

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 SEPTEMBER 2007**

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

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 30 September 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 September 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, 14 November 2007

**THE CONSOLIDATED FINANCIAL REPORT OF
YAPI VE KREDİ BANKASI A.Ş. AS OF 30 SEPTEMBER 2007**

E-Mail : financialreports@yapikredi.com.tr

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

- **Section one** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section two** - CONSOLIDATED 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 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
12. Sticking Custody Services YKB

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

Alessandro DECCIO
Chief Operating Officer

Duygu DÖNMEZ
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Robert ZADRAZIL
Member of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

Name-Surname / Title: M.Serkan Keskin / Assistant Manager
Telephone Number : 0212 339 72 73
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**CONVENIENCE TRANSLATION OF PUBLICLY
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IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2007

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

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

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

The Parent Bank’s shares have been traded on the Istanbul Stock Exchange (“ISE”) since 1987. As of 30 September 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 owned by the Bank by 100% which were in the available for sale portfolio of the Bank. As a result, Koçbank increased its participation ratio to 67,3%. As explained in 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 was 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 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries have been legally merged in 2006 and 2007:

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
Yapı Kredi Nederland N.V. (“Yapı Kredi NV”)	Koçbank Nederland N.V.	2 July 2007	Yapı Kredi NV (*)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2007

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

As of 30 September 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:	Federico GHIZZONI	Vice Chairman
	Tayfun BAYAZIT	Managing Director and Chief Executive Officer
	Alessandro M. DECIO	Managing Director
	Seyit Kemal KAYA	Member
	Fusun Akkal BOZOK	Member
	Ranieri De MARCHIS	Member
	Ahmet Fadil ASHABOĞLU	Member
	Robert ZADRAZIL	Member
	Thomas GROSS	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	Private Banking and Foreign Operations Management
	Hamit AYDOĞAN	Corporate Banking Management
	Mert GÜVENEN	Commercial Banking 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 ÇELİKEL	Logistics and Cost Management
	Mohammed Hishem LAROSSI (**)	Information Technology 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 Fadil ASHABOĞLU	Member
Statutory auditors:	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

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

(*) As of 1 October 2007, Carlo Vivaldi has resigned and as of the same date it is resolved that Alessandro M. Decio to be responsible for the aforementioned area.

(**) As of 1 October 2007, Mohammed Hishem Laroussi has resigned and as of the same date Fahri Öbek has been assigned as Acting Manager.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2007

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

IV. INFORMATION ON QUALIFIED SHAREHOLDERS:

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

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

The Parent Bank's core business activities include retail banking, corporate banking, private banking, foreign exchange, money markets and securities transactions (Treasury transactions) and international banking. As of 30 September 2007, the Bank has 660 branches operating in Turkey, 1 branch and 1 representative offices operating abroad (31 December 2006: 607 branches operating in Turkey, 1 branch and 4 representative offices operating abroad) and 13.712 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 September 2007, the Group has 16.131 employees (31 December 2006: 15.873 employees).

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YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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)	(30/09/2007)			(Restated) (*) (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
		ASSETS					
I. CASH BALANCES WITH CENTRAL BANK	I-a	1.836.138	1.870.446	3.706.584	1.857.188	2.286.846	4.144.034
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	228.523	193.740	422.263	245.898	368.630	614.528
2.1 Trading Financial Assets		194.350	175.232	369.582	173.798	363.025	536.823
2.1.1 Government Debt Securities		135.451	174.110	309.561	122.699	342.773	465.472
2.1.2 Share Certificates		18.206	-	18.206	17.735	-	17.735
2.1.3 Other Marketable Securities		40.693	1.122	41.815	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		34.173	18.508	52.681	72.100	5.605	77.705
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	I-c	141.308	2.408.974	2.550.282	47.278	2.688.608	2.735.886
IV. MONEY MARKETS		318.297	192.594	510.891	28.354	130.860	159.214
4.1 Interbank Money Market Placements		-	192.594	192.594	-	130.860	130.860
4.2 Receivables from Istanbul Stock Exchange Money Market		617	-	617	700	-	700
4.3 Receivables from Reverse Repurchase Agreements		317.680	-	317.680	27.654	-	27.654
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	511.959	349.806	861.765	365.357	363.313	728.670
5.1 Share Certificates		19.514	19.279	38.793	17.496	15.244	32.740
5.2 Government Debt Securities		446.691	276.290	722.981	292.708	326.601	619.309
5.3 Other Marketable Securities		45.754	54.237	99.991	55.153	21.468	76.621
VI. LOANS	I-e	17.965.068	7.762.043	25.727.111	15.519.019	7.553.294	23.072.313
6.1 Loans		17.654.425	7.751.285	25.405.710	15.207.133	7.537.312	22.744.445
6.2 Loans under Follow-up		1.773.595	32.266	1.805.861	1.724.812	51.893	1.776.705
6.3 Specific Provisions (-)		(1.462.952)	(21.508)	(1.484.460)	(1.412.926)	(35.911)	(1.448.837)
VII. FACTORING RECEIVABLES		544.433	515.196	1.059.629	641.151	517.669	1.158.820
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	6.265.596	7.063.007	13.328.603	6.615.809	10.494.934	17.110.743
8.1 Government Debt Securities		6.265.596	7.061.182	13.326.778	6.615.809	9.901.346	16.517.155
8.2 Other Marketable Securities		-	1.825	1.825	-	593.588	593.588
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	2.658	41.007	43.665	3.529	41.352	44.881
9.1 Consolidated Based on Equity Method		-	41.007	41.007	-	41.352	41.352
9.2 Unconsolidated		2.658	-	2.658	3.529	-	3.529
9.2.1 Financial Investments in Associates		2.658	-	2.658	3.529	-	3.529
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	59.105	24.500	83.605	110.608	24.500	135.108
10.1 Financial Subsidiaries		28.142	-	28.142	30.173	-	30.173
10.2 Non-financial Subsidiaries		30.963	24.500	55.463	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)		689.433	1.502.426	2.191.859	545.056	1.045.360	1.590.416
12.1 Financial Lease Receivables		902.130	1.761.252	2.663.382	706.053	1.221.498	1.927.551
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		(212.697)	(258.826)	(471.523)	(160.997)	(176.138)	(337.135)
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-i	676	658	1.334	-	5.151	5.151
13.1 Fair Value Hedge		676	658	1.334	-	5.151	5.151
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		1.138.584	9.157	1.147.741	1.220.216	16.950	1.237.166
XV. INTANGIBLE ASSETS (Net)	I-j	1.142.558	-	1.142.558	1.156.130	16	1.156.146
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		163.065	-	163.065	176.637	16	176.653
XVI. TAX ASSET		386.300	1.047	387.347	287.812	2.155	289.967
16.1 Current Tax Asset		143.028	363	143.391	120.960	1.270	122.230
16.2 Deferred Tax Asset	I-k	243.272	684	243.956	166.852	885	167.737
XVII. ASSETS HELD FOR RESALE (Net)		121.686	11.700	133.386	182.487	7.430	189.917
XVIII. OTHER ASSETS	I-l	607.903	435.181	1.043.084	460.479	334.816	795.295
TOTAL ASSETS		31.960.225	22.381.482	54.341.707	29.286.371	25.881.884	55.168.255

(*) As explained in Note XXV. of Section Three and Note VI. of Section Five, the Bank has restated its financial statements as of 31 December 2006.

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 SEPTEMBER 2007 AND 31 DECEMBER 2006

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

I. BALANCE SHEET	Note (Section Five)	(30/09/2007)			(Restated) (*) (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	18.355.254	14.232.954	32.588.208	16.218.587	16.296.232	32.514.819
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	269.660	2.355	272.015	29.275	6.212	35.487
III. BORROWINGS	II-c	515.618	4.654.687	5.170.305	568.646	4.313.442	4.882.088
IV. MONEY MARKETS		825.635	925.098	1.750.733	2.996.015	1.001.349	3.997.364
4.1 Funds from Interbank Money Market		-	211.553	211.553	38.183	250.106	288.289
4.2 Funds from Istanbul Stock Exchange Money Market		2.718	-	2.718	-	-	-
4.3 Funds Provided Under Repurchase Agreements		822.917	713.545	1.536.462	2.957.832	751.243	3.709.075
V. MARKETABLE SECURITIES ISSUED (Net)	II-d	-	1.576.995	1.576.995	-	1.650.006	1.650.006
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	1.576.995	1.576.995	-	1.650.006	1.650.006
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		2.331.144	194.610	2.525.754	2.009.855	532.852	2.542.707
VIII. OTHER LIABILITIES	II-e	216.010	507.055	723.065	315.472	483.533	799.005
IX. FACTORING PAYABLES		-	275.084	275.084	104.890	267.945	372.835
X. FINANCIAL LEASE PAYABLES (Net)	II-f	8	76	84	1	4	5
10.1 Financial Lease Payables		7	90	97	1	5	6
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		1	(14)	(13)	-	(1)	(1)
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-g	42.916	-	42.916	-	-	-
11.1 Fair Value Hedge		42.916	-	42.916	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-h	1.881.431	552.053	2.433.484	1.912.432	619.384	2.531.816
12.1 General Loan Loss Provision		461.896	228.647	690.543	455.203	253.744	708.947
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		132.412	2.770	135.182	159.574	4.697	164.271
12.4 Insurance Technical Provisions (Net)		449.939	290.975	740.914	468.744	321.669	790.413
12.5 Other Provisions		837.184	29.661	866.845	828.911	39.274	868.185
XIII. TAX LIABILITY	II-i	378.948	7.956	386.904	175.549	13.577	189.126
13.1 Current Tax Liability		378.948	5.446	384.394	173.751	9.598	183.349
13.2 Deferred Tax Liability		-	2.510	2.510	1.798	3.979	5.777
XIV. PAYABLES FOR ASSET HELD FOR RESALE		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-j	-	1.775.495	1.775.495	-	1.559.258	1.559.258
XVI. SHAREHOLDERS' EQUITY	II-k	4.811.105	9.560	4.820.665	4.078.724	15.015	4.093.739
16.1 Paid-in Capital		3.149.450	-	3.149.450	3.142.818	-	3.142.818
16.2 Capital Reserves		44.394	9.560	53.954	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		-	-	-	-	-	-
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)		550.551	-	550.551	(9.194)	-	(9.194)
16.4.1 Prior Years' Income or (Loss)		(170.616)	-	(170.616)	(560.839)	-	(560.839)
16.4.2 Current Year Income or (Loss)		721.167	-	721.167	551.645	-	551.645
16.5 Minority Interest		723.526	-	723.526	548.610	-	548.610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29.627.729	24.713.978	54.341.707	28.409.446	26.758.809	55.168.255

(*) As explained in Note XXV. of Section Three and Note VI. of Section Five, the Bank has restated its financial statements as of 31 December 2006.

