

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2007**

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

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

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

We have been engaged to audit the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 31 December 2007 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the Responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the consolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act 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

Istanbul, 12 March 2008

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

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

Yapı ve Kredi Bankası A.Ş.
Head Quarters
Yapı Kredi Plaza D Blok
Levent 34330 İstanbul
Phone: (0212) 339 70 00
Fax: (0212) 339 60 00
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The consolidated financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- **Section one** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section two** - CONSOLIDATED FINANCIAL STATEMENTS
- **Section three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section four** - INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- **Section five** - EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section six** - OTHER EXPLANATIONS AND NOTES
- **Section seven** - EXPLANATIONS ON AUDIT 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
13. Yapı Kredi Bank Azerbaycan Closed Joint Stock Company

Associates

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

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

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of New Turkish Lira (“YTL”), have been prepared and presented based on the accounting books of the Bank in accordance with 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 audited.

Rüşdü SARAÇOĞLU
Chairman of the
Board of Directors

Tayfun BAYAZIT
Member of the
Board of Directors and
General Manager

Marco CRAVARIO
Chief Financial Officer

Duygu DÖNMEZ
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Herbert HANGEL
Member of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

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

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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 2007, 18,21% shares of the Bank are publicly traded (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 VII. 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”).

With and in scope of the Share Exchange Agreement signed with KFS and approved by the Banking Regulatory and Supervisory Agency (“BRSA”) and the Capital Markets Board (“CMB”), allowing the transfer of 59,47% of the capital of Yapı Kredi Faktoring A.Ş. with a nominal value of YTL9.992.000, 73,10% of the capital of Yapı Kredi Finansal Kiralama A.O. with a nominal value of YTL285.048.428 and 99,80% of the capital of Yapı Kredi Bank Azerbaycan Joint Stock Company with a nominal value of AZN6.336.200 (Azerbaijani Manats) from KFS, the increase in capital by YTL277,601,284 from YTL3.149.450.000 to YTL3.427.051.284 giving the share to KFS has been approved in the Extraordinary General Assembly meeting held on 30 September 2007 and the decisions of the meeting have been registered as of 18 October 2007. The share transfer transactions in the framework of the agreement have been finalised as of 31 October 2007 and after the transaction, the share of KFS in YKB has increased to 81,79%.

KFS, was established on 16 March 2001 to combine Koç Group finance companies under one organization and it became the main shareholder of Koçbank in 2002. As of 22 October 2002, Koç Group established a strategic partnership with UniCredit SpA (“UCI”) over 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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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 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 | Chief Executive Officer |
| | Alessandro M. DECIO | Chief Operating Officer |
| | Seyit Kemal KAYA | Member |
| | Füsün Akkal BOZOK | Member |
| | Ranieri De MARCHIS | Member |
| | Ahmet Fadıl ASHABOĞLU | Member |
| | Herbert HANGEL(*) | 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 |
| | Marco CRAVARIO(**) | Financial Planning, Administration and Control/CFO |
| | Mehmet Güray ALPKAYA | Credit Management |
| | Marco ARNABOLDI | Risk Management |
| | Mahmut Tefvik ÇELİKEL | Logistics and Cost Management |
| | Fahri ÖBEK (***) | System 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 |
| | Herbert HANGEL(*) | Member |
| | Ahmet Fadıl ASHABOĞLU | Member |
| Statutory auditors: | M. Erkan ÖZDEMİR | Auditor |
| | Adil G. ÖZTOPRAK | Auditor |

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

(*) As of 25 February 2008 Robert Zadrzil has resigned from Board of Directors and Audit Committee and as of the same date Herbert Hangel has been assigned for the same areas.

(**) 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 temporarily and as of 7 January 2008, it is resolved that Marco Cravario to be responsible for the aforementioned area officially.

(***) As of 1 October 2007, Mohammed Hishem Laroussi has resigned and as of the same date Fahri Öbek has been assigned as Acting Manager temporarily and as of 1 March 2008 officially.

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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 31 DECEMBER 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. | 2.802.933.461,57 | 81,79% | 2.802.933.461,57 | - |

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, credit cards and international banking. As of 31 December 2007, the Bank has 675 branches operating in Turkey, 1 branch in off-shore region and 1 representative offices operating abroad (2006: 607 branches operating in Turkey, 1 branch in off-shore region and 4 representative offices operating abroad) and 14.249 employees (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 31 December 2007, the Group has 16.779 employees (2006: 15.873 employees).

**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 31 DECEMBER 2007 AND 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) | (31/12/2007) | | | Restated (*) (31/12/2006) | | |
|---|---------------------------|-------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
| | | YTL | FC | Total | YTL | FC | Total |
| | | ASSETS | | | | | |
| I. CASH BALANCES WITH CENTRAL BANK | I-a | 1.640.594 | 2.099.794 | 3.740.388 | 1.857.188 | 2.304.171 | 4.161.359 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net) | I-b | 165.829 | 198.368 | 364.197 | 245.898 | 373.780 | 619.678 |
| 2.1 Trading Financial Assets | | 135.148 | 180.382 | 315.530 | 173.798 | 363.025 | 536.823 |
| 2.1.1 Government Debt Securities | | 74.392 | 179.823 | 254.215 | 122.699 | 342.773 | 465.472 |
| 2.1.2 Share Certificates | | 19.226 | - | 19.226 | 17.735 | - | 17.735 |
| 2.1.3 Other Marketable Securities | | 41.530 | 559 | 42.089 | 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 | | 30.681 | 17.986 | 48.667 | 72.100 | 10.755 | 82.855 |
| III. BANKS | I-c | 171.973 | 1.211.464 | 1.383.437 | 47.272 | 2.701.034 | 2.748.306 |
| IV. MONEY MARKETS | | 13.728 | 419.748 | 433.476 | 28.354 | 130.860 | 159.214 |
| 4.1 Interbank Money Market Placements | | - | 419.748 | 419.748 | - | 130.860 | 130.860 |
| 4.2 Receivables from Istanbul Stock Exchange Money Market | | 1.448 | - | 1.448 | 700 | - | 700 |
| 4.3 Receivables from Reverse Repurchase Agreements | | 12.280 | - | 12.280 | 27.654 | - | 27.654 |
| V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) | I-d | 560.169 | 441.390 | 1.001.559 | 365.357 | 398.985 | 764.342 |
| 5.1 Share Certificates | | 15.622 | 26.954 | 42.576 | 17.496 | 15.338 | 32.834 |
| 5.2 Government Debt Securities | | 494.702 | 369.743 | 864.445 | 292.708 | 362.179 | 654.887 |
| 5.3 Other Marketable Securities | | 49.845 | 44.693 | 94.538 | 55.153 | 21.468 | 76.621 |
| VI. LOANS | I-e | 19.754.508 | 9.333.804 | 29.088.312 | 15.518.882 | 7.563.107 | 23.081.989 |
| 6.1 Loans | | 19.407.569 | 9.325.472 | 28.733.041 | 15.206.858 | 7.547.125 | 22.753.983 |
| 6.1.1 Bank's risk group | | 197.614 | 189.721 | 387.335 | 104.380 | 243.008 | 347.388 |
| 6.1.2 Other | | 19.209.955 | 9.135.751 | 28.345.706 | 15.102.478 | 7.304.117 | 22.406.595 |
| 6.2 Loans under Follow-up | | 1.736.839 | 24.265 | 1.761.104 | 1.714.041 | 51.893 | 1.765.934 |
| 6.3 Specific Provisions (-) | | (1.389.900) | (15.933) | (1.405.833) | (1.402.017) | (35.911) | (1.437.928) |
| VII. FACTORING RECEIVABLES | | 529.089 | 587.904 | 1.116.993 | 641.013 | 517.669 | 1.158.682 |
| VIII. HELD-TO-MATURITY SECURITIES (Net) | I-f | 6.441.862 | 6.710.689 | 13.152.551 | 6.615.809 | 10.494.934 | 17.110.743 |
| 8.1 Government Debt Securities | | 6.441.862 | 6.701.210 | 13.143.072 | 6.615.809 | 10.494.934 | 17.110.743 |
| 8.2 Other Marketable Securities | | - | 9.479 | 9.479 | - | - | - |
| IX. INVESTMENTS IN ASSOCIATES (Net) | I-g | 2.658 | 38.220 | 40.878 | 3.529 | 41.352 | 44.881 |
| 9.1 Consolidated Based on Equity Method | | - | 38.220 | 38.220 | - | 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 | 30.443 | - | 30.443 | 110.608 | 24.500 | 135.108 |
| 10.1 Unconsolidated Financial Subsidiaries | | 28.143 | - | 28.143 | 30.173 | - | 30.173 |
| 10.2 Unconsolidated Non-financial Subsidiaries | | 2.300 | - | 2.300 | 80.435 | 24.500 | 104.935 |
| XI. JOINT VENTURES (Net) | | - | - | - | - | - | - |
| 11.1 Accounted Based on Equity Method | | - | - | - | - | - | - |
| 11.2 Unconsolidated | | - | - | - | - | - | - |
| 11.2.1 Financial Joint Ventures | | - | - | - | - | - | - |
| 11.2.2 Non-financial Joint Ventures | | - | - | - | - | - | - |
| XII. LEASE RECEIVABLES (Net) | | 678.315 | 1.661.425 | 2.339.740 | 545.056 | 1.045.360 | 1.590.416 |
| 12.1 Financial Lease Receivables | | 881.119 | 1.954.183 | 2.835.302 | 706.053 | 1.221.498 | 1.927.551 |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | (202.804) | (292.758) | (495.562) | (160.997) | (176.138) | (337.135) |
| XIII. HEDGING DERIVATIVE FINANCIAL ASSETS | I-i | 1.018 | 666 | 1.684 | - | - | - |
| 13.1 Fair Value Hedge | | 1.018 | 666 | 1.684 | - | - | - |
| 13.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 13.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XIV. PROPERTY AND EQUIPMENT (Net) | I-j | 1.127.201 | 9.748 | 1.136.949 | 1.220.216 | 17.443 | 1.237.659 |
| XV. INTANGIBLE ASSETS (Net) | I-k | 1.191.681 | 30 | 1.191.711 | 1.156.130 | 70 | 1.156.200 |
| 15.1 Goodwill | | 979.493 | - | 979.493 | 979.493 | - | 979.493 |
| 15.2 Other | | 212.188 | 30 | 212.218 | 176.637 | 70 | 176.707 |
| XVI. INVESTMENT PROPERTY (Net) | | - | - | - | - | - | - |
| XVII. TAX ASSET | | 440.577 | 2.812 | 443.389 | 287.812 | 2.465 | 290.277 |
| 17.1 Current Tax Asset | | 222.290 | 510 | 222.800 | 120.960 | 1.496 | 122.456 |
| 17.2 Deferred Tax Asset | I-l | 218.287 | 2.302 | 220.589 | 166.852 | 969 | 167.821 |
| XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net) | I-m | 61.344 | 78.533 | 139.877 | 182.487 | 7.430 | 189.917 |
| 18.1 Held for sale Purposes | | 61.344 | 78.533 | 139.877 | 182.487 | 7.430 | 189.917 |
| 18.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | I-n | 584.320 | 469.987 | 1.054.307 | 508.659 | 335.070 | 843.729 |
| TOTAL ASSETS | | 33.395.309 | 23.264.582 | 56.659.891 | 29.334.270 | 25.958.230 | 55.292.500 |

(*) As explained in Notes XXVIII. of Section Three and Note VII. 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 consolidated financial statements.

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

YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006

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

| I. BALANCE SHEET | Note (Section Five) | (31/12/2007) | | | Restated (*) (31/12/2006) | | |
|---|---------------------------|--------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
| | | YTL | FC | Total | YTL | FC | Total |
| | | LIABILITIES | | | | | |
| I. DEPOSITS | II-a | 18.873.709 | 14.833.423 | 33.707.132 | 16.221.115 | 16.354.460 | 32.575.575 |
| 1.1. Deposits of Bank's risk group | | 1.236.588 | 1.579.581 | 2.816.169 | 1.288.381 | 1.697.580 | 2.985.961 |
| 1.2. Other | | 17.637.121 | 13.253.842 | 30.890.963 | 14.932.734 | 14.656.880 | 29.589.614 |
| II. TRADING DERIVATIVE FINANCIAL LIABILITIES | II-b | 226.654 | 10.366 | 237.020 | 29.275 | 6.212 | 35.487 |
| III. BORROWINGS | II-c | 418.891 | 4.767.179 | 5.186.070 | 568.640 | 4.313.448 | 4.882.088 |
| IV. MONEY MARKETS | | 1.660.729 | 817.235 | 2.477.964 | 2.996.015 | 1.002.683 | 3.998.698 |
| 4.1. Funds from Interbank Money Market | | 88.985 | 159.267 | 248.252 | 38.183 | 251.440 | 289.623 |
| 4.2. Funds from Istanbul Stock Exchange Money Market | | 150.000 | - | 150.000 | - | - | - |
| 4.3. Funds Provided Under Repurchase Agreements | | 1.421.744 | 657.968 | 2.079.712 | 2.957.832 | 751.243 | 3.709.075 |
| V. MARKETABLE SECURITIES ISSUED (Net) | II-d | - | 1.542.609 | 1.542.609 | - | 1.650.006 | 1.650.006 |
| 5.1. Bills | | - | - | - | - | - | - |
| 5.2. Asset Backed Securities | | - | 1.542.609 | 1.542.609 | - | 1.650.006 | 1.650.006 |
| 5.3. Bonds | | - | - | - | - | - | - |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1. Borrower funds | | - | - | - | - | - | - |
| 6.2. Other | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | | 2.179.051 | 224.270 | 2.403.321 | 2.009.851 | 533.463 | 2.543.314 |
| VIII. OTHER LIABILITIES | II-e | 440.582 | 498.673 | 939.255 | 363.378 | 483.527 | 846.905 |
| IX. FACTORING PAYABLES | | - | 307.956 | 307.956 | 104.890 | 267.945 | 372.835 |
| X. LEASE PAYABLES (Net) | | 6 | 95 | 101 | 1 | 4 | 5 |
| 10.1. Financial Lease Payables | II-f | 6 | 100 | 106 | 1 | 5 | 6 |
| 10.2. Operational Lease Payables | | - | - | - | - | - | - |
| 10.3. Other | | - | - | - | - | - | - |
| 10.4. Deferred Lease Expenses (-) | | - | (5) | (5) | - | (1) | (1) |
| XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES | II-g | 27.786 | - | 27.786 | - | - | - |
| 11.1. Fair Value Hedge | | 27.786 | - | 27.786 | - | - | - |
| 11.2. Cash Flow Hedge | | - | - | - | - | - | - |
| 11.3. Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XII. PROVISIONS | II-h | 2.092.958 | 563.904 | 2.656.862 | 1.912.432 | 619.384 | 2.531.816 |
| 12.1. General Loan Loss Provision | | 480.673 | 248.210 | 728.883 | 455.203 | 253.744 | 708.947 |
| 12.2. Restructuring Provisions | | - | - | - | - | - | - |
| 12.3. Reserve for Employee Rights | | 138.634 | 950 | 139.584 | 159.574 | 4.697 | 164.271 |
| 12.4. Insurance Technical Provisions (Net) | | 501.581 | 284.887 | 786.468 | 468.744 | 321.669 | 790.413 |
| 12.5. Other Provisions | | 972.070 | 29.857 | 1.001.927 | 828.911 | 39.274 | 868.185 |
| XIII. TAX LIABILITY | II-i | 388.495 | 4.531 | 393.026 | 175.549 | 14.249 | 189.798 |
| 13.1. Current Tax Liability | | 388.495 | 619 | 389.114 | 173.751 | 10.270 | 184.021 |
| 13.2. Deferred Tax Liability | | - | 3.912 | 3.912 | 1.798 | 3.979 | 5.777 |
| XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS | | - | 4.037 | 4.037 | - | - | - |
| 14.1. Held for sale purpose | | - | 4.037 | 4.037 | - | - | - |
| 14.2. Related to discontinued operations | | - | - | - | - | - | - |
| XV. SUBORDINATED LOANS | II-k | - | 1.772.914 | 1.772.914 | - | 1.559.258 | 1.559.258 |
| XVI. SHAREHOLDERS' EQUITY | II-l | 4.988.157 | 15.681 | 5.003.838 | 4.091.700 | 15.015 | 4.106.715 |
| 16.1. Paid-in Capital | | 3.427.051 | - | 3.427.051 | 3.142.818 | - | 3.142.818 |
| 16.2. Capital Reserves | | 533.949 | 15.681 | 549.630 | 53.306 | 15.015 | 68.321 |
| 16.2.1. Share Premium | | 541.633 | - | 541.633 | 45.781 | - | 45.781 |
| 16.2.2. Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3. Marketable Securities Valuation Differences | II-m | (12.982) | 15.681 | 2.699 | 7.525 | 15.015 | 22.540 |
| 16.2.4. Property and Equipment Revaluation Differences | | - | - | - | - | - | - |
| 16.2.5. Intangible Assets Revaluation Differences | | - | - | - | - | - | - |
| 16.2.6. Revaluation differences of investment property | | - | - | - | - | - | - |
| 16.2.7. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - |
| 16.2.8. Hedging funds (Effective portion) | | - | - | - | - | - | - |
| 16.2.9. Value increase in property and equipment held for sale and related to discontinued operations | | - | - | - | - | - | - |
| 16.2.10. Other capital reserves | | 5.298 | - | 5.298 | - | - | - |
| 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) | | 388.939 | - | 388.939 | 3.782 | - | 3.782 |
| 16.4.1. Prior Years' Income or (Loss) | | (480.805) | - | (480.805) | (551.567) | - | (551.567) |
| 16.4.2. Current Year Income or (Loss) | | 869.744 | - | 869.744 | 555.349 | - | 555.349 |
| 16.5. Minority Interest | II-n | 295.034 | - | 295.034 | 548.610 | - | 548.610 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 31.297.018 | 25.362.873 | 56.659.891 | 28.472.846 | 26.819.654 | 55.292.500 |

