:

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

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

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

	Total Risk Group	Total Transaction Volume	%
Loans and Due from Banks	334.841	26.427.488	1%
Interest Income Received	38.069	1.949.742	2%
Non- Cash Loans	568.305	14.953.967	4%
Commission Income Received	1.171	65.339	2%
Deposit, Borrowings and Money Markets	3.047.251	38.161.475	8%
Interest Expense Paid	148.103	1.992.536	7%
Trading Transactions	46.667	8.282.146	1%
Trading Transactions Expenses (net)	6.900	24.570	28%

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

Salaries paid to the Bank's key management during the year 2007 amount to YTL6.686 thousand.

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1) The early repayment of the loan in the scope of Çukurova FRA amounting to USD480.000 thousand was made on 13 July 2007 and the amount was charged against loans in the scope of Çukurova FRA by transferring the money to the related Bank accounts by Çukurova Holding. After the early repayment of the loan, the cash loan liability of Çukurova Group to the Parent Bank decreased from USD737.858.006 to USD257.858.006. The remaining portion of the cash loan with interests will be paid by 30 September 2015 in installments. According to the "Pledge Agreement" signed on 28 September 2005, the pledge on the Çukurova Group loan, non-cash risks, additional loans and guarantees corresponding to over 100% of accrued and non-accrued interests was removed. After the payment, according to the "Pledge Agreement" signed between the Bank, Çukurova Holding and Çukurova Investments on 28 September 2005, the Bank has a continuous pledge on 2,73% of Turkcell shares of Çukurova Holding and Çukurova Investments in relation to the Çukurova Group loans.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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- 2) In scope of the restructuring process of the foreign subsidiaries of the Bank and KFS, the merger transaction of Yapı Kredi Bank Nederland N.V. that is established in Nederland and fully owned by Yapı Kredi (via Yapı Kredi Holding B.V. which is a 100% subsidiary) and Koçbank Nederland N.V. that is a 100% subsidiary of KFS was completed on 2 July 2007 under the name of Yapı Kredi Bank Nederland N.V. and Yapı Kredi's share percentage in the new shareholding structure has been realised as 32,76% and KFS's as 67,24%.
- 3) The process that started as of October 2006 regarding the collection of offers via adjudication in order to wholesale some immovables that are under the scope of the "Non-Core Option Agreement" signed between the Bank and Çukurova Holding at 28 September 2005, and some other non-core real estate that are outside the scope of the Option Agreement, has been finalised as of 11 July 2007 with the Real Estate Wholesale Agreement signed with Anadolu Gayrimenkul Yatırımcılığı ve Ticaret A.Ş. which is fully owned by AIM Consortium. The purchasing party has paid the collateral of the agreement amounting to EUR34.125.000 in cash on 10 August 2007 and the transfer procedures have started from this date. The Bank and its subsidiaries will realise EUR134 million of sales proceeds as a result of the transaction and each sales transaction will be realised individually.

**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON GROUP'S OPERATIONS

With the pre-permission decision of the BRSA dated 21 June 2007 numbered 2222, it has been decided to permit the start of the transactions regarding the shares of KFS in Yapı Kredi Faktoring, Yapı Kredi Finansal Kiralama and Yapı Kredi Azerbaijan Closed Joint Stock Company and the Yapı Kredi share certificates to be subject to the share exchange in accordance with article 19 of the Banking Act numbered 5411 and article 5 of the Regulation regarding the Merger, Transfer, Spin-off and Share Exchange Transactions of Banks. As a result of the calculations in accordance with the Capital Markets Board ("CMB") and BRSA regulations, in order to determine the share exchange ratio and the amount of the capital increase out of the share exchange transaction, the "share exchange ratio" has been determined as 91,90%, the capital after share exchange as YTL3.426 million, and the amount of capital increase as YTL277 million. The share of KFS in Yapı Kredi is expected to increase from 80,2% to 81,8% with the completion of share exchange transactions. The required legal procedures are in progress as of the reporting date.

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**SECTION SEVEN
EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT**

I. EXPLANATIONS ON INDEPENDENT AUDTOR’S REVIEW REPORT

The consolidated financial statements and explanatory notes as of 30 June 2007 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor’s review report dated 13 August 2007 is presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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