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 SEPTEMBER 2007

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

II. INCOME STATEMENT		
INCOME AND EXPENSE ITEMS	Note (Section Five)	01/01-30/09/2007
I. INTEREST INCOME	III-a	4.853.012
1.1 Interest on loans	III-a-1	2.940.297
1.2 Interest Received from Reserve Requirements		141.533
1.3 Interest Received from Banks	III-a-2	100.794
1.4 Interest Received from Money Market Transactions		6.837
1.5 Interest Received from Marketable Securities Portfolio	III-a-3	1.350.941
1.5.1 Trading Financial Assets		24.343
1.5.2 Financial Assets at fair value through profit or loss		-
1.5.3 Available-for-sale Financial Assets		42.662
1.5.4 Held to maturity Investments		1.283.936
1.6 Financial Lease Income		188.528
1.7 Other Interest Income		124.082
II. INTEREST EXPENSE	III-b	(3.151.722)
2.1 Interest on Deposits	III-b-3	(2.525.449)
2.2 Interest on Funds Borrowed	III-b-1	(351.527)
2.3 Interest Expense on Money Market Transactions		(198.633)
2.4 Interest on Securities Issued		(65.220)
2.5 Other Interest Expenses		(10.893)
III. NET INTEREST INCOME (I + II)		1.701.290
IV. NET FEES AND COMMISSIONS INCOME		1.165.520
4.1 Fees and Commissions Received		1.539.575
4.1.1 Cash Loans		41.939
4.1.2 Non-cash Loans		99.667
4.1.3 Other		1.397.969
4.2 Fees and Commissions Paid		(374.055)
4.2.1 Cash Loans		(2.943)
4.2.2 Non-cash Loans		(328)
4.2.3 Other		(370.784)
V. DIVIDEND INCOME		3.323
VI. TRADING INCOME/(LOSS) (Net)	III-c	79.258
6.1 Trading Gains / (Losses) on Securities		(54.686)
6.2 Foreign Exchange Gains / (Losses)		133.944
VII. OTHER OPERATING INCOME	III-d	418.115
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		3.367.506
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	III-e	(191.598)
X. OTHER OPERATING EXPENSES (-)	III-f	(2.160.574)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.015.334
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		4.515
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-
XV. INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV+XV)	III-g	1.019.849
XVI. PROVISION FOR INCOME TAXES (±)	III-h	(171.427)
16.1 Current Tax Provision		(256.950)
16.2 Deferred Tax Provision		85.523
XVII. OPERATING INCOME/(LOSS) AFTER TAXES (XV+XVI)		848.422
17.1 Discontinued Operations		-
17.2 Other		848.422
XVIII. NET INCOME/(LOSS) (XVII)	III-i	848.422
18.1 Group's Gains / (Losses)		721.167
18.2 Minority Interest Gains / (Losses)	III-j	127.255
Earnings/(Loss) per share (in YTL full)		0,0023

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2007

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

II. INCOME STATEMENT			
INCOME AND EXPENSE ITEMS		Note (Section Five)	01/07-30/09/2007
I.	INTEREST INCOME		1.657.898
1.1	Interest on loans		1.023.920
1.2	Interest Received from Reserve Requirements		50.793
1.3	Interest Received from Banks		31.388
1.4	Interest Received from Money Market Transactions		6.014
1.5	Interest Received from Marketable Securities Portfolio		446.720
1.5.1	Trading Financial Assets		7.926
1.5.2	Financial Assets at fair value through profit or loss		-
1.5.3	Available-for-sale Financial Assets		12.744
1.5.4	Held to maturity Investments		426.050
1.6	Financial Lease Income		71.347
1.7	Other Interest Income		27.716
II.	INTEREST EXPENSE		(1.070.161)
2.1	Interest on Deposits		(889.791)
2.2	Interest on Funds Borrowed		(114.617)
2.3	Interest Expense on Money Market Transactions		(30.907)
2.4	Interest on Securities Issued		(31.081)
2.5	Other Interest Expenses		(3.765)
III.	NET INTEREST INCOME (I + II)		587.737
IV.	NET FEES AND COMMISSIONS INCOME		407.671
4.1	Fees and Commissions Received		528.481
4.1.1	Cash Loans		14.541
4.1.2	Non-cash Loans		33.890
4.1.3	Other		480.050
4.2	Fees and Commissions Paid		(120.810)
4.2.1	Cash Loans		(818)
4.2.2	Non-cash Loans		(101)
4.2.3	Other		(119.891)
V.	DIVIDEND INCOME		23
VI.	TRADING INCOME/(LOSS) (Net)		18.986
6.1	Trading Gains / (Losses) on Securities		(32.452)
6.2	Foreign Exchange Gains / (Losses)		51.438
VII.	OTHER OPERATING INCOME		192.161
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.206.578
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(65.724)
X.	OTHER OPERATING EXPENSES (-)		(768.939)
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		371.915
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		2.062
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-
XV.	INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV+XV)		373.977
XVI.	PROVISION FOR INCOME TAXES (±)		(55.243)
16.1	Current Tax Provision		(94.673)
16.2	Deferred Tax Provision		39.430
XVII.	OPERATING INCOME/(LOSS) AFTER TAXES (XV+XVI)		318.734
17.1	Discontinued Operations		-
17.2	Other		318.734
XVIII.	NET INCOME/(LOSS) (XVII)		318.734
18.1	Group's Gains / (Losses)		275.527
18.2	Minority Interest Gains / (Losses)		43.207
	Earnings/(Loss) per share (in YTL full)		0,0009

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 SEPTEMBER 2007 AND 31 DECEMBER 2006

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

III.	OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(30/09/2007)			Restated (*) (31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		21.161.485	13.035.121	34.196.606	17.795.108	14.582.457	32.377.565
I.	GUARANTEES AND WARRANTIES	IV-a-2,3	6.600.349	8.209.697	14.810.046	6.293.043	9.274.031	15.567.074
1.1.	Letters of Guarantee		5.669.521	5.125.060	10.794.581	5.567.272	5.707.063	11.274.335
1.1.1.	Guarantees Subject to State Tender Law		437.222	514.801	952.023	431.794	650.341	1.082.135
1.1.2.	Guarantees Given for Foreign Trade Operations		730.973	4.503.106	5.234.079	1.032.092	4.902.924	5.935.016
1.1.3.	Other Letters of Guarantee		4.501.326	107.153	4.608.479	4.103.386	153.798	4.257.184
1.2.	Bank Acceptances		-	198.727	198.727	-	216.649	216.649
1.2.1.	Import Letter of Acceptance		-	198.727	198.727	-	216.649	216.649
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		734	2.245.445	2.246.179	325	2.585.726	2.586.053
1.3.1.	Documentary Letters of Credit		734	2.126.338	2.127.072	325	2.541.017	2.541.342
1.3.2.	Other Letters of Credit		-	119.107	119.107	-	44.711	44.711
1.4.	Pre-financing Given as Guarantee		143	1.613	1.756	143	1.884	2.027
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		5.165	576.008	581.173	4.770	590.776	595.546
1.9.	Other Collaterals		924.780	62.844	987.630	720.533	171.931	892.464
II.	COMMITMENTS	IV-a-1	11.051.307	281.491	11.332.798	9.514.236	586.371	10.100.607
2.1.	Irrevocable Commitments		11.051.307	281.491	11.332.798	9.514.236	586.371	10.100.607
2.1.1.	Asset Purchase Commitments		2.424	256.330	258.754	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	707	707	-	569.144	569.144
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		-	23.579	23.579	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		1.355.462	-	1.355.462	1.310.760	-	1.310.760
2.1.8.	Tax and Fund Liabilities from Export Commitments		39.021	-	39.021	39.365	-	39.365
2.1.9.	Commitments for Credit Card Limits		9.654.275	-	9.654.275	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	875	1.000	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		3.509.829	4.543.933	8.053.762	1.987.829	4.722.055	6.709.884
3.1.	Hedging Derivative Financial Instruments		179.763	155.341	335.104	211.508	1.151.526	1.363.034
3.1.1.	Transactions for Fair Value Hedge		179.763	155.341	335.104	211.508	1.151.526	1.363.034
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Transactions		3.330.066	4.388.592	7.718.658	1.776.321	3.570.529	5.346.850
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		1.081.807	1.814.652	2.896.459	437.189	1.415.653	1.852.842
3.2.1.1.	Forward Foreign Currency Transactions-Buy		616.563	945.857	1.562.420	321.910	619.517	941.427
3.2.1.2.	Forward Foreign Currency Transactions-Sell		465.244	868.795	1.334.039	115.279	796.136	911.415
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		1.486.387	1.930.492	3.416.879	579.009	1.548.452	2.127.461
3.2.2.1.	Foreign Currency Swap-Buy		-	798.822	798.822	112.788	504.311	617.099
3.2.2.2.	Foreign Currency Swap-Sell		635.691	232.547	368.238	159.236	450.111	609.347
3.2.2.3.	Interest Rate Swap-Buy		160.249	679.934	840.183	-	450.968	450.968
3.2.2.4.	Interest Rate Swap-Sell		690.447	219.189	909.636	306.985	143.062	450.047
3.2.3.	Foreign Currency, Interest rate and Securities Options		760.873	642.740	1.403.613	546.180	606.424	1.152.604
3.2.3.1.	Foreign Currency Options-Buy		352.953	325.564	678.517	273.090	303.212	576.302
3.2.3.2.	Foreign Currency Options-Sell		352.921	317.176	669.097	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		-	-	-	-	-	-
3.2.3.6.	Securities Options-Sell		55.000	-	55.000	-	-	-
3.2.4.	Foreign Currency Futures		733	708	1.441	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		733	-	733	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	708	708	-	-	-
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		266	-	266	213.943	-	213.943
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		68.302.655	7.921.793	76.224.448	68.031.176	2.733.586	70.764.762
IV.	ITEMS HELD IN CUSTODY		52.908.413	1.398.418	54.306.831	54.791.029	1.706.076	56.497.105
4.1.	Customer Fund and Portfolio Balances		2.065.109	1.957	2.067.066	5.864.747	171.662	7.036.409
4.2.	Investment Securities Held in Custody		42.679.106	1.076.768	43.755.874	39.859.872	1.154.620	41.014.492
4.3.	Checks Received for Collection		4.941.243	53.113	4.994.356	4.669.933	49.098	4.719.031
4.4.	Commercial Notes Received for Collection		3.221.694	215.436	3.437.130	3.395.301	235.461	3.630.762
4.5.	Other Assets Received for Collection		-	51.144	51.144	-	58.993	58.993
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		97	-	97	11	36.242	36.253
4.8.	Custodians		1.164	-	1.164	1.165	-	1.165
V.	PLEDGES RECEIVED		14.467.441	6.523.375	20.990.816	13.240.147	1.027.510	14.267.657
5.1.	Marketable Securities		361.901	47.370	409.271	362.711	580	363.291
5.2.	Guarantee Notes		295.445	267.668	563.113	291.104	363.967	655.071
5.3.	Commodity		6.704	-	6.704	20.617	-	20.617
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		9.640.182	4.242.082	13.882.264	9.682.256	499.324	10.181.580
5.6.	Other Pledged Items		4.162.960	1.964.089	6.127.049	2.883.210	39.855	2.923.063
5.7.	Pledged Items-Depository		249	2.166	2.415	249	123.786	124.035
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		926.801	-	926.801	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			89.464.140	20.956.914	110.421.054	85.826.284	17.316.043	103.142.327