(*) As explained in Notes XXVIII. of Section Three and Note VII. 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 consolidated financial statements.

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

**YAPI VE KREDİ BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

| II. INCOME STATEMENTS | | | | |
|---------------------------------|---|------------------------------------|-------------------------|--|
| INCOME AND EXPENSE ITEMS | | Note (Section Five) | 01/01-31/12/2007 | Restated (*) 01/01-31/12/2006 |
| I. | INTEREST INCOME | III-a | 6.675.935 | 5.538.539 |
| 1.1 | Interest on Loans | III-a-1 | 4.120.765 | 3.542.286 |
| 1.2 | Interest Received from Reserve Requirements | | 189.073 | 146.063 |
| 1.3 | Interest Received from Banks | III-a-2 | 133.232 | 128.052 |
| 1.4 | Interest Received from Money Market Transactions | | 10.840 | 18.720 |
| 1.5 | Interest Received from Marketable Securities Portfolio | III-a-3 | 1.780.351 | 1.435.073 |
| 1.5.1 | Trading Financial Assets | | 33.233 | 92.537 |
| 1.5.2 | Financial Assets at Fair Value through Profit or Loss | | - | - |
| 1.5.3 | Available-for-sale Financial Assets | | 66.474 | 69.804 |
| 1.5.4 | Held to Maturity Investments | | 1.680.644 | 1.272.732 |
| 1.6 | Financial Lease Income | | 261.204 | 166.917 |
| 1.7 | Other Interest Income | | 180.470 | 101.428 |
| II. | INTEREST EXPENSE | III-b | (4.202.849) | (3.441.399) |
| 2.1 | Interest on Deposits | III-b-3 | (3.380.053) | (2.771.340) |
| 2.2 | Interest on Funds Borrowed | III-b-1 | (490.104) | (411.844) |
| 2.3 | Interest Expense on Money Market Transactions | | (236.429) | (239.654) |
| 2.4 | Interest on Securities Issued | | (89.931) | (4.216) |
| 2.5 | Other Interest Expenses | | (6.332) | (14.345) |
| III. | NET INTEREST INCOME (I-II) | | 2.473.086 | 2.097.140 |
| IV. | NET FEES AND COMMISSIONS INCOME | | 1.576.995 | 1.380.671 |
| 4.1 | Fees and Commissions Received | | 2.080.417 | 1.874.578 |
| 4.1.1 | Non-cash Loans | | 132.674 | 133.775 |
| 4.1.2 | Other | | 1.947.743 | 1.740.803 |
| 4.2 | Fees and Commissions Paid | | (503.422) | (493.907) |
| 4.2.1 | Non-cash Loans | | (100) | (494) |
| 4.2.2 | Other | | (503.322) | (493.413) |
| V. | DIVIDEND INCOME | III-c | 3.336 | 4.125 |
| VI. | TRADING INCOME/(LOSS) (Net) | III-d | 81.596 | 60.397 |
| 6.1 | Trading Gains/(Losses) on Securities | | (189.699) | 265.352 |
| 6.2 | Foreign Exchange Gains/(Losses) | | 271.295 | (204.955) |
| VII. | OTHER OPERATING INCOME | III-e | 819.974 | 488.681 |
| VIII. | TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 4.954.987 | 4.031.014 |
| IX. | PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | III-f | (420.526) | (360.146) |
| X. | OTHER OPERATING EXPENSES (-) | III-g | (3.326.887) | (2.730.576) |
| XI. | NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 1.207.574 | 940.292 |
| XII. | EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER | | - | - |
| XIII. | INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD | | 1.890 | 2.048 |
| XIV. | INCOME/(LOSS) ON NET MONETARY POSITION | | - | - |
| XV. | INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV) | III-h | 1.209.464 | 942.340 |
| XVI. | PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±) | III-i | (190.135) | (245.541) |
| 16.1 | Current Tax Provision | | (269.029) | (90.715) |
| 16.2 | Deferred Tax Provision | | 78.894 | (154.826) |
| XVII. | NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI) | | 1.019.329 | 696.799 |
| XVIII. | INCOME FROM DISCONTINUED OPERATIONS | | - | - |
| 18.1 | Income from Non-current Assets Held for Resale | | - | - |
| 18.2 | Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners) | | - | - |
| 18.3 | Other Income From Discontinued Operations | | - | - |
| XIX. | EXPENSES FROM DISCONTINUED OPERATIONS (-) | | - | - |
| 19.1 | Expenses for Non-current Assets Held for Resale | | - | - |
| 19.2 | Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners) | | - | - |
| 19.3 | Other Expenses From Discontinued Operations | | - | - |
| XX. | PROFIT LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII- XIX) | | - | - |
| XXI. | PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±) | | - | - |
| 21.1 | Current tax provision | | - | - |
| 21.2 | Deferred tax provision | | - | - |
| XXII. | NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI) | | - | - |
| XXIII. | NET PROFIT/LOSSES (XVII+XXII) | III-j | 1.019.329 | 696.799 |
| 23.1 | Group's Profit/ Loss | | 869.744 | 555.349 |
| 23.2 | Minority Shares Profit / Losses (-) | III-k | 149.585 | 141.450 |
| | Earnings/(Loss) per share (in YTL full) | | 0,0027 | 0,0018 |

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

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YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006

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

| III. | OFF-BALANCE SHEET COMMITMENTS | Note (Section five) | (31/12/2007) | | | Restated (*) (31/12/2006) | | |
|--|--|------------------------|--------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | | YTL | FC | Total | YTL | FC | Total |
| A | OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 22.590.694 | 16.438.648 | 39.029.342 | 17.805.813 | 15.419.953 | 33.225.766 |
| I. | GUARANTEES AND WARRANTIES | IV-a-2, 3 | 5.830.328 | 8.185.223 | 14.015.551 | 5.579.201 | 9.273.528 | 14.852.729 |
| 1.1. | Letters of Guarantee | | 5.801.536 | 5.260.507 | 11.062.043 | 5.571.808 | 5.706.560 | 11.278.368 |
| 1.1.1. | Guarantees Subject to State Tender Law | | 437.175 | 405.285 | 842.460 | 431.794 | 650.341 | 1.082.135 |
| 1.1.2. | Guarantees Given for Foreign Trade Operations | | 651.743 | 4.693.511 | 5.345.254 | 1.032.092 | 4.902.924 | 5.935.016 |
| 1.1.3. | Other Letters of Guarantee | | 4.712.618 | 161.711 | 4.874.329 | 4.107.922 | 153.295 | 4.261.217 |
| 1.2. | Bank Acceptances | | - | 184.493 | 184.493 | - | 216.649 | 216.649 |
| 1.2.1. | Import Letter of Acceptance | | - | 184.493 | 184.493 | - | 216.649 | 216.649 |
| 1.2.2. | Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. | Letters of Credit | | 4.802 | 2.159.337 | 2.164.139 | 5.493 | 2.585.728 | 2.592.221 |
| 1.3.1. | Documentary Letters of Credit | | 787 | 2.069.716 | 2.070.503 | 325 | 2.541.017 | 2.541.342 |
| 1.3.2. | Other Letters of Credit | | 4.015 | 89.621 | 93.636 | 6.168 | 44.711 | 50.879 |
| 1.4. | Prefinancing Given as Guarantee | | 143 | 1.553 | 1.696 | 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 | | 23.847 | 548.393 | 572.240 | 75 | 590.776 | 591.533 |
| 1.9. | Other Collaterals | | - | 30.940 | 30.940 | - | 171.931 | 171.931 |
| II. | COMMITMENTS | IV-a-1 | 13.330.953 | 880.685 | 14.211.638 | 10.238.783 | 1.894.425 | 12.133.208 |
| 2.1. | Irrevocable Commitments | | 13.330.953 | 880.685 | 14.211.638 | 10.238.783 | 1.894.425 | 12.133.208 |
| 2.1.1. | Asset Purchase and Sale Commitments | | - | 431.565 | 431.565 | - | 470.055 | 470.055 |
| 2.1.2. | Deposit Purchase and Sales Commitments | | - | - | - | - | 569.144 | 569.144 |
| 2.1.3. | Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4. | Loan Granting Commitments | | 1.482.180 | 449.073 | 1.931.253 | 724.547 | 837.999 | 1.562.546 |
| 2.1.5. | Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6. | Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.7. | Commitments for Cheques | | 1.359.423 | - | 1.359.423 | 1.310.760 | - | 1.310.760 |
| 2.1.8. | Tax and Fund Liabilities from Export Commitments | | 39.945 | - | 39.945 | 39.365 | - | 39.365 |
| 2.1.9. | Commitments for Credit Card Limits | | 10.449.281 | - | 10.449.281 | 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 | | 124 | 47 | 171 | 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 | IV-b, c | 3.429.413 | 7.372.740 | 10.802.153 | 1.987.829 | 4.252.000 | 6.239.829 |
| 3.1. | Hedging Derivative Financial Instruments | | 119.763 | 102.004 | 221.767 | - | - | - |
| 3.1.1. | Transactions for Fair Value Hedge | | 119.763 | 102.004 | 221.767 | - | - | - |
| 3.1.2. | Transactions for Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3. | Transactions for Foreign Net Investment Hedge | | - | - | - | - | - | - |
| 3.2. | Trading Transactions | | 3.309.650 | 7.270.736 | 10.580.386 | 1.987.829 | 4.252.000 | 6.239.829 |
| 3.2.1. | Forward Foreign Currency Buy/Sell Transactions | | 1.194.844 | 1.707.358 | 2.902.202 | 648.697 | 2.097.124 | 2.745.821 |
| 3.2.1.1. | Forward Foreign Currency Transactions-Buy | | 341.206 | 1.090.945 | 1.432.151 | 433.301 | 958.396 | 1.391.697 |
| 3.2.1.2. | Forward Foreign Currency Transactions-Sell | | 853.638 | 616.413 | 1.470.051 | 215.396 | 1.138.728 | 1.354.124 |
| 3.2.2. | Swap Transactions Related to Foreign Currency and Interest Rates | | 1.198.654 | 4.379.230 | 5.577.884 | 579.009 | 1.548.452 | 2.127.461 |
| 3.2.2.1. | Foreign Currency Swap-Buy | | 305.407 | 1.271.216 | 1.576.623 | 112.788 | 504.311 | 617.099 |
| 3.2.2.2. | Foreign Currency Swap-Sell | | 169.425 | 1.427.452 | 1.596.877 | 159.236 | 450.111 | 609.347 |
| 3.2.2.3. | Interest Rate Swap-Buy | | 33.375 | 1.115.159 | 1.148.534 | - | 450.968 | 450.968 |
| 3.2.2.4. | Interest Rate Swap-Sell | | 590.447 | 565.403 | 1.255.850 | 306.985 | 143.062 | 450.047 |
| 3.2.3. | Foreign Currency, Interest rate and Securities Options | | 316.141 | 1.181.744 | 2.097.885 | 546.180 | 606.424 | 1.152.604 |
| 3.2.3.1. | Foreign Currency Options-Buy | | 442.539 | 598.423 | 1.040.962 | 273.090 | 303.212 | 576.302 |
| 3.2.3.2. | Foreign Currency Options-Sell | | 468.030 | 583.321 | 1.051.351 | 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 | | 3.240 | - | 3.240 | - | - | - |
| 3.2.3.6. | Securities Options-Sell | | 2.332 | - | 2.332 | - | - | - |
| 3.2.4. | Foreign Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1. | Foreign Currency Futures-Buy | | - | - | - | - | - | - |
| 3.2.4.2. | Foreign Currency Futures-Sell | | - | - | - | - | - | - |
| 3.2.5. | Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1. | Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2. | Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6. | Other | | 11 | 2.404 | 2.415 | 213.943 | - | 213.943 |
| B. | CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 84.300.721 | 9.516.991 | 93.817.712 | 68.031.176 | 2.733.586 | 70.764.762 |
| IV. | ITEMS HELD IN CUSTODY | | 66.311.104 | 1.297.064 | 67.608.168 | 54.791.029 | 1.706.076 | 56.497.105 |
| 4.1. | Customer Fund and Portfolio Balances | | 4.990.701 | 2.603 | 4.993.304 | 6.864.747 | 171.662 | 7.036.409 |
| 4.2. | Investment Securities Held in Custody | | 53.414.439 | 1.088.692 | 54.503.131 | 39.859.872 | 1.154.620 | 41.014.492 |
| 4.3. | Checks Received for Collection | | 4.797.997 | 26.350 | 4.824.347 | 4.669.933 | 49.098 | 4.719.031 |
| 4.4. | Commercial Notes Received for Collection | | 3.106.718 | 154.172 | 3.260.890 | 3.395.301 | 235.461 | 3.630.762 |
| 4.5. | Other Assets Received for Collection | | - | 25.247 | 25.247 | - | 58.993 | 58.993 |
| 4.6. | Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7. | Other Items Under Custody | | 85 | - | 85 | 1 | 36.242 | 36.253 |
| 4.8. | Custodians | | 1.164 | - | 1.164 | 1.165 | - | 1.165 |
| V. | PLEDGES RECEIVED | | 16.985.999 | 7.413.664 | 24.399.663 | 13.240.147 | 1.027.510 | 14.267.657 |
| 5.1. | Marketable Securities | | 342.775 | 434 | 343.209 | 362.711 | 580 | 363.291 |
| 5.2. | Guarantee Notes | | 304.997 | 223.708 | 528.705 | 291.104 | 363.967 | 655.071 |
| 5.3. | Commodity | | 7.609 | - | 7.609 | 20.617 | - | 20.617 |
| 5.4. | Warranty | | - | - | - | - | - | - |
| 5.5. | Immovable | | 10.769.129 | 5.275.952 | 16.045.081 | 9.682.256 | 499.324 | 10.181.580 |
| 5.6. | Other Pledged Items | | 5.561.240 | 1.911.476 | 7.472.716 | 2.883.210 | 39.853 | 2.923.063 |
| 5.7. | Pledged Items-Depository | | 249 | 2.094 | 2.343 | 249 | 123.786 | 124.035 |
| VI. | ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | 1.003.618 | 806.263 | 1.809.881 | - | - | - |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | | 106.891.415 | 25.955.639 | 132.847.054 | 85.836.989 | 18.153.539 | 103.990.528 |