(*) As explained in Note XXV. of Section Three and Note VI. of Section Five, the Bank has restated its financial statements as of 31 December 2006.

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 SEPTEMBER 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 September 2007																	
		3.142.818	-	45.781	-	17.159	-	326.025	-	528.353	(696.955)	-	-	22.540	3.385.721	548.610	3.934.331
		-	-	-	-	-	-	-	-	23.292	136.116	-	-	-	159.408	-	159.408
I.		3.142.818	-	45.781	-	17.159	-	326.025	-	551.645	(560.839)	-	-	22.540	3.545.129	548.610	4.093.739
II.	VI.i.	-	-	-	-	-	-	-	-	-	(147.781)	-	-	14.710	(133.071)	133.071	-
III.		-	-	-	-	-	-	-	-	-	-	-	-	(36.385)	(36.385)	(5.407)	(41.792)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	721.167	-	-	-	-	721.167	127.255	848.422
VIII.		-	-	-	-	-	-	-	7.308	(551.645)	544.337	-	-	-	(77.742)	(77.742)	(77.742)
8.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2		-	-	-	-	-	-	-	7.308	(551.645)	544.337	-	-	-	(77.742)	(77.742)	(77.742)
8.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		6.632	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-
9.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4		6.632	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-
9.5		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	299	-	-	-	299	(2.261)	(1.962)
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+ XII+XIII+XIV+XV+XVI)		3.149.450	-	45.781	-	17.159	-	326.025	7.308	721.167	(170.616)	-	-	865	4.097.139	723.526	4.820.665

(*) It's explained in details in Note VI. In Section Five.

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)	(30/09/2007)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before changes in operating assets and liabilities		2.955.485
1.1.1	Interest received		5.150.985
1.1.2	Interest paid		(3.075.484)
1.1.3	Dividend received		3.323
1.1.4	Fees and commissions received		1.539.575
1.1.5	Other income		281.520
1.1.6	Collections from previously written-off loans and other receivables		364.929
1.1.7	Payments to personnel and service suppliers		689.426
1.1.8	Taxes paid		(82.570)
1.1.9	Extraordinary items		-
1.1.10	Other		(1.916.219)
1.2	Changes in operating assets and liabilities		(4.611.423)
1.2.1	Net decrease in trading securities		157.287
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		497.289
1.2.4	Net (increase) in loans		(3.128.472)
1.2.5	Net (increase) in other assets		(406.381)
1.2.6	Net (decrease) in bank deposits		(2.370.460)
1.2.7	Net increase in other deposits		155.079
1.2.8	Net increase in funds borrowed		477.101
1.2.9	Net (decrease) in payables		-
1.2.10	Net increase in other liabilities		7.134
I.	Net cash provided from banking operations		(1.655.938)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities		2.037.831
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		(80.777)
2.4	Disposals of property and equipment		148.408
2.5	Cash paid for purchase of investments available-for-sale		(139.999)
2.6	Cash obtained from sale of investments available-for-sale		(25.907)
2.7	Cash paid for purchase of investment securities		(3.457.917)
2.8	Cash obtained from sale of investment securities		5.578.831
2.9	Other		15.192
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities		(157.421)
3.1	Cash obtained from funds borrowed and securities issued		(79.758)
3.2	Cash used for repayment of funds borrowed and securities issued		-
3.3	Issued capital instruments		-
3.4	Dividends paid		(77.742)
3.5	Payments for finance leases		79
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)		224.472
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	3.508.698

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 “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No: 26430 dated 10 February 2007. 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 September 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, the 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 Communiqué. 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 consolidated 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".

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

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	32,76	32,76
Yapı Kredi Bank Moscow	Moscow/ Russia	Banking	99,89	100,00
Stiching Custody Services YKB (*)	Amsterdam/ Nederland	Custody services	32,76	32,76
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.

(**) As explained in details in Note VIII. of Section Five, it has been decided to sell Yapı Kredi Bank Deutschland A.G. to Avenue Europe Investments LP in accordance with the purchase-sale agreement that would be subject to the transaction between the buyer and the seller.

(***) 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>(City/ Country)</u>	<u>Main Activities</u>	<u>Effective Rates (%) 30 September 2007</u>	<u>Direct and Indirect Rates (%) 30 September 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 whether the derivative is being used for hedging purposes or not and depends on the type of the item being hedged. As of 30 September 2007, the Group has derivative instruments qualifying 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 assets" and if the fair value difference is negative, it is disclosed under "trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE :

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE :

All fees and commission income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded 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 instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of Section Three.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

The Group provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No.26333 dated 1 November 2006. In this context, the 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 the accounting of provisions for loans are explained in details in Note VII. of this section.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

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

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

The Group does not have any form of securities lending transactions.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. INFORMATION ON ASSETS HELD FOR RESALE:

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, intangible assets (i.e. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination; if can be distinguished from the goodwill and if the asset’s fair value can be measured reliably.

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

b. Other Intangible Assets:

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

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

Intangibles are amortised over their 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 the useful life (five 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 or 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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

Banking Law No.5411 temporary article 23 paragraph one states that foundations like the Fund are to be transferred to the Social Security Institution (“SSI”) within three years beginning from the published date of the article. However, on 2 November 2005 the President applied to the Constitutional Court for abrogation of the concerned article of Banking Law and with the decision of the Constitutional Court dated 22 March 2007 numbered E. 2005/39, K. 2007/33 published in the Official Gazette dated 31 March 2007 numbered 26479, the article has been abrogated as of the publication date of the decision.

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.

The BRSA expressed its opinion regarding the announcement of temporary article 23, paragraph one 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 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 for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation arising from this liability.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

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

b. Deferred Tax:

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

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

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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”.

XXIV. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 September 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 the Turkish Commercial Code (“TCC”). The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

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 September 2007
Group’s Profit	721.167
Weighted Average Number of Issued Ordinary Shares(Thousand)	314.945.000
Earning Per Share (Disclosed in full YTL)	0,0023

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 detail in Note VII. of Section Five.

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 September 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 13,43% (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)	18.194.528	2.312.234	3.952.916	21.807.351	20.261.867	3.152.555	4.238.710	24.599.285
Cash	424.866	1.298	-	-	440.309	6.412	-	3.821
Matured marketable securities	-	-	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	459.413	-	-	-	459.413	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	1.900.532	-	16.071	-	2.500.753	-	16.454
Interbank Money Market Placements	-	-	-	-	193.203	-	-	-
Receivables from reverse repurchase transactions	-	300.000	-	-	13.910	300.000	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	2.786.331	-	-	-	2.786.331	-	-	-
Loans	1.715.769	11.654	3.900.580	18.934.160	1.804.228	100.142	3.948.026	19.982.258
Non-Performing Receivables (Net)	-	-	-	311.628	-	-	-	321.401
Lease receivables	-	-	-	-	33.687	7.273	235.040	1.890.973
Available-for-Sale financial assets	164.350	43.041	-	31.827	680.426	-	-	138.784
Held-to-Maturity investments	11.890.027	-	-	-	12.994.554	-	-	1.825
Receivables from the disposal of assets	-	-	-	11.833	-	-	-	11.833
Miscellaneous receivables	-	43.128	-	211.837	616	219.586	-	366.226
Interest and income accruals	382.865	5.576	52.336	254.063	463.389	11.384	55.644	293.962
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	742.559	-	-	-	55.464
Fixed assets	-	-	-	1.170.130	-	-	-	1.250.093
Other assets	370.907	7.005	-	123.243	391.801	7.005	-	266.191
Off-balance sheet items	234.040	3.990.866	2.402.051	7.971.642	234.040	3.999.062	2.559.063	8.012.427
Non-cash loans and commitments	234.040	3.955.249	2.402.051	7.955.634	234.040	3.955.249	2.559.063	7.991.396
Derivative financial instruments	-	35.617	-	16.008	-	43.813	-	21.031
Non-risk weighted accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	18.428.568	6.303.100	6.354.967	29.778.993	20.495.907	7.151.617	6.797.773	32.611.712

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006 (**)
Amount subject to credit risk (“ASCR”)	34.217.097	32.474.602	37.440.922	34.741.253
Amount subject to market risk (“ASMR”)	388.025	309.900	526.813	391.363
Amount subject to operational risk (“ASOR”) (*)	3.695.750		5.077.013	
Shareholder’s Equity	4.937.330	4.037.076	5.781.683	4.671.162
Shareholder’s Equity/(ASCR+ASMR+ASOR)*100	12,89	12,31	13,43	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.

e. Information about shareholders’ equity items:

	30 September 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	723.526	548.610
Profit	721.167	528.353
Current period profit (net)	721.167	528.353
Prior period profit	-	-
Provisions for possible risks (up to 25% of core capital)	58.093	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 (-)	(170.616)	(696.955)
Current period loss (net)	-	-
Prior period loss	(170.616)	(696.955)
Special costs (-) (***)	(31.034)	(30.974)
Prepaid expenses (-) (***)	(115.752)	(75.726)
Intangible assets (-) (***)	(1.142.558)	(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 (***)	4.877.893	4.020.305

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SUPPLEMENTARY CAPITAL		
General provisions	538.059	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	1.727.200	1.540.285
45 % of Marketable Securities valuation fund	389	10.143
From investments in associates and subsidiaries	-	-
Available-for-Sale financial assets	389	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	2.265.648	1.989.585
TIER III CAPITAL	-	-
CAPITAL	7.143.541	6.009.890
DEDUCTIONS FROM THE CAPITAL (***)	1.361.858	1.338.728
Investments in unconsolidated financial institutions and banks	30.799	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	708	828
The carrying amounts for investments, subsidiaries, other investments, financial subsidiaries which equity method is applied without consolidating asset and liability	41.007	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	5.781.683	4.671.162

(**) The prior period values in the summary information about capital adequacy ratio and the information about shareholders' equity tables disclosed above, do not include the effects of restatement made in the 31 December 2006 financial statements as of 30 September 2007.

(***) 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. The below table represents the details of market risk calculation as of 30 September 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 the "Calculation of Market Risk with Standard Method".

a. Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	26.615
(II) Capital to be Employed for Specific Risk -Standard Method	3.186
(III) Capital to be Employed for Currency Risk - Standard Method	9.231
(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	3.113
(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)	42.145
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	526.813

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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 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 September 2007, the total amount subject to operational risk is YTL5.077.013 thousand and the amount of the related capital requirement is YTL406.161 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 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 are as follows:

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	YTL1,17970	YTL1,67000	YTL0,01019
1. Day bid rate	YTL1,18620	YTL1,67600	YTL0,01028
2. Day bid rate	YTL1,19710	YTL1,68680	YTL0,01043
3. Day bid rate	YTL1,18810	YTL1,67670	YTL0,01031
4. Day bid rate	YTL1,19700	YTL1,68380	YTL0,01035
5. Day bid rate	YTL1,19990	YTL1,68500	YTL0,01038

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

USD	: YTL1,23082
Euro	: YTL1,70654
Yen	: YTL0,01067

As of 31 December 2006;

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

Information on currency risk of the Group:

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

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	EURO	USD	Yen	Other FC	Total
30 September 2007					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.788.110	64.744	126	17.466	1.870.446
Due From Banks and Other Financial Institutions	1.657.250	539.459	221	212.044	2.408.974
Financial Assets at Fair Value Through Profit or Loss	69.467	104.643	-	1.122	175.232
Interbank Money Market Placements	70.946	93.808	50	27.790	192.594
Available-for-Sale Financial Assets	73.325	239.252	-	37.229	349.806
Loans (*)	3.012.237	5.424.944	27.880	216.542	8.681.603
Investments in Associates, Subsidiaries and Joint Ventures	-	24.500	-	41.007	65.507
Held-to-Maturity Investments	1.061.983	5.999.199	-	1.825	7.063.007
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	305	-	-	8.852	9.157
Intangible Assets	-	-	-	-	-
Other Assets	1.545.215	806.624	1.212	110.377	2.463.428
Total Assets	9.278.838	13.297.173	29.489	674.254	23.279.754
Liabilities					
Bank Deposits	633.964	430.732	41	168.375	1.233.112
Foreign Currency Deposits	3.713.122	8.985.760	13.072	287.888	12.999.842
Funds From Interbank Money Market	245.445	632.815	-	46.838	925.098
Funds Borrowed From Other Financial Institutions	1.746.764	2.881.858	371	25.694	4.654.687
Marketable Securities Issued	720.168	856.827	-	-	1.576.995
Miscellaneous Payables	83.232	105.024	1.878	4.476	194.610
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.341.313	454.901	1.118	54.008	2.851.340
Total Liabilities	9.484.008	14.347.917	16.480	587.279	24.435.684
Net On Balance Sheet Position	(205.170)	(1.050.744)	13.009	86.975	(1.155.930)
Net Off Balance Sheet Position	454.663	807.907	(16.010)	20.543	1.267.103
Financial Derivative Assets	702.970	2.110.378	13.147	79.023	2.905.518
Financial Derivative Liabilities	248.307	1.302.471	29.157	58.480	1.638.415
Non-Cash Loans	2.818.606	4.901.608	286.851	202.632	8.209.697
31 December 2006					
Total Assets	9.531.650	16.205.751	27.350	754.373	26.519.124
Total Liabilities	9.477.844	16.178.704	19.237	766.431	26.442.216
Net On Balance Sheet Position	53.806	27.047	8.113	(12.058)	76.908
Net Off Balance Sheet Position	62.353	19.968	(7.192)	106.732	181.861
Financial Derivative Assets	876.676	1.363.216	3.259	208.807	2.451.958
Financial Derivative Liabilities	814.323	1.343.248	10.451	102.075	2.270.097
Non-Cash Loans	2.852.167	5.931.311	351.338	139.215	9.274.031

(*) Includes FC indexed loans amounting to YTL919.560 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 September 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	2.836.801	-	-	-	-	869.783	3.706.584
Due From Banks and Other Financial Institutions	1.709.013	36.670	139.862	134.863	146.642	383.232	2.550.282
Financial Assets at Fair Value Through Profit/Loss	102.788	29.470	53.839	35.086	142.180	58.900	422.263
Interbank Money Market Placements	413.591	12.680	6.599	62.587	15.434	-	510.891
Available-for-Sale Financial Assets	16.943	35.568	195.159	201.064	327.997	85.034	861.765
Loans	6.203.623	3.349.718	4.229.768	3.339.313	8.282.839	321.850	25.727.111
Held-to-Maturity Investments	860.101	565.066	5.034.249	779.478	6.089.709	-	13.328.603
Other Assets	153.138	1.017.836	634.641	377.922	1.171.537	3.879.134	7.234.208
Total Assets	12.295.998	5.047.008	10.294.117	4.930.313	16.176.338	5.597.933	54.341.707
Liabilities							
Bank Deposits	40.828	54.063	101.752	22.329	-	158.480	377.452
Other Deposits	23.047.444	2.082.777	627.427	1.151.034	167.478	5.134.596	32.210.756
Funds From Interbank Money Market	927.785	184.519	398.334	230.630	9.465	-	1.750.733
Miscellaneous Payables	2.286.323	3.183	10.826	24	-	225.398	2.525.754
Marketable Securities Issued	-	1.576.995	-	-	-	-	1.576.995
Funds Borrowed From Other Financial Institutions	241.533	2.282.159	2.036.766	462.096	147.714	37	5.170.305
Other Liabilities and Shareholders' Equity	649.774	787.184	929.270	130.223	487.358	7.745.903	10.729.712
Total Liabilities	27.193.687	6.970.880	4.104.375	1.996.336	812.015	13.264.414	54.341.707
Balance Sheet Long Position	-	-	6.189.742	2.933.977	15.364.323	-	24.488.042
Balance Sheet Short Position	(14.897.689)	(1.923.872)	-	-	-	(7.666.481)	(24.488.042)
Off-balance Sheet Long Position	861	-	-	-	1.030	-	1.891
Off-balance Sheet Short Position	(7.732)	(101.025)	(17.756)	(42.977)	(738)	-	(170.228)
Total Position	(14.904.560)	(2.024.897)	6.171.986	2.891.000	15.364.615	(7.666.481)	(168.337)