(*) As explained in Notes XXVIII. of Section Three and Note VII. 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 consolidated financial statements

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

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006

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

| IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY | | |
|---|-----------------|-----------------|
| INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY | (31/12/2007) | (31/12/2006) |
| I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS | 19.418 | 4.816 |
| II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES | - | - |
| III. INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS | (49.821) | (18.862) |
| V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences) | - | - |
| VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes) | - | - |
| VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS | - | - |
| VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS | (2.010) | - |
| IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES | (1.725) | 3.877 |
| X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX) | (34.138) | (10.169) |
| XI. CURRENT YEAR PROFIT/LOSS | 8.363 | (21.333) |
| 1.1 Net change in fair value of marketable securities (transfer to profit-loss) | 8.363 | (21.333) |
| 1.2 Reclassification of cash flow hedge transactions and presentation of the related part under income statement | - | - |
| 1.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement | - | - |
| 1.4 Other | - | - |
| XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X+XI) | (42.501) | 11.164 |

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006

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

| V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | | | | | |
|---|--|---------------------------|--------------------|-----------------------------------|------------------|-----------------------------------|-------------------|--------------------|---------------------------|-------------------|--|--------------------------------------|---|--|--|-----------------------------------|--|---|----------------------|----------------------------------|
| | | Note (Section Five) | Paid-in Capital | Adjustment to Share Capital | Share Premium | Share Cancellati on Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income/(Loss) | Prior Period Net Income/(Loss) | Marketable Securities Value Increase Fund | PPE and Intangible Assets Revaluation Fund | Bonus Shares From Investment in Associates and Subsidiaries | Hedging Transactio ns Funds | Assets Held for Resale/ Discontinued Operations Revaluation Fund | Total Equity Except Minority Interest | Minority Interest | Total Shareholders' Equity |
| 31 December 2006 | | | | | | | | | | | | | | | | | | | | |
| I. | Period Opening Balance (31 December 2005) | | 2.342.316 | | 35.000 | | 5.237 | | 99.503 | | 237.316 | 396.505 | 1.443 | 369 | | | | 3.117.689 | 738.562 | 3.856.251 |
| II. | Changes in Accounting Policies according to TAS 8 | | | | | | | | | | | | | | | | | | | |
| 2.1 | Effects of Errors | | | | | | | | | | | | | | | | | | | |
| 2.2 | Effects of the Changes in Accounting Policies | | | | | | | | | | | | | | | | | | | |
| III. | Effect of changes in consolidation scope (*) | | | | | | | | | | | 145.388 | | | | | | 145.388 | | 145.388 |
| IV. | New Balance (I+II+III) | | 2.342.316 | | 35.000 | | 5.237 | | 99.503 | | 237.316 | 541.893 | 1.443 | 369 | | | | 3.263.077 | 738.562 | 4.001.639 |
| | Changes in the period | | | | | | | | | | | | | | | | | | | |
| V. | Increase/Decrease due to the Merger | VII. | 797.572 | | 10.781 | | | | | | (669.163) | | 7.517 | | | | | 146.707 | (146.707) | |
| VI. | Marketable Securities Valuation Differences | | | | | | | | | | | | 14.908 | | | | | 14.908 | (3.744) | 11.164 |
| VII. | Hedging Transactions (Effective part) | | | | | | | | | | | | | | | | | | | |
| 7.1 | Cash Flow Hedge | | | | | | | | | | | | | | | | | | | |
| 7.2 | Foreign Investment Hedge | | | | | | | | | | | | | | | | | | | |
| VIII. | Property and Equipment Revaluation Differences | | | | | | | | | | | | | | | | | | | |
| IX. | Intangible Fixed Assets Revaluation Differences | | | | | | | | | | | | | | | | | | | |
| X. | Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | | | | | | | | | | | | | | | | | | |
| XI. | Foreign Exchange Differences | | | | | | | | | | | | | | | | | | | |
| XII. | Changes due o the Disposal of Assets | | | | | | | | | | | | | | | | | | | |
| XIII. | Changes due to the Reclassification of Assets | | | | | | | | | | | | | | | | | | | |
| XIV. | Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | | | | | | | | | | | | | | | | | | | |
| XV. | Capital Increase | | 2.930 | | | | | | | | | (2.930) | | | | | | | | |
| 15.1 | Cash increase | | | | | | | | | | | | | | | | | | | |
| 15.2 | Internal Resources | | 2.930 | | | | | | | | | (2.930) | | | | | | | | |
| XVI. | Share Premium | | | | | | | | | | | | | | | | | | | |
| XVII. | Share Cancellation Profits | | | | | | | | | | | | | | | | | | | |
| XVIII. | Paid in-capital Adjustment Difference | | | | | | | | | | | | | | | | | | | |
| XIX. | Other | | | | | | | | | | | | | (369) | | | | (369) | | (369) |
| XX. | Current Year Income or Loss | | | | | | | | | 555.349 | | | | | | | | 555.349 | 141.450 | 696.799 |
| XXI. | Profit Distribution | | | | | | | | | (237.316) | | (1.128) | | | | | | | (33.152) | (33.152) |
| 21.1 | Dividend Paid | | | | | | | | | | | | | | | | | | (33.152) | (33.152) |
| 21.2 | Transfers to Reserves | | | | | | 11.922 | | 226.522 | | (237.316) | | | | | | | | | |
| 21.3 | Other | | | | | | | | | | | | | | | | | | | |
| XXII. | Purchase from minority interest | VII. | | | | | | | | | | (420.239) | | | | | | (421.567) | (147.799) | (569.366) |
| | Period End Balance (V+VI+VII+.....+XXII+XXIII) | | 3.142.818 | | 45.781 | | 17.159 | | 326.025 | | 555.349 | (551.567) | 22.540 | | | | | 3.558.105 | 548.610 | 4.106.715 |

(*) Explained in details in Note XXVIII. of Section Three.

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

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YAPI VE KREDİ BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2007

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

| V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | | Note (Section Five) | Paid-in Capital | Adjustment to Share Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income/(Loss) | Prior Period Net Income/(Loss) | Marketable Securities Valuation Difference | PPE and Intangible Assets Revaluation Fund | Bonus Shares From Investment in Associates and Subsidiaries | Hedging Transactions Funds | Asset Held for Resale/ Discontinued Operations Revaluation Fund | Total Equity Except Minority Interest | Minority Interest | Total Shareholders' Equity |
|--|--|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|--|--------------------------------------|---|--|--|----------------------------------|---|---|----------------------|----------------------------------|
| 31 December 2007 | | | | | | | | | | | | | | | | | | | | |
| I. | Period Opening Balance (31 December 2006) | | 3.142.818 | | 45.781 | - | 17.159 | - | 326.025 | - | 555.349 | (551.567) | 22.540 | - | - | - | - | 3.558.105 | 548.610 | 4.106.715 |
| | Changes in the period | | | | | | | | | | | | | | | | | | | |
| II. | Increase/Decrease due to the Merger | | | | | | | | | | | (147.785) | 14.710 | | | | | (133.075) | 133.075 | - |
| III. | Marketable Securities Valuation Differences | | | | | | | | | | | | (34.551) | | | | | (34.551) | (5.940) | (40.491) |
| IV. | Hedging Transactions (Effective Part) | | | | | | | | | | | | | | | | | | | |
| 4.1 | Cash Flow Hedging transactions | | | | | | | | | | | | | | | | | | | |
| 4.2 | Foreign Investment Hedge | | | | | | | | | | | | | | | | | | | |
| V. | Valuation Differences due to Revaluation of the Property and Equipment | | | | | | | | | | | | | | | | | | | |
| VI. | Valuation Differences due to Revaluation of Intangible Assets | | | | | | | | | | | | | | | | | | | |
| VII. | Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | | | | | | | | | | | | | | | | | | |
| VIII. | Foreign Exchange Differences | | | | | | | | | | | | | | | | | | | |
| IX. | Changes due o the Disposal of Assets | | | | | | | | | | | | | | | | | | | |
| X. | Changes due to the Reclassification of Assets | | | | | | | | | | | | | | | | | | | |
| XI. | Effect of the Changes in Investment in Associates' Equity to the Bank's Equity | | | | | | | | | | | | | | | | | | | |
| XII. | Capital Increase | II-I-3 | 284.233 | | 495.852 | | | | | | | (6.632) | | | | | | 773.453 | - | 773.453 |
| 12.1 | Cash increase | | 277.601 | | 495.852 | | | | | | | | | | | | | 773.453 | - | 773.453 |
| 12.2 | Internal Resources | | 6.632 | | | | | | | | | (6.632) | | | | | | | | |
| XIII. | Share Premium | | | | | | | | | | | | | | | | | | | |
| XIV. | Share Cancellation Profits | | | | | | | | | | | | | | | | | | | |
| XV. | Paid in-capital Adjustment Difference | | | | | | | | | | | | | | | | | | | |
| XVI. | Other | | | | | | | | | (2.010) | | | | | | | | (2.010) | - | (2.010) |
| XVII. | Current Year Income or Loss | | | | | | | | | | 869.744 | | | | | | | 869.744 | 149.585 | 1.019.329 |
| XVIII. | Profit Distribution | | | | | | | | | 7.308 | (555.349) | 548.041 | | | | | | | (77.742) | (77.742) |
| 18.1 | Dividend Paid | | | | | | | | | | | | | | | | | | (77.742) | (77.742) |
| 18.2 | Transfers to Reserves | | | | | | | | | 7.308 | (555.349) | 548.041 | | | | | | | | |
| 18.3 | Other | | | | | | | | | | | | | | | | | | | |
| XIX. | Purchase from minority interest (*) | | | | | | | | | | | (322.862) | | | | | | (322.862) | (452.554) | (775.416) |
| Period end balance (I+II+III+.....+XVII+XVIII+XIX) | | | 3.427.051 | | 541.633 | | 17.159 | | 326.025 | 5.298 | 869.744 | (480.805) | 2.699 | | | | | 4.708.804 | 295.034 | 5.003.838 |

(*) Explained in details in Note VII. of Section Five.

The accompanying explanation and notes form an integral part of these consolidated 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 STATEMENTS OF CASH FLOWS AT 31 DECEMBER 2007 AND 2006

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

| VI STATEMENT OF CASH FLOWS | | | | |
|----------------------------|---|----------------------------|--------------------|--------------------|
| | | Notes (Section Five) | (31/12/2007) | (31/12/2006) (*) |
| A. | CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 | Operating profit before changes in operating assets and liabilities | | 2.606.973 | 1.762.410 |
| 1.1.1 | Interest received | | 6.730.858 | 5.012.694 |
| 1.1.2 | Interest paid | | (4.143.522) | (3.497.284) |
| 1.1.3 | Dividend received | | 3.336 | 4.125 |
| 1.1.4 | Fees and commissions received | | 2.080.417 | 1.874.578 |
| 1.1.5 | Other income | | 379.907 | 759.390 |
| 1.1.6 | Collections from previously written-off loans and other receivables | | 516.364 | 267.557 |
| 1.1.7 | Payments to personnel and service suppliers | | (945.916) | (785.259) |
| 1.1.8 | Taxes paid | | (84.983) | 38.016 |
| 1.1.9 | Other | | (1.929.488) | (1.911.407) |
| 1.2 | Changes in operating assets and liabilities | | (6.187.397) | 4.249.926 |
| 1.2.1 | Net decrease in trading securities | | 199.481 | 1.023.318 |
| 1.2.2 | Net (increase)/decrease in fair value through profit/loss financial assets | | - | - |
| 1.2.3 | Net decrease/(increase) in banks | | 526.882 | (1.907.072) |
| 1.2.4 | Net (increase) in loans | | (6.645.768) | (4.781.605) |
| 1.2.5 | Net (increase) in other assets | | (465.795) | (189.865) |
| 1.2.6 | Net (decrease)/increase in bank deposits | | (1.424.339) | 2.490.652 |
| 1.2.7 | Net increase in other deposits | | 1.003.176 | 4.688.509 |
| 1.2.8 | Net increase in funds borrowed | | 496.448 | 1.927.593 |
| 1.2.9 | Net increase/(decrease) in payables | | - | - |
| 1.2.10 | Net increase in other liabilities | | 122.518 | 998.396 |
| I. | Net cash provided from banking operations | | (3.580.424) | 6.012.336 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. | Net cash provided from investing activities | | 2.784.281 | (8.590.434) |
| 2.1 | Cash paid for acquisition of investments, associates and subsidiaries(Business Partnerships) | | - | (62.019) |
| 2.2 | Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships) | | 24.500 | 7.400 |
| 2.3 | Purchases of property and equipment | | (177.182) | (92.947) |
| 2.4 | Disposals of property and equipment | | 518.824 | 50.580 |
| 2.5 | Cash paid for purchase of investments available-for-sale | | (286.496) | (394.944) |
| 2.6 | Cash obtained from sale of investments available-for -sale | | - | 750.569 |
| 2.7 | Cash paid for purchase of investment securities | | (3.589.451) | (10.128.873) |
| 2.8 | Cash obtained from sale of investment securities | | 6.336.506 | 1.791.592 |
| 2.9 | Other | | (42.420) | (511.792) |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. | Net cash provided from financing activities | | (191.188) | 1.610.924 |
| 3.1 | Cash obtained from funds borrowed and securities issued | | (113.542) | 1.646.348 |
| 3.2 | Cash used for repayment of funds borrowed and securities issued | | - | - |
| 3.3 | Issued capital instruments | | - | - |
| 3.4 | Dividends paid | | (77.742) | (33.152) |
| 3.5 | Payments for finance leases | | 96 | (2.272) |
| 3.6 | Other | | - | - |
| IV. | Effect of change in foreign exchange rate on cash and cash equivalents | | - | - |
| V. | Net increase/(decrease) in cash and cash equivalents (I+II+III+IV) | | (987.331) | (967.174) |
| VI. | Cash and cash equivalents at beginning of the period | VI-a | 3.421.488 | 4.388.662 |
| VII. | Cash and cash equivalents at end of the period | VI-a | 2.434.157 | 3.421.488 |

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

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

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

YAPI VE KREDİ BANKASI A.Ş.

PROFIT APPROPRIATION STATEMENT AT 31 DECEMBER 2007 AND 2006

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

| VII. PROFIT APPROPRIATION STATEMENT (*) | | |
|---|---------------------|---------------------|
| | (31/12/2007) | (31/12/2006) |
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 Current Year Income | 852.865 | 711.171 |
| 1.2 Taxes And Duties Payable (-) | (143.680) | (197.263) |
| 1.2.1 Corporate Tax (Income tax) | (217.406) | (58.536) |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties | 73.726 | (138.727) |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 709.185 | 513.908 |
| 1.3 Prior Year Losses (-) | (170.577) | (670.545) |
| 1.4 First Legal Reserves (-) | (26.930) | - |
| 1.5 Other Statutory Reserves (-) | (15.059) | (13.940) |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5))] | 496.619 | (170.577) |
| 1.6 First Dividend To Shareholders (-) | - | - |
| 1.6.1 To Owners Of Ordinary Shares | - | - |
| 1.6.2 To Owners Of Privileged Shares | - | - |
| 1.6.3 To Owners Of Preferred Shares | - | - |
| 1.6.4 To Profit Sharing Bonds | - | - |
| 1.6.5 To Holders Of Profit And Loss Sharing Certificates | - | - |
| 1.7 Dividends To Personnel (-) | - | - |
| 1.8 Dividends To Board Of Directors (-) | - | - |
| 1.9 Second Dividend To Shareholders (-) | - | - |
| 1.9.1 To Owners Of Ordinary Shares | - | - |
| 1.9.2 To Owners Of Privileged Shares | - | - |
| 1.9.3 To Owners Of Preferred Shares | - | - |
| 1.9.4 To Profit Sharing Bonds | - | - |
| 1.9.5 To Holders Of Profit And Loss Sharing Certificates | - | - |
| 1.10 Second Legal Reserves (-) | - | - |
| 1.11 Statutory Reserves (-) | - | - |
| 1.12 Extraordinary Reserves | - | - |
| 1.13 Other Reserves | - | - |
| 1.14 Special Funds | - | - |
| II. DISTRIBUTION OF RESERVES | - | - |
| 2.1 Appropriated Reserves | - | - |
| 2.2 Second Legal Reserves (-) | - | - |
| 2.3 Dividends To Shareholders (-) | - | - |
| 2.3.1 To Owners Of Ordinary Shares | - | - |
| 2.3.2 To Owners Of Privileged Shares | - | - |
| 2.3.3 To Owners Of Preferred Shares | - | - |
| 2.3.4 To Profit Sharing Bonds | - | - |
| 2.3.5 To Holders Of Profit And Loss Sharing Certificates | - | - |
| 2.4 Dividends To Personnel (-) | - | - |
| 2.5 Dividends To Board Of Directors (-) | - | - |
| III. EARNINGS PER SHARE | - | - |
| 3.1 To Owners Of Ordinary Shares | 0,0022 | 0,0016 |
| 3.2 To Owners Of Ordinary Shares (%) | - | - |
| 3.3 To Owners Of Privileged Shares | - | - |
| 3.4 To Owners Of Privileged Shares (%) | - | - |
| IV. DIVIDEND PER SHARE | - | - |
| 4.1 To Owners Of Ordinary Shares | - | - |
| 4.2 To Owners Of Ordinary Shares (%) | - | - |
| 4.3 To Owners Of Privileged Shares | - | - |
| 4.4 To Owners Of Privileged Shares (%) | - | - |

Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank

(*) Authorised body for profit appropriation of the current period is General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

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

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

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

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 a decree that the inflation accounting application in the banking sector had been terminated. 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 audited regularly and, when necessary, suitable corrections are made and the effect of these corrections is reflected to the income statement.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Additional paragraph for convenience translation:

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

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”. Since the foreign currency investments and unconsolidated subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore no foreign exchange differences are realised.

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

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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 | 89,71 | 93,94 |
| Yapı Kredi Emeklilik A.Ş. | Istanbul/ Turkey | Insurance | 89,70 | 100,00 |
| Yapı Kredi Leasing | Istanbul/ Turkey | Leasing | 98,85 | 98,85 |
| Yapı Kredi Faktoring | Istanbul/ Turkey | Factoring | 99,96 | 99,96 |
| Yapı Kredi Menkul (*) | Istanbul/ Turkey | 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 | 100,00 | 100,00 |
| 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 | 100,00 | 100,00 |
| Yapı Kredi Azerbaijan | Azerbaijan | Banking | 99,96 | 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 | - | - |

(*) Extraordinary General Assemblies 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 the Bank's risk Group is 100%.

(**) By the decision of the board of directors at 3 October 2007; shares of Yapı Kredi Bank Deutschland A.G., which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding B.V. is reclassified under assets held for sale according to the commerce agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note X of Section V, the sale of Yapı Kredi Bank Deutschland A.G. finalized as of 29 February 2008.

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

2. Consolidation principles of associates:

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

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

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

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

| <u>Title</u> | <u>(City/ Country)</u> | <u>Main Activities</u> | <u>Effective Rates (%) 31 December 2007</u> | <u>Direct and Indirect Rates (%) 31 December 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 VII. of Section Five.

5. Transactions with minority shareholders:

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

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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 :

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-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.

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. Differences in the fair value of fair value hedge derivative instruments are accounted under “trading income/loss” in the income statement.

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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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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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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 has no securities lending transactions.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Business combinations and goodwill:

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

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

b. Other Intangible Assets:

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

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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 estimated 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 or other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset. The rates are presented below:

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

| | |
|--|----------------------------------|
| Buildings | 2% |
| Movables, Movables Acquired by Financial Leasing | 20% |
| 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

a. Accounting of leasing operations according to lessee:

Financial Lease

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

Operational Lease

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

b. Accounting of leasing operations according to lessor:

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT ASSET AND LIABILITIES:

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

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employee Termination Benefit

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

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

b. Pension Rights

The Parent Bank’s personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı (“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. The reasoning of the Constitutional Court regarding the abrogation of the corresponding article has been published in the Official Gazette dated 15 December 2007, numbered 26732. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey has started to work on a new law regarding the transfer of the funds to SSI. The draft legislation on the change in the Social Security and General Health Security Law and respective laws and decrees have been discussed and adopted on the meeting of the GNAT Plan and Budget Commission held on 6 March 2008. In that respect, the Article adopted by GNAT that revises the temporary article 20 which regulates Funds under the temporary article 20 of the Social Security Law No.506 has been referred to the GNAT for final discussion. As of the reporting date, the legislation process is ongoing.

BRSA expressed its opinion that in the framework of the abrogation of temporary article 23 of the Banking Law described in the decision of the Council of Ministers in the Official Gazette dated 15 December 2006 No.26377, the provision amount calculated as of the end of 2006 should be preserved. Inline with this opinion, the Bank received an actuarial report which was prepared in accordance with this decree by a registered actuary. The Bank provided a full provision as of 31 December 2007 regarding the deficit reported in the actuarial report by 31 December 2006 and therefore this provision has been accounted under the “Other provisions”

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION :

a. Current Tax:

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

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

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

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

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

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

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

Tax rates that are used in tax calculations by taking current tax regulations in every country into consideration as of 31 December 2007 are as follows:

| | |
|------------|--------|
| Netherland | 25,50% |
| Russia | 24,00% |
| Azerbaijan | 22,00% |
| Germany | 26,38% |

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

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b. Deferred Tax:

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS:

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXII. PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

XXIII. EARNINGS PER SHARE:

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

| | 31 December 2007 | 31 December 2006 |
|---|-------------------------|-------------------------|
| Group’s Profit | 869.744 | 555.349 |
| Weighted Average Number of Issued Ordinary Shares(Thousand) | 320.573.075 | 314.281.800 |
| Earnings Per Share (Disclosed in full YTL) | 0,0027 | 0,0018 |

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.

During 2007, the total number bonus shares issued by the Parent Bank is 6.631.545.090 (2006: 239.047.376.092).

XXIV. RELATED PARTIES:

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

XXV. CASH AND CASH EQUIVALENTS :

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

XXVI. 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 X. of in Section Four.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Reclassifications have been made on comparative figures as of 31 December 2006, to conform to changes in presentation of the consolidated financial statements as of 31 December 2007. Previous year consolidated financial statements have been restated in accordance with the accounting policies used for preparation of consolidated financial statements as of 31 December 2007. The effect of the aforementioned change is explained in Note XXVIII. below.

XXVIII. TRANSACTIONS UNDER COMMON CONTROL:

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

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

The effect of the aforementioned restatement as of 1 January 2006 on Prior Period Net Income/(Loss) is summarized below:

| | <u>YTL thousand</u> |
|--|---------------------|
| 1 January 2006 - as previously reported | 396.505 |
| Legal mergers under common control | 145.388 |
| 1 January 2006 - as restated | 541.893 |

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.

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

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO :

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

| | Risk Weights (*) | | | | | | | |
|--|-------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
| | The Parent Bank | | | | Consolidated | | | |
| | 0% | 20% | 50% | 100% | 0% | 20% | 50% | 100% |
| Amount subject to credit risk | | | | | | | | |
| Balance sheet items (Net) | 17.665.983 | 792.311 | 4.276.866 | 25.982.862 | 20.083.408 | 1.915.079 | 4.551.941 | 28.003.113 |
| Cash | 572.457 | 1.079 | - | - | 611.517 | 13.742 | - | - |
| Matured marketable securities | - | - | - | - | - | - | - | - |
| The Central Bank of the Republic of Turkey | 1.815.806 | - | - | - | 1.815.806 | - | - | - |
| Domestic, foreign banks, foreign head offices and branches | - | 715.880 | - | 12.680 | - | 1.349.433 | - | 12.718 |
| Interbank Money Market Placements | - | - | - | - | 421.174 | - | - | - |
| Receivables from reverse repurchase transactions | - | - | - | - | 12.280 | - | - | - |
| Reserve Requirements with the Central Bank of the republic of Turkey | 1.385.612 | - | - | - | 1.385.612 | - | - | - |
| Loans | 1.147.189 | 13.056 | 4.226.213 | 22.441.437 | 1.258.013 | 333.830 | 4.270.144 | 23.334.911 |
| Non-Performing receivables (Net) | - | - | - | 346.996 | - | - | - | 355.271 |
| Lease receivables | - | - | - | - | 33.134 | 8.953 | 227.905 | 2.045.819 |
| Available-for-sale financial assets | 191.202 | 47.301 | - | 37.154 | 863.738 | - | - | 137.114 |
| Held-to-Maturity investments | 11.493.366 | - | - | - | 12.539.979 | - | - | 9.479 |
| Receivables from the disposal of assets | - | - | - | 9.777 | - | - | - | 9.777 |
| Miscellaneous receivables | - | 113 | - | 238.354 | 656 | 183.095 | - | 383.585 |
| Interest and income accruals | 631.280 | 2.534 | 50.653 | 269.012 | 682.951 | 13.678 | 53.892 | 299.003 |
| Investments in associates, subsidiaries and joint ventures (Net) | - | - | - | 1.442.434 | - | - | - | 2.300 |
| Fixed assets | - | - | - | 1.101.498 | - | - | - | 1.249.006 |
| Other assets | 429.071 | 12.348 | - | 83.520 | 458.548 | 12.348 | - | 164.130 |
| Off-balance sheet items | 382.712 | 4.143.917 | 1.957.642 | 8.600.638 | 382.712 | 4.179.100 | 2.111.218 | 8.674.166 |
| Non-cash loans and commitments | 382.712 | 4.112.978 | 1.957.642 | 8.583.537 | 382.712 | 4.112.978 | 2.111.218 | 8.656.878 |
| Derivative financial instruments | - | 30.939 | - | 17.101 | - | 66.122 | - | 17.288 |
| Non-risk weighted accounts | - | - | - | - | - | - | - | - |
| Total Risk Weighted Assets | 18.048.695 | 4.936.228 | 6.234.508 | 34.583.500 | 20.466.120 | 6.094.179 | 6.663.159 | 36.677.279 |

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

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d. Summary information about capital adequacy ratio:

| | The Parent Bank | | Consolidated | |
|--|---------------------|---------------------|---------------------|--------------------------|
| | 31 December 2007 | 31 December 2006 | 31 December 2007 | 31 December 2006 (**) |
| Amount subject to credit risk (“ASCR”) | 38.688.000 | 32.474.602 | 41.227.695 | 34.741.253 |
| Amount subject to market risk (“ASMR”) | 331.825 | 309.900 | 552.013 | 391.363 |
| Amount subject to operational risk (“ASOR”) (*) | 3.640.891 | - | 5.056.682 | - |
| Shareholder’s Equity | 5.831.740 | 4.037.076 | 5.998.249 | 4.671.162 |
| Shareholder’s Equity/(ASCR+ASMR+ASOR)*100 | 13,67 | 12,31 | 12,81 | 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:

| | 31 December 2007 | 31 December 2006 (**) |
|--|---------------------|--------------------------|
| CORE CAPITAL | | |
| Paid-in capital | 3.427.051 | 3.142.818 |
| Nominal capital | 3.427.051 | 3.142.818 |
| Capital commitments (-) | - | - |
| Inflation adjustment to share capital | - | - |
| Share Premium | 541.633 | 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 | - | - |
| Profit | 869.744 | 528.353 |
| Current period profit (net) | 869.744 | 528.353 |
| Prior period profit | - | - |
| Provisions for possible risks up to 25% of core capital | 92.185 | 108.514 |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share | 5.298 | - |
| Primary Subordinated Loans (up to 15% of core capital) | - | - |
| Minority interests | 295.034 | 548.610 |
| Uncovered portion of loss with reserves (-) | (480.805) | (696.955) |
| Current period loss (net) | - | - |
| Prior period loss | (480.805) | (696.955) |
| Limit exceeding amount regarding the third clause of the article 56 of the Law (-) | - | - |
| Total Core Capital (***) | 5.093.324 | 4.020.305 |

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| | | |
|---|------------------|------------------|
| SUPPLEMENTARY CAPITAL | | |
| General provisions | 585.454 | 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 | 1.742.336 | 1.540.285 |
| 45 % of Marketable Securities valuation fund | 1.215 | 10.143 |
| From investments in associates and subsidiaries | - | - |
| Available-for-Sale financial assets | 1.215 | 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 | 2.329.005 | 1.989.585 |
| TIER III CAPITAL | | |
| CAPITAL | 7.422.329 | 6.009.890 |
| DEDUCTIONS FROM THE CAPITAL (***) | 1.424.080 | 1.338.728 |
| Investments in unconsolidated financial institutions and banks | 30.801 | 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 | | 828 |
| The carrying amounts for investments, subsidiaries, other investments, financial subsidiaries which equity method is applied without consolidating asset and liability | 38.220 | 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 | - | - |
| Special costs | 27.820 | 30.974 |
| Prepaid expenses | 135.528 | 75.726 |
| Intangible Assets | 1.191.711 | 1.156.146 |
| Deferred tax asset amount exceeding 10% of core capital | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 5.998.249 | 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 to the 31 December 2006 financial statements as of 31 December 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 CREDIT RISK:

- a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty cannot fulfill its obligations stated in agreements where the Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury and Fund Management employee who is authorised for transactions in the market are controlled by the system. In the loan granting process, liquid collaterals are obtained to the greatest extent possible. Long term projections of the companies are analysed both by financial analysis specialists and head office when granting long-term and project finance loans. Since credit and interest risks are higher in long-term commitments, their pricing is coordinated with Treasury Management.