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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	3.129.139	-	-	-	-	1.014.895	4.144.034
Due From Banks and Other Financial Institutions	1.798.067	91.099	296.461	113.280	34.615	402.364	2.735.886
Financial Assets at Fair Value Through Profit/Loss	18.806	86.995	148.699	36.418	272.511	51.099	614.528
Interbank Money Market Placements	131.771	22	-	-	-	27.421	159.214
Available-for-Sale Financial Assets	34.089	125.829	60.232	49.039	371.183	88.298	728.670
Loans	5.303.371	4.110.939	4.336.830	3.752.305	5.240.650	328.218	23.072.313
Held-to-Maturity Investments	3.419.703	3.669.897	2.519.707	835.981	6.665.455	-	17.110.743
Other Assets	122.588	1.289.869	236.124	312.296	888.168	3.753.822	6.602.867
Total Assets	13.957.534	9.374.650	7.598.053	5.099.319	13.472.582	5.666.117	55.168.255
Liabilities							
Bank Deposits	341.345	14.782	13.806	61.844	-	69.401	501.178
Other Deposits	21.724.997	3.804.904	471.755	622.573	280.224	5.109.188	32.013.641
Funds From Interbank Money Market	3.281.505	297.603	375.740	14.181	28.335	-	3.997.364
Miscellaneous Payables	1.941.588	226.122	86.705	317	-	287.975	2.542.707
Marketable Securities Issued	-	1.650.006	-	-	-	-	1.650.006
Funds Borrowed From Other Financial Institutions	592.923	900.841	669.774	1.288.301	1.430.249	-	4.882.088
Other Liabilities and Shareholders' Equity	19.663	355.924	42.137	9.215	1.559.364	7.594.968	9.581.271
Total Liabilities	27.902.021	7.250.182	1.659.917	1.996.431	3.298.172	13.061.532	55.168.255
Balance Sheet Long Position	-	2.124.468	5.938.136	3.102.888	10.174.410	-	21.339.902
Balance Sheet Short Position	(13.944.487)	-	-	-	-	(7.395.415)	(21.339.902)
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	(13.723.667)	2.148.299	5.950.400	3.098.513	10.174.490	(7.395.415)	252.626

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b. Average interest rates for monetary financial instruments:

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

30 September 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	1,80	1,12	-	11,12
Due From Banks and Other Financial Institutions	4,23	5,31	-	20,25
Financial Assets at Fair Value Through Profit/Loss	6,27	8,82	-	19,56
Interbank Money Market Placements	-	-	-	19,47
Available-for-Sale Financial Assets	10,78	6,26	-	17,31
Loans	5,96	7,18	2,84	21,68
Held-to-maturity Investments	5,74	7,51	-	18,97
Liabilities				
Bank Deposits	-	4,07	-	18,49
Other Deposits	2,78	4,78	0,23	19,63
Funds From Interbank Money Market	6,36	7,77	-	18,85
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	5,84	5,28	2,40	17,05

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 and 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 September 2007								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	869.783	2.836.801	-	-	-	-	-	3.706.584
Due From Banks and Other Financial Institutions	383.232	1.709.013	36.670	139.862	134.863	146.642	-	2.550.282
Financial Assets at Fair Value Through Profit or Loss	40.694	51.774	20.919	22.888	89.477	178.305	18.206	422.263
Interbank Money Market Placements	-	413.591	12.680	6.599	62.587	15.434	-	510.891
Available-for-Sale Financial Assets	46.264	3.308	15.565	21.036	214.038	522.784	38.770	861.765
Loans	449	5.437.350	3.451.625	4.150.740	3.339.092	9.026.454	321.401	25.727.111
Held-to-maturity Investments	-	172.925	212.213	495.415	1.169.503	11.278.547	-	13.328.603
Other Assets (**)	233.124	655.213	972.325	809.416	374.373	1.457.467	2.732.290	7.234.208
Total Assets	1.573.546	11.279.975	4.721.997	5.645.956	5.383.933	22.625.633	3.110.667	54.341.707
Liabilities								
Bank Deposits	158.480	40.828	54.063	101.752	22.329	-	-	377.452
Other Deposits	5.134.596	23.047.444	2.082.777	627.427	1.151.034	167.478	-	32.210.756
Funds Borrowed From Other Financial Institutions	37	406.370	623.883	640.668	1.643.414	1.855.933	-	5.170.305
Funds From Interbank Money Market	-	927.785	184.519	398.334	230.630	9.465	-	1.750.733
Marketable Securities Issued	-	-	-	-	-	1.576.995	-	1.576.995
Miscellaneous Payables	47.948	2.312.281	64.685	15.771	1.921	1.085	82.063	2,525.754
Other Liabilities (**)	1.585.205	1.093.325	383.764	84.869	76.972	2,307.673	5,197.904	10,729.712
Total Liabilities	6.926.266	27.828.033	3.393.691	1.868.821	3.126.300	5.918.629	5.279.967	54.341.707
Net Liquidity Gap	(5.352.720)	(16.548.058)	1.328.306	3.777.135	2.257.633	16.707.004	(2.169.300)	-
31 December 2006								
Total Assets	1.799.428	12.882.368	6.241.805	6.024.519	4.248.558	20.691.791	3.279.786	55.168.255
Total Liabilities	7.523.922	28.720.754	5.389.629	1.354.187	2.234.260	5.367.052	4.578.451	55.168.255
Net Liquidity Gap	(5.724.494)	(15.838.386)	852.176	4.670.332	2.014.298	15.324.739	(1.298.665)	-

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

The 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 YTL15.193.550 thousand and total liabilities amount to YTL6.808.466 thousand.

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

	Retail Banking	Corporate Banking	Private Banking	Credit Cards	Foreign Operations	Other	Consolidation Adjustments (*)	Total Operations of the Group
30 September 2007								
Segment revenue	744.070	669.366	184.143	686.516	60.977	1.055.040	(35.929)	3.364.183
Unallocated costs	-	-	-	-	-	(2.365.771)	13.599	(2.352.172))
Net Operating Profit	744.070	669.366	184.143	686.516	60.977	(1.310.731)	(22.330)	1.012.011
Dividend income	-	-	-	-	-	-	-	3.323
Profit/Loss from Shareholders that are applied Equity Method	-	-	-	-	-	-	-	4.515
Profit before tax	-	-	-	-	-	-	-	1.019.849
Tax Expense	-	-	-	-	-	-	-	(171.427)
Net Profit	-	-	-	-	-	-	-	848.422
Segment assets	5.676.339	15.669.676	548.737	6.096.003	2.442.001	20.814.850	(293.875)	50.953.731
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	127.270	-	127.270
Unallocated assets	-	-	-	-	-	3.260.706	-	3.260.706
Total Assets	5.676.339	15.669.676	548.737	6.096.003	2.442.001	24.202.826	(293.875)	54.341.707
Segment liabilities	13.564.148	12.586.921	7.626.231	1.616.571	2.057.396	10.429.625	(270.325)	47.610.567
Shareholders' Equity	-	-	-	-	-	4.820.665	-	4.820.665
Unallocated liabilities	-	-	-	-	-	1.910.475	-	1.910.475
Total liabilities	13.564.148	12.586.921	7.626.231	1.616.571	2.057.396	17.160.765	(270.325)	54.341.707

(*) 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 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Cash	271.553	117.213	307.328	127.907
CBRT	1.564.585	1.731.629	1.549.860	2.095.114
Other	-	21.604	-	63.825
Total	1.836.138	1.870.446	1.857.188	2.286.846

2. Information on the account of the CBRT:

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Demand Unrestricted Amount	224	459.190	283	570.264
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	1.564.361	1.272.439	1.549.577	1.524.850
Total	1.564.585	1.731.629	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 at 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 September 2007 the corresponding interest rates are 12,93% for YTL, 2,33% for USD and 1,70% for EUR reserves.

As of 30 September 2007, the Group’s reserve deposits, including those at foreign banks, amount to YTL2.852.769 thousand (31 December 2006: YTL3.096.049 thousand).

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

1. As of 30 September 2007, financial assets at fair value through profit or loss subject to repo transactions amount to YTL105.791 thousand (31 December 2006: YTL195.994 thousand) and those given as collateral/blocked amounts to YTL75.760 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 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	33.821	8.568	34.414	3.665
Swap Transactions	352	9.443	37.686	1.940
Futures Transactions	-	-	-	-
Options	-	497	-	-
Other	-	-	-	-
Total	34.173	18.508	72.100	5.605

c. Information on banks and other financial institutions:

1. Information on banks and other financial institutions:

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	141.308	2.408.974	47.187	2.688.608
Domestic	104.283	429.065	46.273	589.382
Foreign	37.025	1.979.473	914	2.099.226
Head Quarters and Branches Abroad	-	436	-	-
Other Financial Institutions	-	-	91	-
Total	141.308	2.408.974	47.278	2.688.608

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

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

As of 30 September 2007, available-for-sale financial assets given as collateral/blocked amount to YTL445.532 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 September 2007	31 December 2006
Debt Securities	723.480	620.254
Quoted to Stock Exchange (*)	723.480	618.683
Not Quoted	-	1.571
Share Certificates	80.595	74.542
Quoted to Stock Exchange	482	632
Not Quoted	80.113	73.910
Impairment Provision (-)	(42.301)	(42.747)
Other	99.991	76.621
Total	861.765	728.670

(*) As of 30 September 2007, even though Eurobonds amounting to YTL272.454 thousand (31 December 2006: YTL312.236 thousand) are not quoted on stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

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(Continued)**

e. Explanations on loans:

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

	30 September 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	388.161	501.908	424.451	716.337
Loans Granted To Employees	51.874	-	45.415	-
Total	440.035	501.908	469.955	716.561

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	24.304.986	307.456	778.594	14.674
Discount and Purchase Notes	201.149	-	13	-
Export Loans	2.226.731	5.960	27.732	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	549.760	-	-	-
Foreign Loans	284.457	207.989	-	-
Consumer Loans	3.198.158	-	182.512	-
Credit Cards	5.831.931	-	351.716	-
Precious Metal Loans	122.614	-	-	-
Other	11.890.186	93.507	216.621	14.674
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	24.304.986	307.456	778.594	14.674

The Bank’s cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement (“FRA”) amounted to USD227.629.379 (YTL268.534 thousand) (31 December 2006: USD752.945.836 (YTL1.037.333 thousand)) as of 30 September 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 the “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 2,73% 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 YTL563.646 thousand as of 30 September 2007.