As a part of internal scoring system, the loan proposals received from branches are not accepted by the system unless they include detailed financial information of the companies. All rated corporate and commercial loan customers (excluding construction companies and financial institutions) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management - Risk Monitoring Department.

The Parent Bank calculates the probability of default for the customers with its rating system for various types of customers. The rating concentration of the corporate and commercial loans that are rated by the Parent Bank's internal rating system are disclosed below:

| | 31 December 2007 | 31 December 2006 |
|---------------|-------------------------|-------------------------|
| Above average | 20,2% | 20,8% |
| Average | 53,6% | 51,5% |
| Below Average | 26,2% | 27,7% |

- b. The Group has control limits over the positions of forwards, options and similar agreements.
- c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.
- d. In line with the Regulation on provisions, if the cash risk of a customer classified as non performing, the non-cash is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up accordingly to the regulation on provisions considering the Group's credit risk policies. Accordingly, the financial position and commercial operations of related customers monitored and their principle and interest payments are followed up with a restructured repayment schedule and the necessary precautions are taken.

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- e. The Group’s banking activities in foreign countries and crediting transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.
- f. 1. The proportion of the Group’s top 100 cash loan balances in total cash loans is 21% (2006: 21%).
2. The proportion of the Group’s top 100 non-cash loan balances in total non-cash loans is 43% (2006: 39%).
3. The proportion of the Group’s cash and non-cash loan balances with the first 100 customers comprises of 23% of total cash loans and non-cash loans (2006: 23%).
- g. The Group provided a general loan loss provision amounting to YTL728.883 thousand (2006: YTL708.947 thousand).
- h. Loans concentration according to the type of borrowers:

| | Loans granted to real persons and corporate entities | | Loans granted to Banks and other financial Institutions | | Marketable Securities (*) | | Other Loans(**) | | Off Balance Sheet | |
|---|--|-------------------|---|----------------|---------------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2007 | 2007 | 2006 | 2007 | 2006 |
| Loans concentration according to the type of borrowers | | | | | | | | | | |
| Private Sector | 20.374.828 | 16.889.652 | 675.080 | 182.669 | 31.361 | 30.685 | 374.476 | 255.053 | 15.774.001 | 16.966.294 |
| Public Sector | 791.487 | 390.141 | - | - | 14.207.912 | 18.214.168 | - | - | 618.805 | 856.390 |
| Banks | - | - | 36.409 | - | 168.565 | 116.486 | 988.000 | 2.190.116 | 1.358.756 | 979.163 |
| Individual Customers | 10.667.240 | 8.368.625 | - | - | - | - | 727 | 174 | 10.475.627 | 8.184.090 |
| Share certificates | - | - | - | - | 61.802 | 50.569 | 71.321 | 179.989 | - | - |
| Total | 31.833.555 | 25.648.418 | 711.489 | 182.669 | 14.469.640 | 18.411.908 | 1.434.524 | 2.652.332 | 28.227.189 | 26.985.937 |
| Information according to geographical concentration | | | | | | | | | | |
| Domestic | 31.305.659 | 24.647.860 | 692.106 | 182.669 | 14.188.611 | 15.080.443 | 708.259 | 671.820 | 26.933.882 | 25.863.676 |
| European Union Countries | 106.576 | 77.984 | 4.072 | - | 79.434 | 2.246.123 | 454.464 | 1.768.847 | 584.082 | 539.771 |
| OECD Countries (***) | - | - | 9.640 | - | - | - | 20.734 | 43.646 | 298.831 | 174.943 |
| Off shore banking regions | 171.530 | 767.543 | - | - | - | - | 85 | 41 | 84 | - |
| USA, Canada | 6.813 | - | - | - | 67.070 | 979.422 | 237.121 | 127.543 | 42.645 | 6.700 |
| Other Countries | 242.977 | 155.031 | 5.671 | - | 134.525 | 105.920 | 13.861 | 13.435 | 367.665 | 400.847 |
| Total | 31.833.555 | 25.648.418 | 711.489 | 182.669 | 14.469.640 | 18.411.908 | 1.434.524 | 2.652.332 | 28.227.189 | 26.985.937 |

(*) Contains Financial Assets Designated at Fair Value, Available-for-sale Financial Assets and Held-to-maturity Investments.

(**) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts (“UCA”).

(***) OECD countries other than EU countries, USA and Canada.

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i. Information on amounts that are exposed to credit risk:

| | 31 December 2007 | 31 December 2006 |
|--|---------------------|---------------------|
| Balance sheet items that are exposed to credit risk: | | |
| Bank placements | 1.383.437 | 2.748.306 |
| Loans and advances to customers | 32.545.045 | 25.831.087 |
| -Credit Cards | 6.700.724 | 5.802.648 |
| -Consumer | 4.118.038 | 2.770.640 |
| -Corporate | 18.269.550 | 14.508.701 |
| -Financial Leasing | 2.339.740 | 1.590.416 |
| -Factoring | 1.116.993 | 1.158.682 |
| Trading Securities | 364.197 | 619.678 |
| -Government Securities | 254.215 | 465.472 |
| -Share certificates | 19.226 | 17.735 |
| -Other marketable securities | 42.089 | 53.616 |
| -Derivative financial instruments | 48.667 | 82.855 |
| Investment Securities | 14.154.110 | 17.875.085 |
| -Government Debt Securities | 14.007.517 | 17.765.630 |
| -Share certificates | 42.576 | 32.834 |
| -Other marketable securities | 104.017 | 76.621 |
| Receivables from financial leasing | - | - |
| Other assets | 1.054.307 | 843.729 |
| Credit risk exposures relating to off-balance sheet items | | |
| Financial guarantees | 13.226.182 | 13.870.589 |
| Loan commitments and other credit related liabilities | 789.369 | 982.140 |
| Total | 63.516.647 | 62.770.614 |

j. Loans and other receivables past due:

| 31 December 2007 | Corporate | Consumer | Credit Cards | Financial Leasing | Factoring | Total | 31 December 2006 |
|------------------------|----------------|----------------|-----------------|----------------------|-----------|----------------|---------------------|
| Past due up to 30 days | 105.090 | 120.931 | 252.597 | 88.619 | - | 567.237 | 464.688 |
| Past due 30-60 days | 60.934 | 70.997 | 101.323 | - | - | 233.254 | 188.141 |
| Past due 60-90 days | 53.486 | 24.278 | 8.316 | - | - | 86.080 | 87.525 |
| Total | 219.510 | 216.206 | 362.236 | 88.619 | - | 886.571 | 740.354 |

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

k. Debt securities, treasury bills and other eligible bills:

| 31 December 2007 | Financial Assets At Fair Value Through Profit Or Loss (Net) | Available-for- sale Financial Assets (Net) | Held to Maturity Investments (Net) | Total |
|------------------|--|--|---|-------------------|
| Moody's Rating | | | | |
| Aaa | - | 11.875 | 57.674 | 69.549 |
| Aa | - | - | 63.623 | 63.623 |
| A | - | - | - | - |
| Baa | - | 74.895 | 11.865 | 86.760 |
| Ba3 (*) | 254.215 | 777.675 | 13.009.910 | 14.041.800 |
| Total | 254.215 | 864.445 | 13.143.072 | 14.261.732 |

| 31 December 2006 | Financial Assets At Fair Value Through Profit Or Loss (Net) | Available-for- sale Financial Assets (Net) | Held to Maturity Investments (Net) | Total |
|------------------|--|--|---|-------------------|
| Moody's Rating | | | | |
| Aaa | - | - | 2.768.728 | 2.768.728 |
| Aa | - | - | 448.391 | 448.391 |
| A | - | - | - | - |
| Baa | - | 55.103 | 22.324 | 77.427 |
| Ba3 (*) | 465.472 | 599.784 | 13.871.300 | 14.936.556 |
| Total | 465.472 | 654.887 | 17.110.743 | 18.231.102 |

(*) Securities consist of Republic of Turkey government bonds and treasury bills.

l. Information according to geographical concentration:

| | Assets | Liabilities (***) | Non-Cash Loans | Capital Expenditures | Net profit (****) |
|---|-------------------|-------------------|-------------------|-------------------------|----------------------|
| 31 December 2007 | | | | | |
| Domestic | 53.302.508 | 42.831.019 | 12.750.556 | 176.407 | 1.019.329 |
| European Union Countries | 969.648 | 6.418.883 | 584.082 | 177 | - |
| OECD Countries (*) | 52.855 | 805.177 | 298.831 | - | - |
| Off-shore banking regions | 191.188 | 42.724 | 84 | - | - |
| USA, Canada | 391.468 | 6.696 | 42.645 | - | - |
| Other Countries | 669.371 | 959.438 | 339.353 | 598 | - |
| Investments in associates, subsidiaries and joint ventures | 71.321 | - | - | - | - |
| Unallocated Assets/Liabilities (**) | 1.011.532 | 592.109 | - | - | - |
| Total | 56.659.891 | 51.656.046 | 14.015.551 | 177.182 | 1.019.329 |
| 31 December 2006 | | | | | |
| Domestic | 47.272.851 | 40.551.969 | 13.730.467 | 92.215 | 696.799 |
| European Union Countries | 4.321.863 | 7.383.504 | 539.771 | 42 | - |
| OECD Countries (*) | 105.951 | 1.237.461 | 174.943 | - | - |
| Off-shore banking regions | 723.240 | - | - | - | - |
| USA, Canada | 1.189.536 | 1.055.314 | 6.700 | - | - |
| Other Countries | 388.766 | 622.759 | 400.848 | 9.708 | - |
| Investments in associates, subsidiaries and joint ventures | 179.989 | - | - | - | - |
| Unallocated Assets/Liabilities (**) | 1.110.304 | 334.778 | - | - | - |
| Total | 55.292.500 | 51.185.785 | 14.852.729 | 101.965 | 696.799 |

(*) OECD Countries other than EU countries, USA and Canada.

(**) Unallocated assets / liabilities include interest income and expense accruals which could not be distributed according to a consistent principal.

(***) Shareholders' Equity is not included.

(****) The net profit could not be distributed according to geographical concentration.

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m. Sectoral concentrations for cash loans:

| | 31 December 2007 | | | | 31 December 2006 | | | |
|--|-------------------|---------------|------------------|---------------|-------------------|---------------|------------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | 401.405 | 2,07 | 129.134 | 1,39 | 219.166 | 1,46 | 119.609 | 1,61 |
| Farming and Raising Livestock | 314.365 | 1,63 | 107.944 | 1,16 | 168.685 | 1,12 | 100.707 | 1,36 |
| Forestry | 64.769 | 0,33 | 4.534 | 0,05 | 41.427 | 0,28 | 3.839 | 0,05 |
| Fishing | 22.271 | 0,11 | 16.656 | 0,18 | 9.054 | 0,06 | 15.063 | 0,20 |
| Manufacturing | 4.091.609 | 21,08 | 4.734.703 | 50,77 | 3.428.988 | 22,78 | 4.073.880 | 54,99 |
| Mining | 109.069 | 0,56 | 151.717 | 1,63 | 90.571 | 0,60 | 135.275 | 1,83 |
| Production | 3.936.518 | 20,28 | 4.236.861 | 45,43 | 3.302.235 | 21,94 | 3.725.348 | 50,28 |
| Electric, Gas and Water | 46.022 | 0,24 | 346.125 | 3,71 | 36.182 | 0,24 | 213.257 | 2,88 |
| Construction | 887.036 | 4,57 | 489.199 | 5,25 | 639.090 | 4,25 | 400.590 | 5,41 |
| Services | 3.036.390 | 15,65 | 2.451.874 | 26,28 | 2.290.605 | 15,22 | 2.731.342 | 36,86 |
| Wholesale and Retail Trade | 1.384.656 | 7,14 | 380.817 | 4,08 | 1.040.557 | 6,92 | 394.201 | 5,31 |
| Hotel Food and Beverage Services | 187.475 | 0,98 | 401.014 | 4,30 | 152.541 | 1,01 | 317.135 | 4,28 |
| Transportation and Telecommunication | 542.016 | 2,79 | 1.323.959 | 14,20 | 411.360 | 2,73 | 242.744 | 3,28 |
| Financial Institutions | 544.370 | 2,80 | 159.590 | 1,71 | 432.038 | 2,87 | 1.225.662 | 16,54 |
| Real Estate and Leasing Services | 117.193 | 0,60 | 108.631 | 1,16 | 89.434 | 0,59 | 63.817 | 0,86 |
| Self Employment Services | - | - | - | - | - | - | - | - |
| Education Services | 27.683 | 0,14 | 163 | - | 20.373 | 0,14 | 3.444 | 0,05 |
| Health and Social Services | 232.997 | 1,20 | 77.700 | 0,83 | 144.302 | 0,96 | 484.339 | 6,54 |
| Other | 10.991.129 | 56,63 | 1.520.562 | 16,31 | 8.472.708 | 56,29 | 83.440 | 1,13 |
| Loan Interest and Income Accruals | | | | | 156.301 | | 138.264 | |
| Total | 19.407.569 | 100,00 | 9.325.472 | 100,00 | 15.206.858 | 100,00 | 7.547.125 | 100,00 |

III. 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 31 December 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”.

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a. Information on Market Risk:

| | 31 December 2007 | 31 December 2006 (*) |
|--|-------------------------|-----------------------------|
| (I) Capital to be Employed for General Market Risk - Standard Method | 20.590 | 15.317 |
| (II) Capital to be Employed for Specific Risk –Standard Method | 8.464 | 2.791 |
| (III) Capital to be Employed for Currency Risk - Standard Method | 9.037 | 13.201 |
| (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 | 6.070 | - |
| (VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model | - | - |
| (VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII) | 44.161 | 31.309 |
| (IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII) | 552.013 | 391.363 |

b. Average Market Risk Table of Calculated Market Risk During the Month Ends:

| | 31 December 2007 | | | 31 December 2006 (*) | | |
|-------------------------------------|-------------------------|----------------|----------------|-----------------------------|----------------|----------------|
| | Average | Maximum | Minimum | Average | Maximum | Minimum |
| Interest Rate Risk | 17.088 | 20.590 | 6.641 | 73.013 | 137.522 | 11.229 |
| Share Premium Risk | 7.831 | 8.464 | 7.033 | 6.622 | 7.679 | 6.879 |
| Currency Risk | 10.393 | 15.107 | 5.728 | 13.093 | 33.263 | 13.201 |
| Commodity Risk | - | - | - | - | - | - |
| Exchange Risk | - | - | - | - | - | - |
| Operational Risk | - | - | - | - | - | - |
| Total Amount Subject to Risk | 35.312 | 44.161 | 19.402 | 92.728 | 178.464 | 31.309 |

(*) The prior period values in the information on market risk and the average market risk tables disclosed above, do not include the effects of restatement made in the 31 December 2006 financial statements as of 31 December 2007.

IV. 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 31 December 2007, the total amount subject to operational risk is YTL5.056.682 thousand and the amount of the related capital requirement is YTL404.535 thousand.

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V. EXPLANATIONS ON CURRENCY RISK:

The difference between the Parent Bank’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities are defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in “Net Foreign Currency Position” (Cross Currency Risk). 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: | YTL1,13550 | YTL1,66740 | YTL0,01002 |
| 28 December 2007 bid rate | YTL1,14150 | YTL1,65510 | YTL0,00996 |
| 27 December 2007 bid rate | YTL1,14220 | YTL1,64890 | YTL0,00998 |
| 26 December 2007 bid rate | YTL1,14520 | YTL1,64940 | YTL0,01001 |
| 25 December 2007 bid rate | YTL1,15040 | YTL1,65610 | YTL0,01005 |
| 24 December 2007 bid rate | YTL1,15310 | YTL1,65990 | YTL0,01015 |

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 | : YTL1,18140 |
| Euro | : YTL1,72302 |
| Yen | : YTL0,01052 |

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, the specific provision for non cash loans, derivative financial instruments and prepaid expenses are considered as Turkish Lira in the calculation of the Net Currency Position regarding the related regulation. Therefore, there is a difference between the sum of the foreign currency assets in the following table and in the balance sheet. The Groups’ real position, both in financial and economic terms, is presented in the table below:

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

| | EURO | USD | Yen | Other FC | Total |
|---|------------------|-------------------|-----------------|-----------------|-------------------|
| 31 December 2007 | | | | | |
| Assets | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 1.984.033 | 86.990 | 119 | 28.652 | 2.099.794 |
| Banks | 369.274 | 799.356 | 926 | 41.908 | 1.211.464 |
| Financial Assets at Fair Value Through Profit or Loss | 59.457 | 120.366 | - | 559 | 180.382 |
| Interbank Money Market Placements | 313.213 | 87.887 | 357 | 18.291 | 419.748 |
| Available-for-Sale Financial Assets | 73.844 | 259.072 | - | 108.474 | 441.390 |
| Loans (*) | 3.483.780 | 6.655.544 | 29.513 | 249.861 | 10.418.698 |
| Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | 38.220 | 38.220 |
| Held-to-Maturity Investments | 1.054.277 | 5.654.529 | - | 1.883 | 6.710.689 |
| Hedging Derivative Financial Assets | - | - | - | - | - |
| Tangible Assets | 170 | - | - | 9.578 | 9.748 |
| Intangible Assets | - | - | - | 30 | 30 |
| Other Assets | 1.743.386 | 878.622 | 1.196 | 175.551 | 2.798.755 |
| Total Assets | 9.081.434 | 14.542.366 | 32.111 | 673.007 | 24.328.918 |
| Liabilities | | | | | |
| Bank Deposits | 912.622 | 704.345 | 186 | 153.500 | 1.770.653 |
| Foreign Currency Deposits | 3.922.912 | 8.702.125 | 9.478 | 428.255 | 13.062.770 |
| Funds From Interbank Money Market | 217.295 | 580.466 | - | 19.474 | 817.235 |
| Funds Borrowed From Other Financial Institutions | 1.684.703 | 3.069.304 | 454 | 12.718 | 4.767.179 |
| Marketable Securities Issued | 696.423 | 846.186 | - | - | 1.542.609 |
| Miscellaneous Payables | 94.045 | 115.750 | 1.612 | 12.863 | 224.270 |
| Hedging Derivative Financial Liabilities | - | - | - | - | - |
| Other Liabilities | 2.268.867 | 548.598 | 403 | 56.974 | 2.874.842 |
| Total Liabilities | 9.796.867 | 14.566.774 | 12.133 | 683.784 | 25.059.558 |
| Net On Balance Sheet Position | (715.433) | (24.408) | 19.978 | (10.777) | (730.640) |
| Net Off Balance Sheet Position | 1.136.774 | (245.412) | (21.758) | 115.548 | 985.152 |
| Financial Derivative Assets | 1.386.212 | 2.514.733 | 6.767 | 271.234 | 4.178.946 |
| Financial Derivative Liabilities | 249.438 | 2.760.145 | 28.525 | 155.686 | 3.193.794 |
| Non-Cash Loans | 2.662.390 | 5.062.626 | 273.810 | 186.397 | 8.185.223 |
| 31 December 2006 | | | | | |
| Total Assets | 9.538.353 | 16.229.446 | 27.350 | 805.359 | 26.600.508 |
| Total Liabilities | 9.482.536 | 16.206.484 | 19.237 | 805.841 | 26.514.098 |
| Net On-Balance Sheet Position | 55.817 | 22.962 | 8.113 | (482) | 86.410 |
| Net Off-Balance Sheet Position | 79.685 | (29.050) | (7.123) | 138.262 | 181.774 |
| Financial Derivative Assets | 767.786 | 1.240.446 | 2.915 | 205.740 | 2.216.887 |
| Financial Derivative Liabilities | 688.101 | 1.269.496 | 10.038 | 67.478 | 2.035.113 |
| Non-Cash Loans | 2.851.802 | 5.931.173 | 351.338 | 139.215 | 9.273.528 |

(*) Includes FC indexed loans amounting to YTL1.084.894 thousand (2006: YTL649.167 thousand) which has been disclosed as YTL in the financial statements.

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VI. EXPLANATIONS ON INTEREST RATE RISK:

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are presented monthly to Asset and Liability Committee (“ALCO”). By using sensitivity and scenario analyses, the possible loss effects on the equity 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:

| 31 December 2007 | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non Interest Bearing | Total |
|--|----------------------|-------------------|--------------------|-------------------|-------------------------|-----------------------------|---------------------|
| Assets | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey | 1.436.218 | - | - | - | - | 2.304.170 | 3.740.388 |
| Banks | 423.608 | 148.944 | 275.992 | 84.510 | 2.557 | 447.826 | 1.383.437 |
| Financial Assets at Fair Value Through Profit/Loss | 37.691 | 47.168 | 69.548 | 122.366 | 26.668 | 60.756 | 364.197 |
| Interbank Money Market Placements | 152.675 | 5.811 | 153.835 | 101.162 | 19.993 | - | 433.476 |
| Available-for-Sale Financial Assets | 92.107 | 166.635 | 130.426 | 324.495 | 195.279 | 92.617 | 1.001.559 |
| Loans | 7.379.295 | 3.401.564 | 8.050.646 | 6.576.935 | 3.324.601 | 355.271 | 29.088.312 |
| Held-to-Maturity Investments | 1.224.550 | 4.032.719 | 1.954.480 | 1.674.014 | 4.266.788 | - | 13.152.551 |
| Other Assets | 139.898 | 1.261.489 | 976.390 | 1.279.358 | 22.359 | 3.816.477 | 7.495.971 |
| Total Assets | 10.886.042 | 9.064.330 | 11.611.317 | 10.162.840 | 7.858.245 | 7.077.117 | 56.659.891 |
| Liabilities | | | | | | | |
| Bank Deposits | 330.892 | 127.545 | 54.440 | - | - | 83.820 | 596.697 |
| Other Deposits | 23.080.787 | 2.303.956 | 1.885.316 | 249.582 | - | 5.590.794 | 33.110.435 |
| Funds From Interbank Money Market | 1.901.321 | 216.196 | 351.196 | 9.251 | - | - | 2.477.964 |
| Miscellaneous Payables | 2.173.126 | 9.081 | 2.462 | - | - | 218.652 | 2.403.321 |
| Marketable Securities Issued | - | 1.542.609 | - | - | - | - | 1.542.609 |
| Funds Borrowed From Other Financial Institutions | 35.517 | 3.150.599 | 1.945.912 | 54.042 | - | - | 5.186.070 |
| Other Liabilities and Shareholders' Equity | 74.703 | 918.351 | 1.438.086 | 335.258 | 126.706 | 8.449.691 | 11.342.795 |
| Total Liabilities | 27.596.346 | 8.268.337 | 5.677.412 | 648.133 | 126.706 | 14.342.957 | 56.659.891 |
| Balance Sheet Long Position | - | 795.993 | 5.933.905 | 9.514.707 | 7.731.539 | - | 23.976.144 |
| Balance Sheet Short Position | (16.710.304) | - | - | - | - | (7.265.840) | (23.976.144) |
| Off-balance Sheet Long Position | - | - | - | - | - | - | - |
| Off-balance Sheet Short Position | (20.557) | (51.907) | (112.877) | (7.370) | - | - | (192.711) |
| Total Position | (16.730.861) | 744.086 | 5.821.028 | 9.507.337 | 7.731.539 | (7.265.840) | (192.711) |

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| 31 December 2006 | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non Interest Bearing | Total |
|--|---------------------|------------------|-------------------|------------------|---------------------|----------------------------|---------------------|
| Assets | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey | 3.137.174 | - | - | - | - | 1.024.185 | 4.161.359 |
| Banks | 1.804.324 | 95.516 | 318.669 | 114.720 | 12.699 | 402.378 | 2.748.306 |
| Financial Assets at Fair Value Through Profit/Loss | 18.806 | 89.312 | 184.456 | 200.757 | 75.248 | 51.099 | 619.678 |
| Interbank Money Market Placements | 131.770 | 23 | - | - | - | 27.421 | 159.214 |
| Available-for-Sale Financial Assets | 56.736 | 129.860 | 111.384 | 169.937 | 207.710 | 88.715 | 764.342 |
| Loans | 5.304.301 | 4.111.680 | 8.094.916 | 4.518.293 | 724.793 | 328.006 | 23.081.989 |
| Held-to-Maturity Investments | 3.419.703 | 3.669.897 | 3.355.687 | 2.438.646 | 4.226.810 | - | 17.110.743 |
| Other Assets | 122.588 | 1.287.551 | 544.664 | 871.892 | 17.130 | 3.803.044 | 6.646.869 |
| Total Assets | 13.995.402 | 9.383.839 | 12.609.776 | 8.314.245 | 5.264.390 | 5.724.848 | 55.292.500 |
| Liabilities | | | | | | | |
| Bank Deposits | 341.346 | 16.940 | 76.519 | - | - | 53.847 | 488.652 |
| Other Deposits | 21.731.445 | 3.806.937 | 979.497 | 206.508 | 195.995 | 5.166.541 | 32.086.923 |
| Funds From Interbank Money Market | 3.282.806 | 297.603 | 375.740 | 14.181 | 28.334 | 34 | 3.998.698 |
| Miscellaneous Payables | 1.941.588 | 226.122 | 86.988 | - | - | 288.616 | 2.543.314 |
| Marketable Securities Issued | - | 1.650.006 | - | - | - | - | 1.650.006 |
| Funds Borrowed From Other Financial Institutions | 592.923 | 900.841 | 1.588.208 | 554.674 | 1.245.442 | - | 4.882.088 |
| Other Liabilities and Shareholders' Equity | 19.663 | 355.924 | 51.351 | 114 | 1.559.258 | 7.656.509 | 9.642.819 |
| Total Liabilities | 27.909.771 | 7.254.373 | 3.158.303 | 775.477 | 3.029.029 | 13.165.547 | 55.292.500 |
| Balance Sheet Long Position | - | 2.129.466 | 9.451.473 | 7.538.768 | 2.235.361 | - | 21.355.068 |
| Balance Sheet Short Position | (13.914.369) | - | - | - | - | (7.440.699) | (21.355.068) |
| Off-balance Sheet Long Position | 333.765 | 25.097 | 13.646 | 86 | - | - | 372.594 |
| Off-balance Sheet Short Position | (112.945) | (1.266) | (5.757) | - | - | - | (119.968) |
| Total Position | (13.693.549) | 2.153.297 | 9.459.362 | 7.538.854 | 2.235.361 | (7.440.699) | 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.

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

| 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 |
| Banks | 0,67 | 4,88 | - | 16,70 |
| 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 | 21,70 |
| Held-to-maturity Investments | 3,85 | 7,25 | - | 19,25 |
| | | | | |
| Liabilities | | | | |
| Bank Deposits | 0,04 | 1,66 | - | 18,79 |
| Other Deposits | 1,86 | 4,14 | 0,11 | 18,67 |
| 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.

VII. 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. In order to meet an instant cash necessity it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the deposits. 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 payments, asset and liabilities with interest rates is followed via daily and monthly liquidity gap reports and any effects of incompliance investigated.