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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	137.594	2.992.549	3.130.143
Real estate loans	6.277	1.823.600	1.829.877
Automotive loans	13.159	435.982	449.141
Consumer loans	27.894	98.548	126.442
Other	90.264	634.419	724.683
Consumer Loans-FC Indexed	3.062	150.931	153.993
Real estate loans	813	118.265	119.078
Automotive loans	871	17.944	18.815
Consumer loans	30	33	63
Other	1.348	14.689	16.037
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	5.602.804	438.648	6.041.452
With installments	2.460.889	438.648	2.899.537
Without installments	3.141.915	-	3.141.915
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-YTL	4.875	16.239	21.114
Real estate loans	2	1.848	1.850
Automotive loans	56	622	678
Consumer loans	188	215	403
Other	4.629	13.554	18.183
Personnel Loans-FC Indexed	12	332	344
Real estate loans	-	261	261
Automotive loans	-	11	11
Consumer loans	-	-	-
Other	12	60	72
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	29.386	1.581	30.967
With installments	14.764	1.581	16.345
Without installments	14.622	-	14.622
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-YTL (Real Person)	75.076	-	75.076
Credit Deposit Account-FC (Real Person)	-	-	-
Total	5.852.809	3.600.280	9.453.089

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-YTL	208.527	1.697.704	1.906.231
Business Loans	5.639	215.531	221.170
Automotive Loans	50.618	999.219	1.049.837
Consumer Loans	-	-	-
Other	152.270	482.954	635.224
Commercial Installments Loans-FC Indexed	22.686	159.032	181.718
Business Loans	24	11.016	11.040
Automotive Loans	3.323	81.025	84.348
Consumer Loans	-	-	-
Other	19.339	66.991	86.330
Commercial Installments Loans-FC	-	-	-
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-YTL	111.063	165	111.228
With installment	16.891	165	17.056
Without installment	94.172	-	94.172
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-YTL (Legal Person)	95.059	-	95.059
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	437.335	1.856.901	2.294.236

5. Distribution of domestic and foreign loans:

	30 September 2007	31 December 2006
Domestic loans	24.913.262	21.757.028
Foreign loans	492.448	987.417
Total	25.405.710	22.744.445

6. Loans granted to investments in associates and subsidiaries:

	30 September 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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(Continued)

7. Specific provisions provided against loans:

	30 September 2007	31 December 2006
Loans and other receivables with limited collectibility	22.512	25.098
Loans and other receivables with doubtful collectibility	124.665	110.156
Uncollectible loans and other receivables	1.337.283	1.313.583
Total	1.484.460	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 September 2007			
(Gross amounts before specific reserves)	97	2.252	188.039
Restructured loans and other receivables	97	2.252	188.039
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 (+)	442.657	39.210	35.786
Transfers from other categories of non-performing loans (+)	-	399.652	326.549
Transfers to other categories of non-performing loans (-)	(399.652)	(326.549)	-
Collections (-)	(60.420)	(58.224)	(246.287)
Foreign exchange valuation differences	-	(2.656)	(2.892)
Write-offs (-)	-	(933)	(117.085)
30 September 2007	120.783	224.267	1.460.811
Special Provision (-)	(22.512)	(124.665)	(1.337.283)
Net Balance on balance sheet	98.271	99.602	123.528

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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 September 2007			
Period end balance	-	-	32.266
Specific provision (-)	-	-	(22.526)
Net balance on-balance sheet	-	-	9.740
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 September 2007	31 December 2006
Government Bond	13.326.778	13.253.430
Treasury Bill	-	89.380
Other debt securities(*)	-	3.174.345
Total	13.326.778	16.517.155

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

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

	30 September 2007	31 December 2006
Debt Securities	13.359.946	17.114.231
Quoted to Stock Exchange (*)	13.189.522	16.968.375
Not Quoted	170.424	145.856
Impairment Provision (-)	(31.343)	(3.488)
Total	13.328.603	17.110.743

(*) Even though Eurobonds are not quoted on 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 September 2007	31 December 2006
Beginning balance	17.110.743	8.849.967
FC differences on monetary assets	(941.049)	(399.055)
Purchases during year	3.239.590	10.599.251
Disposals through sales and redemptions	(6.052.826)	(1.937.496)
Impairment provision	(27.855)	(1.924)
Period end balance	13.328.603	17.110.743

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

As of 30 September 2007, held-to-maturity investments given as collateral amount to YTL1.298.041 thousand (31 December 2006: YTL1.524.535 thousand). Held-to-maturity investments subject to repo transactions amount to YTL1.116.952 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	19.433	15.163	1.920	1.882	334	2.894	2.671	-

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	2.317.99	132.878	2.469	69.353	4.632	18.574	16.877	-

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

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

	30 September 2007	31 December 2006
Balance at the beginning of the period	41.352	36.352
Movements during the period	(345)	5.000
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	4.515	2.048
Sales	-	-
Foreign exchange valuation differences	(4.860)	2.952
Impairment provision	-	-
Balance at the end of the period	41.007	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 September 2007	31 December 2006
Banks	41.007	41.352
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	-	-
Total Investments	41.007	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 share percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	100,00	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 30 June 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	7.502	6.119	117	73	-	80	335	-
2	40.452	(317)	12.620	1.415	1.446	(35.873)	(49.909)	-
3	258.680	111.642	4.246	749	271	12.632	1.974	175.200
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 September 2007.

Financial statement information in the table above has been obtained from the financial statements as at 30 September 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	56,07
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.

(***) As explained in details in Note VIII. of Section Five, it has been decided to sell Yapı Kredi Bank Deutschland A.G. to Avenue Europe Investments LP in accordance with the purchase-sale agreement that would be subject to the transaction between the buyer and the seller.

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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	50.938	50.916	-	14	-	2.460	3.496	-
2	310.502	220.537	16.613	22.041	8.249	44.825	15.259	-
3	1.095.229	102.179	469	77.152	-	14.752	2.066	-
4	203.182	58.324	7.503	10.570	2.042	5.458	4.057	-
5	57.677	45.762	88	1.788	429	(169)	(12.700)	-
6	588.505	233.306	32.097	21.711	14.884	22.950	4.376	984.000
7	2.399.018	520.973	808	190.045	-	97.979	83.581	1.450.531
8	58.234	58.059	21	1.643	1.591	11.233	2.068	32.053
9	1.282.448	97.458	19.116	11.541	9.425	41.027	(2.816)	-
10	62.041	50.356	476	5.909	2.123	31.999	1.712	-
11	1.257.434	139.726	95	71.124	35.545	11.190	4.576	-

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

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

2(iii). Movement schedules of consolidated subsidiaries:

	30 September 2007	31 December 2006
Balance at the beginning of the period	658.142	634.121
Movements during the period	28.951	24.021
Purchases (*)	28.951	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	687.093	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 with a value of USD19.521.380 and the 289.468,32 shares of Yapı Kredi Finansal Kiralama 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 September 2007	31 December 2006
Banks	109.649	85.032
Insurance Companies	148.016	148.016
Factoring Companies	38.782	38.782
Leasing Companies	115.411	114.321
Finance Companies	-	-
Other Financial Subsidiaries	275.235	271.991
Total Financial Subsidiaries	687.093	658.142

2(v). Subsidiaries quoted to Stock Exchange:

	30 September 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 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	676	658	-	5.151
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	676	658	-	5.151

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j. Information on intangible assets:

	30 September 2007
Beginning of the period	1.156.146
Additions during the Period	9.299
Unused and Disposed Items	-
Impairment Charges on Income Statement	-
Amortisation Expenses (-)	(23.057)
Foreign exchange valuation differences	170
End of the period	1.142.558

Koçbank, acquired 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	988.256
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 a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 30 September 2007, the net book value of these intangible assets amounts to YTL130.468 thousand.

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k. Information on deferred tax asset:

	30 September 2007		31 December 2006	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserves for employment termination benefit	135.182	26.598	160.090	32.146
Provision for pension fund	574.029	114.806	483.281	96.656
Trading derivative financial liabilities	277.853	55.631	31.445	6.289
Impairment on immovables	437.837	87.567	584.510	116.902
Subsidiaries, investment in associates and share certificates	87.310	17.462	78.397	15.680
Carry-forward tax losses	-	-	16.475	3.295
Other	219.489	43.923	155.727	31.165
Total deferred tax asset	1.731.700	345.987	1.509.925	302.133
Trading derivative financial assets	48.220	9.657	77.656	15.531
Valuation difference of securities portfolio	77.403	17.562	123.936	29.217
Property, equipment and intangibles, net	487.810	73.496	592.579	94.351
Other	18.382	3.826	7.406	1.074
Total deferred tax liability	631.815	104.541	801.577	140.173
Deferred Tax Asset, net	1.099.885	241.446	708.348	161.960

According to TAS 12, deferred tax assets amounting to YTL345.987 thousand and deferred tax liabilities amounting to YTL104.541 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 September 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 September 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	910.444	10.604	1.838.568	8.328.505	216.364	37.980	67.582
Foreign Currency Deposits	3.078.697	90.103	4.213.096	4.209.036	830.308	343.484	1.132.074
Residents in Turkey	2.734.440	52.739	3.902.184	3.935.026	743.729	214.418	968.579
Residents Abroad	344.257	37.364	310.912	274.010	86.579	129.066	163.495
Public Sector Deposits	71.326	-	30.563	136.669	-	104.309	3
Commercial Deposits	1.005.037	28.899	1.897.383	2.925.199	232.400	2.441	94.471
Other Institutions Deposits	16.050	-	10.088	282.395	400	99	250
Gold Vault	53.042	-	275	1.641	1.654	904	8.413
Bank Deposits	158.480	6.906	30.344	47.881	8.365	122.404	3.072
The CBRT	-	-	-	-	-	-	-
Domestic Banks	63.268	-	-	8.791	-	3.018	-
Foreign Banks	85.824	6.906	30.344	39.090	8.365	119.386	3.072
Special Financial Institutions	9.388	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5.293.076	136.512	8.020.317	15.931.326	1.289.491	611.621	1.305.865