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

Breakdown of assets and liabilities according to their outstanding maturities:

| | Demand | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Unclassified (*) | Total |
|---|--------------------|---------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| 31 December 2007 | | | | | | | | |
| Assets | | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 2.304.170 | 1.436.218 | - | - | - | - | - | 3.740.388 |
| Banks | 447.826 | 423.608 | 148.944 | 275.992 | 84.510 | 2.557 | - | 1.383.437 |
| Financial Assets at Fair Value Through Profit or Loss | 41.530 | 35.446 | 19.562 | 73.534 | 148.138 | 26.761 | 19.226 | 364.197 |
| Interbank Money Market Placements | - | 152.675 | 5.811 | 153.835 | 101.162 | 19.993 | - | 433.476 |
| Available-for-Sale Financial Assets | 50.041 | 64.328 | 22.617 | 113.185 | 486.288 | 222.524 | 42.576 | 1.001.559 |
| Loans | - | 6.347.561 | 3.258.167 | 8.295.556 | 7.149.086 | 3.682.671 | 355.271 | 29.088.312 |
| Held-to-maturity Investments | - | 130.773 | 327.581 | 1.561.930 | 5.214.684 | 5.917.583 | - | 13.152.551 |
| Other Assets (**) | 280.012 | 562.300 | 946.244 | 1.248.251 | 1.361.955 | 275.060 | 2.822.149 | 7.495.971 |
| Total Assets | 3.123.579 | 9.152.909 | 4.728.926 | 11.722.283 | 14.545.823 | 10.147.149 | 3.239.222 | 56.659.891 |
| Liabilities | | | | | | | | |
| Bank Deposits | 83.820 | 330.892 | 127.545 | 54.440 | - | - | - | 596.697 |
| Other Deposits | 5.590.794 | 23.080.787 | 2.303.956 | 1.885.316 | 249.582 | - | - | 33.110.435 |
| Funds Borrowed From Other Financial Institutions | - | 55.564 | 922.140 | 3.247.956 | 960.410 | - | - | 5.186.070 |
| Funds From Interbank Money Market | - | 1.901.321 | 216.196 | 351.196 | 9.251 | - | - | 2.477.964 |
| Marketable Securities Issued | - | - | - | - | 921.343 | 621.266 | - | 1.542.609 |
| Miscellaneous Payables | 57.419 | 2.169.751 | 65.345 | 19.846 | - | - | 90.960 | 2.403.321 |
| Other Liabilities (**) | 2.221.079 | 1.344.347 | 28.905 | 454.359 | 390.569 | 1.899.698 | 5.003.838 | 11.342.795 |
| Total Liabilities | 7.953.112 | 28.882.662 | 3.664.087 | 6.013.113 | 2.531.155 | 2.520.964 | 5.094.798 | 56.659.891 |
| Net Liquidity Gap | (4.829.533) | (19.729.753) | 1.064.839 | 5.709.170 | 12.014.668 | 7.626.185 | (1.855.576) | - |
| 31 December 2006 | | | | | | | | |
| Total Assets | 1.868.474 | 12.908.713 | 6.251.009 | 10.289.192 | 6.398.832 | 14.295.291 | 3.280.989 | 55.292.500 |
| Total Liabilities | 7.614.977 | 28.729.444 | 5.393.384 | 3.595.720 | 857.622 | 4.509.933 | 4.591.420 | 55.292.500 |
| Net Liquidity Gap | (5.746.503) | (15.820.731) | 857.625 | 6.693.472 | 5.541.210 | 9.785.358 | (1.310.431) | - |

(*) 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)

Breakdown of financial liabilities according to their remaining contractual maturities:

| 31 December 2007 | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 years |
|--|-------------------|------------------|------------------|------------------|----------------|
| Liabilities | | | | | |
| Deposit | 29.163.808 | 2.550.279 | 2.134.453 | 277.688 | - |
| Funds Borrowed From Other Financial Institutions | 59.012 | 1.116.186 | 3.454.294 | 2.163.794 | 856.069 |
| Funds From Interbank Money Market | 1.909.045 | 219.805 | 360.928 | 9.988 | - |
| Total | 31.131.865 | 3.886.270 | 5.949.675 | 2.451.470 | 856.069 |

VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

| | Carrying Value | | Fair Value | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31 December 2007 | 31 December 2006 | 31 December 2007 | 31 December 2006 |
| Financial Assets | 45.059.335 | 43.864.594 | 45.344.357 | 44.137.465 |
| Due From Interbank Money Market | 433.476 | 159.214 | 433.476 | 159.214 |
| Banks | 1.383.437 | 2.748.306 | 1.416.181 | 2.763.652 |
| Available-for-sale Financial Assets | 1.001.559 | 764.342 | 1.001.559 | 764.342 |
| Held-to-maturity Investments | 13.152.551 | 17.110.743 | 13.333.593 | 17.161.966 |
| Loans | 29.088.312 | 23.081.989 | 29.159.548 | 23.288.291 |
| Financial Liabilities | 42.839.132 | 41.650.983 | 42.909.219 | 41.675.051 |
| Bank deposits | 596.697 | 488.652 | 596.720 | 488.484 |
| Other deposits | 33.110.435 | 32.086.923 | 33.139.035 | 32.104.217 |
| Funds Borrowed From Other Financial Institutions | 5.186.070 | 4.882.088 | 5.227.534 | 4.889.030 |
| Marketable Securities Issued | 1.542.609 | 1.650.006 | 1.542.609 | 1.650.006 |
| Miscellaneous Payables | 2.403.321 | 2.543.314 | 2.403.321 | 2.543.314 |

The fair values of banks and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value approaches to the fair value.

The expected fair value of the demand deposits represents the amount to be paid upon request. The fair value of the overnight deposits represents the carrying value. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the market interest rates of similar liabilities and loans. In case of short-term maturities, the carrying value is assumed to reflect the fair value.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

**IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON
ACCOUNT OF OTHER PARTIES:**

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no trust transactions.

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

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

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

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

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

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

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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 |
|--|---------------------------|------------------------------|----------------------------|-------------------------|-------------------------------|--------------------|--|--|
| 31 December 2007 | | | | | | | | |
| Operating revenue | 1.040.771 | 913.553 | 240.835 | 959.579 | 85.622 | 1.788.889 | (77.598) | 4.951.651 |
| Unallocated costs | - | - | - | - | - | (3.823.346) | 75.933 | (3.747.413) |
| Net Operating Profit | 1.040.771 | 913.553 | 240.835 | 959.579 | 85.622 | (2.034.457) | (1.665) | 1.204.238 |
| Dividend income | - | - | - | - | - | - | - | 3.336 |
| Profit/Loss from Shareholders that are applied Equity Method | - | - | - | - | - | - | - | 1.890 |
| Profit before tax | | | | | | | | 1.209.464 |
| Tax Expense | - | - | - | - | - | - | - | (190.135) |
| Net Profit | | | | | | | | 1.019.329 |
| Minority Interest | - | - | - | - | - | - | - | 149.585 |
| Group Profit/Loss | | | | | | | | 869.744 |
| Segment assets | 6.989.098 | 17.864.195 | 552.319 | 6.436.115 | 2.915.067 | 18.881.048 | (452.280) | 53.185.562 |
| Investments in associates, subsidiaries and Joint ventures | - | - | - | - | - | 71.321 | - | 71.321 |
| Unallocated assets | - | - | - | - | - | 3.403.008 | - | 3.403.008 |
| Total Assets | 6.989.098 | 17.864.195 | 552.319 | 6.436.115 | 2.915.067 | 22.355.377 | (452.280) | 56.659.891 |
| Segment liabilities | 14.022.927 | 14.001.724 | 6.941.018 | 1.662.613 | 2.513.881 | 10.787.338 | (380.249) | 49.549.252 |
| Shareholders' Equity | - | - | - | - | - | 5.003.838 | - | 5.003.838 |
| Unallocated liabilities | - | - | - | - | - | 2.106.801 | - | 2.106.801 |
| Total liabilities | 14.022.927 | 14.001.724 | 6.941.018 | 1.662.613 | 2.513.881 | 17.897.977 | (380.249) | 56.659.891 |

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

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

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

| | 31 December 2007 | | 31 December 2006 | |
|--------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Cash | 307.934 | 135.929 | 307.328 | 132.960 |
| The CBRT | 1.332.660 | 1.916.237 | 1.549.860 | 2.095.114 |
| Other | - | 47.628 | - | 76.097 |
| Total | 1.640.594 | 2.099.794 | 1.857.188 | 2.304.171 |

2. Information on the account of the CBRT:

| | 31 December 2007 | | 31 December 2006 | |
|----------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Demand Unrestricted Amount | 1.332.660 | 521.735 | 283 | 570.264 |
| Time Unrestricted Amount | - | - | - | - |
| Reserve Requirement (*) | - | 1.394.502 | 1.549.577 | 1.524.850 |
| Total | 1.332.660 | 1.916.237 | 1.549.860 | 2.095.114 |

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

3. Information on reserve requirements:

In accordance with “Communiqué regarding the reserve requirements” numbered 2005/1, issued by the CBRT, the banks operating in Turkey are supposed to place reserves in CBRT for their YTL liabilities by 6% and for their foreign currency liabilities by 11% as USD and/or EUR. CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 31 December 2007 the corresponding interest rates are 11,81% for YTL, 1,95% for USD and 1,80% for EUR reserves.

As of 31 December 2007, the Group’s reserve deposits, including those at foreign banks, amount to YTL2.752.989 thousand (2006: YTL 3.100.288 thousand).

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

- As of 31 December 2007, financial assets at fair value through profit or loss subject to repo transactions amount to YTL102.027 thousand (2006: YTL195.994 thousand) and those given as collateral/blocked amounts to YTL54.274 thousand (2006: YTL15.302 thousand).
- Positive differences related to trading derivative financial assets:

| | 31 December 2007 | | 31 December 2006 | |
|----------------------|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| Forward Transactions | 14.080 | 5.129 | 34.413 | 4.288 |
| Swap Transactions | 16.601 | 11.796 | 37.687 | 6.467 |
| Futures Transactions | - | - | - | - |
| Options | - | 1.061 | - | - |
| Other | - | - | - | - |
| Total | 30.681 | 17.986 | 72.100 | 10.755 |

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c. Information on banks:

1. Information on banks:

| | 31 December 2007 | | 31 December 2006 | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Banks | 171.973 | 1.211.464 | 47.181 | 2.701.034 |
| Domestic | 90.831 | 477.082 | 46.267 | 589.381 |
| Foreign | 81.142 | 734.382 | 914 | 2.111.653 |
| Head Quarters and Branches Abroad | - | - | - | - |
| Other Financial Institutions | - | - | 91 | - |
| Total | 171.973 | 1.211.464 | 47.272 | 2.701.034 |

2. Information on foreign banks account:

| | Unrestricted Amount | | Restricted Amount | |
|---------------------------|---------------------|------------------|-------------------|------------------|
| | 31 December 2007 | 31 December 2006 | 31 December 2007 | 31 December 2006 |
| EU Countries | 459.967 | 1.852.308 | - | - |
| USA, Canada | 238.859 | 156.398 | - | - |
| OECD Countries (*) | 10.028 | 43.613 | - | - |
| Off-shore Banking Regions | 38.490 | 41 | - | - |
| Other | 68.180 | 60.207 | - | - |
| Total | 815.524 | 2.112.567 | - | - |

(*) OECD countries except EU countries, USA and Canada

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

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

As of 31 December 2007, available-for-sale financial assets given as collateral/blocked amount to YTL487.359 thousand (2006: YTL455.533 thousand). There are no available for sale financial assets subject to repo transactions (2006: None).

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

| | 31 December 2007 | 31 December 2006 |
|------------------------------|------------------|------------------|
| Debt Securities | 865.133 | 655.832 |
| Quoted on Stock Exchange (*) | 865.133 | 654.261 |
| Not Quoted | - | 1.571 |
| Share Certificates | 84.379 | 74.636 |
| Quoted on Stock Exchange | 194 | 632 |
| Not Quoted | 84.185 | 74.004 |
| Impairment Provision (-) | (42.491) | (42.747) |
| Other (**) | 94.538 | 76.621 |
| Total | 1.001.559 | 764.342 |

(*) As of 31 December 2007, even though Eurobonds amounting to YTL282.480 thousand (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.

(**) As of 31 December 2007, other available-for-sale financial assets include mutual funds amounting to YTL47.301 thousand (2006: YTL46.103 thousand) and other countries' bonds amounting to YTL8.249 thousand (2006: None).

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e. Explanations on loans:

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

| | 31 December 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 | 392.898 | 628.045 | 426.753 | 716.337 |
| Loans Granted to Employees | 59.207 | - | 45.502 | - |
| Total | 452.105 | 628.045 | 472.344 | 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 | 27.733.820 | 249.934 | 734.618 | 14.669 |
| Discount and Purchase Notes | 287.292 | - | 39 | - |
| Export Loans | 2.337.231 | 5.028 | 32.406 | - |
| Import Loans | - | - | - | - |
| Loans Granted To Financial Sector | 703.960 | - | - | - |
| Foreign Loans | 236.253 | 171.530 | 16.928 | - |
| Consumer Loans | 3.842.164 | 36 | 227.691 | - |
| Credit Cards | 6.235.113 | - | 362.236 | - |
| Precious Metal Loans | 135.527 | - | - | - |
| Other | 13.956.280 | 73.340 | 95.318 | 14.669 |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Total | 27.733.820 | 249.934 | 734.618 | 14.669 |

The Bank’s cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement (“FRA”) amounted to USD193.969.222 (YTL220.252 thousand) (2006: USD752.945.836 (YTL1.037.333 thousand)) as of 31 December 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 YTL771.222 thousand as of 31 December 2007.

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3. Loans according to their maturity structure:

| | 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 |
| Short-term Loans and Other Receivables | 16.192.453 | 36 | 680.409 | - |
| Non-specialised Loans | 16.192.453 | 36 | 680.409 | - |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium And Long-Term Loans and Other Receivables | 11.541.367 | 249.898 | 54.209 | 14.669 |
| Non-Specialised Loans | 11.541.367 | 249.898 | 54.209 | 14.669 |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |

4. (i) Information on loans by types and specific provisions:

| 31 December 2007 | Corporate Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total | 31 December 2006 |
|-----------------------------|-------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| Standard loans | 17.906.441 | 3.842.200 | 6.235.113 | 2.177.297 | 1.116.993 | 31.278.044 | 24.516.101 |
| Watch listed | 159.360 | 227.691 | 362.236 | 162.443 | - | 911.730 | 986.980 |
| Loans under legal follow-up | 1.254.166 | 101.694 | 405.244 | 10.332 | 4.073 | 1.775.509 | 1.776.843 |
| Specific Provisions (-) | (1.050.417) | (53.547) | (301.869) | (10.332) | (4.073) | (1.420.238) | (1.448.837) |
| Total | 18.269.550 | 4.118.038 | 6.700.724 | 2.339.740 | 1.116.993 | 32.545.045 | 25.831.087 |

(ii) Fair value of collaterals (Loans and advances given to customers):

| 31 December 2007 | Corporate Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
|-----------------------------|-----------------|----------------|--------------|-------------------|-----------|----------------|
| Watch listed | 47.131 | 114.280 | - | 29.757 | - | 191.168 |
| Loans under legal follow-up | 263.244 | 25.993 | - | - | - | 289.237 |
| Total | 310.375 | 140.273 | - | 29.757 | - | 480.405 |
| 31 December 2006 | Corporate Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring | Total |
| Watch Listed | 138.122 | 123.718 | - | 29.990 | - | 291.830 |
| Loans under legal follow-up | 306.040 | 11.555 | - | - | - | 317.595 |
| Total | 444.162 | 135.273 | - | 29.990 | - | 609.425 |

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

| | Short- term | Medium and Long-term | Total |
|---|--------------------|---------------------------------|-------------------|
| Consumer Loans-YTL | 170.322 | 3.596.773 | 3.767.095 |
| Real estate loans | 7.530 | 2.069.460 | 2.076.990 |
| Automotive loans | 16.158 | 472.533 | 488.691 |
| Consumer loans | 31.463 | 135.059 | 166.522 |
| Other | 115.171 | 919.721 | 1.034.892 |
| Consumer Loans-FC Indexed | 5.161 | 190.765 | 195.926 |
| Real estate loans | 1.014 | 144.178 | 145.192 |
| Automotive loans | 1.854 | 25.126 | 26.980 |
| Consumer loans | 44 | 1.494 | 1.538 |
| Other | 2.249 | 19.967 | 22.216 |
| Consumer Loans-FC | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Individual Credit Cards-YTL | 6.211.935 | 237.121 | 6.449.056 |
| With installments | 2.820.640 | 237.121 | 3.057.761 |
| Without installments | 3.391.295 | - | 3.391.295 |
| Individual Credit Cards- FC | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| Personnel Loans-YTL | 5.736 | 17.877 | 23.613 |
| Real estate loans | 27 | 1.921 | 1.948 |
| Automotive loans | 121 | 709 | 830 |
| Consumer loans | 138 | 220 | 358 |
| Other | 5.450 | 15.027 | 20.477 |
| Personnel Loans-FC Indexed | 16 | 280 | 296 |
| Real estate loans | - | 239 | 239 |
| Automotive loans | - | 4 | 4 |
| Consumer loans | - | - | - |
| Other | 16 | 37 | 53 |
| Personnel Loans-FC | 2.818 | 34 | 2.852 |
| Real estate loans | 15 | 19 | 34 |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | 2.803 | 15 | 2.818 |
| Personnel Credit Cards-YTL | 30.861 | 834 | 31.695 |
| With installments | 15.847 | 834 | 16.681 |
| Without installments | 15.014 | - | 15.014 |
| Personnel Credit Cards-FC | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| Credit Deposit Account-YTL (Real Person) (*) | 80.109 | - | 80.109 |
| Credit Deposit Account-FC (Real Person) | - | - | - |
| Total | 6.506.958 | 4.043.684 | 10.550.642 |

(*) YTL751 thousand of the credit deposit account belongs to the credits used by personnel.