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	834.923	-	2.514.513	5.993.371	256.366	52.360	68.195
Foreign Currency Deposits	3.182.068	-	3.974.870	6.287.913	989.561	311.577	812.070
Residents in Turkey	3.048.544	-	3.416.363	5.875.921	888.477	250.411	662.882
Residents Abroad	133.524	-	558.507	411.992	101.084	61.166	149.188
Public Sector Deposits	9.115	-	44.113	9.710	6.603	-	37
Commercial Deposits	863.570	-	2.454.170	2.415.497	81.388	36.425	26.595
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	69.401	-	320.496	27.614	20.104	62.264	-
The CBRT	-	-	-	-	-	-	-
Domestic Banks	7.448	-	276.174	15.829	2.067	10.118	-
Foreign Banks	43.220	-	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	1.042
Total	5.178.589	-	9.576.107	15.018.762	1.364.109	468.519	908.733

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Saving Deposits				
Saving Deposits	5.587.769	4.970.931	5.711.780	4.749.385
Foreign Currency Savings Deposit	2.752.917	3.058.148	5.168.141	5.209.910
Other deposits in the form of savings deposits	5.507	5.893	51.439	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 September 2007	31 December 2006
Saving deposits in foreign branches	-	-
Saving deposits in off-shore banking regions	106.557	158.746
Total	106.557	158.746

b. Information on trading derivative financial liabilities :

Trading Derivative Financial Liabilities	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	79.608	2.286	19.757	2.349
Swap Transactions	190.052	-	9.518	3.863
Futures Transactions	-	-	-	-
Options	-	69	-	-
Other	-	-	-	-
Total	269.660	2.355	29.275	6.212

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c. Information on borrowings:

1. Information on banks and other financial institutions :

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	446.529	143.339	353.809	239.147
From Foreign Banks, Institutions and Funds	69.089	4.511.348	203.632	4.029.960
Accrued Interest Expense of Banks and Other Financial Institutions			11.205	44.335
Total	515.618	4.654.687	568.646	4.313.442

2. Information on maturity structure of borrowings :

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-Term	515.618	2.511.502	557.441	3.625.172
Medium and Long-Term	-	2.143.185		643.935
Accrued Interest on Borrowings			11.205	44.335
Total	515.618	4.654.687	568.646	4.313.442

d. Information on marketable securities issued:

The Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.576.995 thousand using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

	30 September 2007	31 December 2006
2008	-	32.853
2009	-	131.411
2010	295.640	383.074
2011	319.989	383.074
2012	319.989	251.662
2013	319.989	251.662
2014	286.073	212.054
2015	24.349	-
Interest Expense Accrual	10.966	4.216
Total	1.576.995	1.650.006

e. Information on other liabilities:

As of 30 September 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 have no conditions which cause significant commitments for the Bank.

	30 September 2007		31 December 2006	
	Gross	Net	Gross	Net
Less than 1 year	38	58	6	5
Between 1-4 years	59	26	-	-
More than 4 years	-	-	-	-
Total	97	84	6	5

g. Information on hedging derivative financial liabilities

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

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	42.916	-	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	42.916	-	-	-

h. Information on provisions:

1. Information on general provisions:

	30 September 2007	31 December 2006
Provisions for Group I loans and receivables	446.384	447.333
Provisions for Group II loans and receivables	141.833	142.775
Provisions for non cash loans	84.469	102.806
Other	17.857	16.033
Total	690.543	708.947

2. Information on reserve for employment termination benefits:

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

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Following actuarial assumptions are used in the calculation of total liabilities

	30 September 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 September 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 September 2007	31 December 2006
Prior period ending balance	105.100	87.534
Provisions recognised during the period	1.615	28.962
Paid during the period	(13.255)	(11.396)
Balance at the end of the period	93.460	105.100

In addition, the Group has accounted for vacation rights provision amounting to YTL41.722 thousand as of 30 September 2007 (31 December 2006: YTL59.171 thousand).

3. Other provisions:

	30 September 2007	31 December 2006
Pension fund provision (*)	574.029	483.281
Tax risk provision (**)	45.631	95.740
Non-cash loan provision	48.876	57.666
Provisions on credit cards and promotion campaigns related to banking services	27.099	53.441
Provision on export commitment estimated liability	39.021	39.365
Legal risk provision (**)	12.462	12.774
Other	119.727	125.918
Total	866.845	868.185

(*) 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 by the end of the year 2007 and has provided a provision amounting to YTL574.029 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 the Foreign Currency Difference of Foreign Indexed Loans:

As of 30 September 2007, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL99.896 thousand (31 December 2006: YTL32.202 thousand).

i. Information on taxes payable:

1. Information on taxes payable:

	30 September 2007	31 December 2006
Corporate Tax Payable	244.976	82.653
Taxation of Marketable Securities	65.836	44.390
Property Tax	609	655
Banking Insurance Transaction Tax (BITT)	27.925	30.184
Foreign Exchange Transaction Tax	3.988	3.122
Value Added Tax Payable	1.393	1.580
Other	24.778	16.936
Total	369.505	179.520

2. Information on premium payables:

	30 September 2007	31 December 2006
Social Security Premiums – Employee	1.821	784
Social Security Premiums – Employer	566	1.768
Bank Pension Fund Premiums – Employee	-	-
Bank Pension Fund Premiums – Employer	-	-
Pension Fund Deposit and Provisions – Employee	5.105	-
Pension Fund Deposit and Provisions – Employer	6.097	-
Unemployment Insurance – Employee	391	403
Unemployment Insurance – Employer	909	827
Other	-	47
Total	14.889	3.829

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j. Information on subordinated loans:

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.775.495	-	1.559.258
From Other Foreign Institutions	-	-	-	-
Total	-	1.775.495	-	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 was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank at 28 April 2006 amounting to EUR350 million, with ten years maturity and a repayment option at the end of five years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained decrees from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. In addition, the Bank obtained a subordinated loan on 19 June 2007 amounting to EUR200 million, with ten years maturity and a repayment option at the end of five years. The interest rate is determined as EURIBOR+1,85% for the first five years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated 3 April 2006, 2 May 2006 and 25 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the “Capital Adequacy Regulation”.

k. Information on shareholders’ equity:

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

	30 September 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 in an amount of YTL3.149.450. thousand and does not apply the registered share capital system .

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

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

In the General Assembly held at 29 March 2007, it was decided that the Bank’s capital would increase by YTL6.632 through the addition of the recent gain from the subsidiaries’ sale into the capital.

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 and legal limits.

7. Privilege on the corporate stock: None

1. Information on marketable securities value increase fund:

	30 September 2007		31 December 2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	6.636	9.560	5.148	15.015
Foreign Currency Difference	(15.331)	-	2.377	-
Total	(8.695)	9.560	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 September 2007	
	YTL	FC
Short-term Loans	1.907.617	132.890
Medium/Long-term Loans	593.827	239.119
Interest on Loans Under Follow-up	65.470	1.374
Premiums Received from Resource Utilisation Support Fund	-	-
Total	2.566.914	373.383

2. Information on interest income on banks:

	30 September 2007	
	YTL	FC
From the CBRT	-	-
From Domestic Banks	22.517	267
From Foreign Banks	15.643	60.367
Headquarters and Branches Abroad	-	2.000
Total	38.160	62.634

3. Information on interest income on marketable securities:

	30 September 2007	
	YTL	FC
From Trading Financial Assets	9.846	14.497
From Financial Assets At Fair Value Through Profit or Loss	-	-
From Available-for-Sale Financial Assets	34.839	7.823
From Held-to-Maturity Investments	910.358	373.578
Total	955.043	395.898

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

	30 September 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 September 2007	
	YTL	FC
Banks	69.462	197.773
The CBRT	-	-
Domestic Banks	34.517	12.127
Foreign Banks	34.945	185.646
Headquarters and Branches Abroad	-	-
Other Institutions	-	84.292
Total	69.462	282.065

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

	30 September 2007
Interests paid to Investments in Associates and Subsidiaries	1.095

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	965	8.012	73	-	776	776	-	10.602
Saving Deposits	2.227	295.383	1.012.730	27.984	3.360	8.155	-	1.349.839
Public Sector Deposits	-	9.173	7.012	487	4.309	3	-	20.984
Commercial Deposits	19.427	345.137	335.326	29.849	423	4.970	-	735.132
Other Deposits	-	6.902	15.997	190	10	26	-	23.125
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	22.619	664.607	1.371.138	58.510	8.878	13.930	-	2.139.682
FC								
Foreign Currency Deposits	6.040	146.409	143.541	30.914	18.596	32.796	-	378.296
Bank Deposits	-	745	624	1.302	4.711	-	-	7.382
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Gold Vault	-	34	3	3	6	43	-	89
Total	6.040	147.188	144.168	32.219	23.313	32.839	-	385.767
Grand Total	28.659	811.795	1.515.306	90.729	32.191	46.769	-	2.525.449

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

	30 September 2007
Income	6.074.863
Income from Capital Market Transactions	2.889.419
Derivative Financial Transactions	2.856.374
Other	33.045
Foreign Exchange Gains	3.185.444
Loss(-)	5.995.605
Loss from Capital Market Transactions	2.944.105
Derivative Financial Transactions	2.896.899
Other	47.206
Foreign Exchange Loss	3.051.500
Net Gain/Loss	79.258

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 September 2007
Specific provisions for loans and other receivables	128.172
III. Group Loans and Receivables	11.949
IV. Group Loans and Receivables	17.171
V. Group Loans and Receivables	99.052
General Provision Expenses	6.575
Provision Expense for Possible Risks	4.810
Marketable Securities Impairment Expenses	-
Financial Assets at Fair Value Through Profit or Loss	-
Available-for-Sale Financial Assets	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	52.041
Investments in Associates	870
Subsidiaries	51.171
Joint Ventures	-
Held-to-Maturity Investments	-
Other	-
Total	191.598

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f. Information related to other operating expenses:

	30 September 2007
Personnel Expenses	689.426
Reserve for Employee Termination Benefits	3.029
Provision Expense for Pension Fund	90.747
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	108.036
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortisation Expenses of Intangible Assets	23.057
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	14.877
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	538.971
Operational Lease Expenses	40.675
Maintenance Expenses	17.873
Advertising Expenses	66.645
Other Expense	413.778
Loss on Sales of Assets (*)	187.423
Other (**)	505.008
Total	2.160.574

(*) In accordance with the Real Estate Wholesale Agreement explained in details in Section VI., as of 30 September 2007, YTL11.014 thousand profit has been realised. In accordance with Uniform Chart of Accounts, regarding the sales profit, YTL158.013 thousand has been accounted under “Other Operating Expenses” and YTL169.027 thousand has been accounted under “Other Operating Income”.

(**) Other mainly consists of insurance technical provisions amounting to YTL262.870 thousand.

g. Explanations on profit and loss before tax:

Profit and loss before tax consists of net interest income amounting to YTL1.701.290 thousand, net fee and commission income amounting to YTL1.165.520 thousand and total other operating expense amounting YTL2.160.574 thousand.

h. Information on tax provision:

As of 30 September 2007, the Bank has current tax expense amounting to YTL256.950 thousand and deferred tax income amounting to YTL85.523 thousand.

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

To understand 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 September 2007
Profit of minority interest	127.255

**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 YTL9.654.275 thousand (31 December 2006: YTL8.163.986 thousand), and commitments for cheque books is YTL1.355.462 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 September 2007	31 December 2006
Bank acceptance loans	198.727	216.649
Letter of credits	2.246.179	2.586.053
Other guarantees	1.570.559	1.490.037
Total	4.015.465	4.292.739

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

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of 30 September 2007 is YTL10.794.581 thousand (31 December 2006: YTL11.274.335 thousand).

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

	30 September 2007	31 December 2006
Non-cash loans given against cash loans	209.903	418.597
With original maturity of 1 year or less than 1 year	30.373	178.246
With original maturity of more than 1 year	179.530	240.351
Other non-cash loans	14.600.143	15.148.477
Total	14.810.046	15.567.074

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

	30 September 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	57.861	0,88	130.392	1,59	76.530	1,22	48.383	0,52
Farming and Raising livestock	40.893	0,62	124.710	1,52	59.239	0,95	43.824	0,47
Forestry	12.395	0,19	4.955	0,06	13.439	0,21	3.949	0,04
Fishing	4.573	0,07	727	0,01	3.852	0,06	610	0,01
Manufacturing	2.562.390	38,82	3.483.593	42,43	2.355.731	37,43	4.097.993	44,19
Mining	58.712	0,89	76.092	0,93	29.417	0,47	94.787	1,02
Production	2.427.036	36,77	3.117.593	37,97	2.278.549	36,20	3.666.881	39,54
Electric, Gas and Water	76.642	1,16	289.908	3,53	47.765	0,76	336.325	3,63
Construction	1.540.939	23,35	1.792.295	21,83	1.461.235	23,22	1.818.617	19,61
Services	2.379.820	36,05	2.265.280	27,59	2.341.363	37,21	2.851.905	30,75
Wholesale and Retail Trade	1.403.487	21,26	358.432	4,37	1.483.733	23,57	381.831	4,12
Hotel, Food and Beverage Services	78.815	1,19	86.024	1,05	70.874	1,13	91.303	0,98
Transportation and Telecommunication	305.143	4,62	483.799	5,89	236.576	3,76	608.970	6,57
Financial Institutions	391.162	5,93	814.828	9,93	318.796	5,07	1.141.392	12,31
Real Estate and Leasing Services	63.296	0,96	89.056	1,08	70.282	1,12	135.389	1,46
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	6.220	0,09	3.249	0,04	7.833	0,12	3.850	0,04
Health and Social Services	131.697	2,00	429.892	5,24	153.269	2,44	489.170	5,27
Other	59.339	0,90	538.137	6,55	58.184	0,92	457.133	4,93
Total	6.600.349	100,00	8.209.697	100,00	6.293.043	100,00	9.274.031	100,00

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

	Group I		Group II	
	YTL	FC	YTL	FC
Non- Cash Loans				
Letters of Guarantee	5.610.093	5.079.061	59.428	45.999
Bank Acceptances	-	191.192	-	7.534
Letters of Credit	734	2.229.724	-	15.721
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	930.094	630.740	-	9.726
Total	6.540.921	8.130.717	59.428	78.980

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b. Information on contingent liabilities:

In this respect, several outstanding legal cases against the group have been considered as contingent liabilities and an YTL12.462 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 of less than three months are defined as “Cash Equivalents”.

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

Cash and cash equivalents at the end of period:

	30 September 2007	31 December 2006
Cash	1.253.015	1.398.136
Cash and Effectives	410.370	435.221
Demand Deposits in Banks	842.645	962.915
Cash Equivalents	2.255.683	1.886.090
Interbank Money Market	510.891	55.741
Deposits in Bank	1.744.792	1.830.349
Total Cash and Cash Equivalents	3.508.698	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 September 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%.

Regarding the restructuring process of the foreign investments of the Parent Bank and KFS, the merger transaction of Yapı Kredi Bank Nederland N.V, established in Holland and wholly-owned by the Bank (through Yapı Kredi Holding B.V. which is a 100% owned investment in associate), with the Koçbank Nederland N.V of the ,100% investment in associate of KFS, has completed as of 2 July 2007. After the merger, regarding the new structure of the partnership, the Parent's Bank's shareholding ratio is realised as %32,76 and the shareholding ratio of KFS is realised as 67,24%. Due to this merger, the Bank has restated its financial statements as of 31 December 2006.

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 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)

In addition, the approval of the BRSA with regard to the merger of Koçbank and Yapı Kredi through the transfer of Koçbank with all of its rights, receivables, liabilities and obligations to Yapı Kredi and the consequential dissolution of Koçbank without liquidation; and the transfer of all Koçbank's rights, receivables, liabilities and obligations to Yapı Kredi in accordance with article 19 of the Banking Act 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 0,5313538 units of Ykr1 nominal valued shares in exchange for each Ykr1 nominal valued 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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(Continued)

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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(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 September 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	424.540	716.561	-	-
Balance at the End of the Period	-	10.118	388.161	501.908	-	-
Interest and Commission Income Received	-	64	65.292	1.725	-	-

(*) 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 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Deposit						
Beginning of the Period	61.693		3.653.884		-	-
End of the Period	9.188	61.693	2.712.386	3.653.884	-	-
Interest Expense on Deposits	1.095		210.006		-	-

(*) 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 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Transactions at Fair Value Through Profit or Loss (**)						
Beginning of the Period (***)	-		118.777		-	-
End of the Period (***)	-	-	224.699	118.777	-	-
Total Profit / Loss	-		313		-	-
Transactions for hedging purposes						
Beginning of the Period	-		-		-	-
End of the Period	-		-		-	-
Total Profit / Loss	-		-		-	-

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- (*) 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	388.161	27.955.992	1
Interest Income Received	65.292	3.041.091	2
Non- Cash Loans	512.026	14.810.046	3
Commission Income Received	1.789	99.667	2
Deposit, Borrowings and Money Markets	2.721.574	39.509.246	7
Interest Expense Paid	211.101	3.075.609	7
Trading Transactions	224.699	8.053.762	3
Trading Transactions Expenses (net)	313	54.686	1

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 YTL10.561 thousand.

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1) With the authorisation of the BRSA and Capital Markets Board (“CMB”), it has been decided to permit the start of transactions regarding the shares of KFS in Yapı Kredi Faktoring, Yapı Kredi Finansal Kiralama and Yapı Kredi Azerbaijan Closed Joint Stock Company and the YKB 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. The Parent Bank has increased its available capital amounting YTL3.149 million to YTL3.427 million by an increase of YTL277 million; this increase has been registered with the Istanbul Commercial Registry Office as of 18 October 2007.

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

- 2) During the Board of Directors' meeting held on 3 October 2007, it was decided that the Parent Bank would purchase shares with a nominal value of YTL34.897.132,53 constituting 35,28% of the capital of Yapı Kredi Yatırım Menkul Değerler A.Ş. held by KFS, at a cost of USD158.754.689,63 in accordance with the independent valuation report; and that the exchange rate to be used to calculate the YTL equivalent would be the CBRT USD FX Buy rate as at the payment date. It was also decided that the Parent Bank would purchase shares with a nominal value of EUR32.672.880,00 constituting 67,24% of the capital of Yapı Kredi Bank Nederland N.V. at a cost of EUR97.502.661,71 in accordance with the independent valuation report and that the exchange rate to be used to calculate the YTL equivalent would be the CBRT EUR FX Buy rate as at the payment date. In addition, it was decided to make the necessary applications to the CMB and Competition Authority in order to assure the approval to sell the shares of Yapı Kredi Yatırım Menkul Değerler A.Ş. and to the competent authorities in the Netherlands for the shares of Yapı Kredi Bank Nederland N.V..
- 3) During the Board of Directors' meeting held on 3 October 2007, it was decided that Yapı Kredi Bank Deutschland A.G., whose shares are owned by the Parent Bank and Yapı Kredi Holding B.V. at a rate of 65,42% and 34,58% respectively, would be sold to Avenue Europe Investments LP at a cost of net assets plus EUR250.000 (and an additional EUR250.000 if the closing takes place by no later than 31 October 2007) in accordance with the purchase-sale agreement that would be subject to the transaction between the buyer and the seller and that the Head Office be authorised to perform the necessary operations.

**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON GROUP'S OPERATIONS

The process that started as of October 2006 regarding the collection of offers via adjudication in order to wholesale some immovables under the scope of the "Non-Core Option Agreement" signed between the Parent 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 Bank and its subsidiaries will realise EUR134 million of sales proceeds as a result of the transaction and each sales transaction is realised individually. The total profit gained out of the sales realised as of 30 September 2007 is YTL11.014 thousand.

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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 September 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 14 November 2007 is presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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