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

| | Short-term | Medium and long-term | Total |
|--|----------------|-------------------------|------------------|
| Commercial Installments Loans-YTL | 254.107 | 1.977.420 | 2.231.527 |
| Business Loans | 6.038 | 256.754 | 262.792 |
| Automotive Loans | 65.800 | 1.168.003 | 1.233.803 |
| Consumer Loans | - | - | - |
| Other | 182.269 | 552.663 | 734.932 |
| Commercial Installments Loans-FC Indexed | 25.547 | 195.625 | 221.172 |
| Business Loans | 41 | 14.103 | 14.144 |
| Automotive Loans | 3.820 | 111.919 | 115.739 |
| Consumer Loans | - | - | - |
| Other | 21.686 | 69.603 | 91.289 |
| Commercial Installments Loans-FC | - | - | - |
| Business Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Corporate Credit Cards-YTL | 116.530 | 68 | 116.598 |
| With installment | 18.419 | 68 | 18.487 |
| Without installment | 98.111 | - | 98.111 |
| Corporate Credit Cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Credit Deposit Account-YTL (Legal Person) | 107.795 | - | 107.795 |
| Credit Deposit Account-FC (Legal Person) | - | - | - |
| Total | 503.979 | 2.173.113 | 2.677.092 |

7. Loans according to types of borrowers:

| | 31 December 2007 | 31 December 2006 |
|--------------|-------------------|-------------------|
| Public | 791.487 | 390.141 |
| Private | 27.941.554 | 22.363.842 |
| Total | 28.733.041 | 22.753.983 |

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

| | 31 December 2007 | 31 December 2006 |
|----------------|-------------------|-------------------|
| Domestic loans | 28.194.036 | 21.766.567 |
| Foreign loans | 539.005 | 987.416 |
| Total | 28.733.041 | 22.753.983 |

9. Loans granted to investments in associates and subsidiaries: None (2006: None).

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10. (i). Specific provisions provided against loans:

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Loans and other receivables with limited collectibility | 30.108 | 25.098 |
| Loans and other receivables with doubtful collectibility | 120.683 | 110.156 |
| Uncollectible loans and other receivables | 1.255.042 | 1.302.674 |
| Total | 1.405.833 | 1.437.928 |

(ii). Provisions related to loans :

| | Commercial Loans | Consumer Loans | Credit Cards | Total | 2006 |
|--|---------------------|-------------------|-----------------|------------------|------------------|
| 1 January 2007 | 1.100.241 | 22.847 | 314.840 | 1.437.928 | 1.203.604 |
| Allowance for impairment | 143.665 | 66.343 | 242.630 | 452.638 | 329.269 |
| Amount recovered during the period | (73.915) | (34.884) | (75.391) | (184.190) | (56.871) |
| Loans written off during the period as uncollectible | (122.427) | (759) | (180.210) | (303.396) | (33.782) |
| Exchange differences | 2.853 | - | - | 2.853 | (4.292) |
| 31 December 2007 | 1.050.417 | 53.547 | 301.869 | 1.405.833 | 1.437.928 |

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

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

| | 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 |
| 31 December 2007 | | | |
| (Gross amounts before specific reserves) | 303 | 576 | 185.107 |
| Restructured loans and other receivables | 303 | 576 | 185.107 |
| 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 | - | - | - |

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11(ii). Information on the movement of total non-performing 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 |
| 31 December 2006 | 138.199 | 173.768 | 1.453.967 |
| Additions (+) | 664.044 | 55.273 | 100.777 |
| Transfers from other categories of non-performing loans (+) | - | 554.052 | 487.823 |
| Transfer to other categories of non-performing loans (-) | (554.052) | (487.823) | - |
| Collections (-) | (88.213) | (79.725) | (348.426) |
| FX valuation differences | - | (2.704) | (2.460) |
| Write-offs(-) | - | - | (303.396) |
| Corporate and Commercial Loans | - | - | (92.793) |
| Consumer Loans | - | - | (759) |
| Credit Cards | - | - | (180.210) |
| Other | - | - | (29.634) |
| 31 December 2007 | 159.978 | 212.841 | 1.388.285 |
| Specific Provision (-) | (30.108) | (120.683) | (1.255.042) |
| Net Balance on Balance Sheet | 129.870 | 92.158 | 133.243 |

11(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 |
| 31 December 2007 | | | |
| Period end balance | - | - | 24.265 |
| Specific provision (-) | - | - | (15.933) |
| Net Balance on-balance sheet | - | - | 8.332 |
| 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 |

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

| | III. Group | IV. Group | V. Group |
|--|--|---|--|
| | Loans and other receivables with limited collectibility | Loans and other receivables with doubtful collectibility | Uncollectible loans and other receivables |
| 31 December 2007 | 129.870 | 92.158 | 133.243 |
| Loans granted to real persons and corporate entities (Gross) | 159.978 | 212.841 | 1.303.299 |
| Specific provision amount (-) | (30.108) | (120.683) | (1.170.056) |
| Loans granted to real persons and corporate entities (Net) | 129.870 | 92.158 | 133.243 |
| Banks (Gross) | - | - | - |
| Specific provision amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans and receivables (Gross) | - | - | 84.986 |
| Specific provision amount (-) | - | - | (84.986) |
| Other loans and receivables (Net) | - | - | - |
| 31 December 2006 | 113.101 | 63.612 | 151.293 |
| Loans granted to real persons and corporate entities (Gross) | 138.199 | 173.768 | 1.329.649 |
| Specific provision amount (-) | (25.098) | (110.156) | (1.178.356) |
| Loans granted to real persons and corporate entities (Net) | 113.101 | 63.612 | 151.293 |
| Banks (Gross) | - | - | - |
| Specific provision amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans and receivables (Gross) | - | - | 124.318 |
| Specific provision amount (-) | - | - | (124.318) |
| Other loans and receivables (Net) | - | - | - |

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

Uncollectible loans and other receivables are aimed to be liquidated through the collection of collaterals and legal procedures. The policy of the Group regarding the writing-off the loans under legal follow up is as writing-off the ones that is proved as uncollectible.

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f. Information on held-to-maturity investments:

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

| | 31 December 2007 | 31 December 2006 |
|--------------------------|-------------------------|-------------------------|
| Government Bond | 13.009.910 | 13.781.920 |
| Treasury Bill | - | 89.380 |
| Other debt securities(*) | 133.162 | 3.239.443 |
| Total | 13.143.072 | 17.110.743 |

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

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

| | 31 December 2007 | 31 December 2006 |
|------------------------------|-------------------------|-------------------------|
| Debt Securities | 13.180.226 | 17.114.231 |
| Quoted on Stock Exchange (*) | 13.023.365 | 16.968.375 |
| Not Quoted | 156.861 | 145.856 |
| Impairment Provision (-) | (27.675) | (3.488) |
| Total | 13.152.551 | 17.110.743 |

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

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

| | 31 December 2007 | 31 December 2006 |
|---|-------------------------|-------------------------|
| Beginning balance | 17.110.743 | 8.849.967 |
| FC differences on monetary assets | (1.078.370) | (399.055) |
| Purchases during year | 3.789.617 | 10.599.251 |
| Transfer to assets held for resale and related to discontinued operations | (4.199) | - |
| Disposals through sales and redemptions | (6.641.053) | (1.937.496) |
| Impairment provision (-) | (24.187) | (1.924) |
| Period end balance | 13.152.551 | 17.110.743 |

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

As of 31 December 2007, held-to-maturity investments given as collateral amount to YTL1.429.683 thousand (2006: YTL1.524.535 thousand). Held-to-maturity investments subject to repo transactions amount to YTL1.764.891 thousand (2006: YTL3.497.368 thousand).

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g. Information on investments in associates (Net):

1. Information on unconsolidated investments in associates:

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

| No | Total Assets | Shareholders’ Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Market value |
|----|-----------------|-------------------------|--------------------------|--------------------|--|---------------------------------------|-------------------------------------|-----------------|
| 1 | 20.524 | 15.725 | 1.877 | 2.373 | - | 3.457 | 3.673 | - |

2. Consolidated investments in associates:

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

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

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

| No | Total Assets | Shareholders’ Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|----|-----------------|-------------------------|--------------------------|--------------------|---|---------------------------------------|-------------------------------------|---------------|
| 1 | 2.226.171 | 124.417 | 4.208 | 93.855 | 6.443 | 10.113 | 8.458 | - |

Financial statement information in the table above has been obtained from the financial
statements as at 31 December 2007.

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

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Balance at the beginning of the period | 41.352 | 36.352 |
| Movements during the period | (3.132) | 5.000 |
| Purchases | - | - |
| Bonus shares obtained | - | - |
| Dividends from current year income | 1.890 | 2.048 |
| Sales | - | - |
| Revaluation (decrease)/increase | (5.022) | 2.952 |
| Impairment provision | - | - |
| Balance at the end of the period | 38.220 | 41.352 |
| Capital Commitments | - | - |
| Share percentage at the end of the period (%) | 30,67 | 30,67 |

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

| | 31 December 2007 | 31 December 2006 |
|------------------------------------|------------------|------------------|
| Banks | 38.220 | 41.352 |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | - | - |
| Other Financial Investments | - | - |
| Total Financial Investments | 38.220 | 41.352 |

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

h. Information on subsidiaries (Net):

1. Unconsolidated subsidiaries:

1(i). Information on unconsolidated subsidiaries:

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

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

(*) Extraordinary General Assembly related with the take-over of 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.

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 Marketal Securiti Portfo | Current Period Profit / Loss | Prior Period Profit /Loss | Market value (*) |
|---|-----------------|-------------------------|--------------------------|--------------------|---|---------------------------------------|------------------------------------|---------------------|
| 1 | 8.865 | 6.845 | 133 | 92 | - | 806 | 431 | - |
| 2 | 35.831 | 11.526 | 4.163 | - | - | (20.964) | (49.590) | - |
| 3 | 259.325 | 106.148 | 28.396 | 4.224 | 727 | 11.358 | 6.217 | 133.600 |

(*) Fair value represents the market value of the Company's total shares based on ISE prices as of 31 December 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 | 99,95 | 100,00 |
| 4 | Yapı Kredi Moscow (**) | Moscow/Russia | 99,84 | 100,00 |
| 5 | Yapı Kredi Bank Deutschland AG (*) (***) | Frankfurt/Germany | 65,42 | 100,00 |
| 6 | Yapı Kredi Sigorta A.Ş. | Istanbul/Turkey | 74,01 | 93,94 |
| 7 | Yapı Kredi Leasing | Istanbul/Turkey | 98,85 | 99,58 |
| 8 | Yapı Kredi Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | 11,09 | 56,07 |
| 9 | Yapı Kredi Emeklilik A.Ş. | Istanbul/Turkey | | 100,00 |
| 10 | Yapı Kredi Portföy | Istanbul/Turkey | 12,65 | 99,99 |
| 11 | Yapı Kredi Nederland (*) (****) | Amsterdam/Holland | | 100,00 |
| 12 | Yapı Kredi Azerbaijan (***) | Baku/Azerbaijan | 99,80 | 100,00 |

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

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

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

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

(****) As explained in details in Note X.5. of Section Five, Yapı Kredi Bank Deutschland A.G. has been sold to Avenue Europe Investments LP as of 29 February 2008 in accordance with the purchase-sale agreement that would be subject to the transaction between the buyer and the seller.

(*****) Includes the balances for Sticking Custody Services YKB.

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

| | Total Assets | Shareholder's Equity | Total Fixed Assets | Interest Income | Income From Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit /Loss | Market value (*) |
|----|--------------|----------------------|--------------------|-----------------|---|------------------------------|---------------------------|------------------|
| 1 | 50.904 | 50.867 | - | 14 | - | 2.410 | 3.611 | - |
| 2 | 283.341 | 224.415 | 17.140 | 29.503 | 13.141 | 48.768 | 15.270 | - |
| 3 | 1.192.426 | 107.193 | 432 | 101.978 | - | 19.766 | 20.524 | - |
| 4 | 232.402 | 59.787 | 7.931 | 14.692 | 2.654 | 5.723 | 5.504 | - |
| 5 | 47.099 | 44.678 | - | 2.254 | 457 | (1.254) | (21.282) | - |
| 6 | 650.522 | 253.598 | 32.420 | 30.705 | 20.392 | 25.357 | 19.464 | 796.000 |
| 7 | 2.460.330 | 552.947 | 817 | 263.173 | - | 131.876 | 111.942 | 1.317.956 |
| 8 | 60.193 | 60.002 | 34 | 2.146 | 2.146 | 13.341 | 4.217 | 30.482 |
| 9 | 646.876 | 100.487 | 19.063 | 16.178 | 13.272 | 44.075 | (1.784) | - |
| 10 | 70.652 | 63.026 | 476 | 8.473 | 2.571 | 44.669 | 27.538 | - |
| 11 | 1.458.977 | 141.748 | 102 | 96.683 | 47.653 | 13.211 | 2.236 | - |
| 12 | 99.718 | 12.289 | 448 | 6.078 | 3.411 | 4.082 | 2.315 | - |

(*) Fair value represents the market value of the Company's total shares based on ISE prices as of 31 December 2007.

Financial statement information in the table above has been obtained from the financial statements of subsidiaries as at 31 December 2007.

2(iii). Movement schedule of consolidated subsidiaries:

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Balance at the beginning of the period | 658.142 | 634.121 |
| Movements during the period | 781.989 | 24.021 |
| Purchases (*) | 802.404 | 39.973 |
| Bonus shares obtained | - | - |
| Dividends from current year income | - | 696 |
| Sales | - | - |
| Foreign exchange valuation differences | - | - |
| Impairment provision | - | - |
| Balance at the end of the period | (20.415) | (16.648) |
| Capital commitments | 1.440.131 | 658.142 |
| Share percentage at the end of the period (%) | - | - |

(*) As explained in Note II. of Section One, the Parent Bank has purchased 59,47% of shares of Yapı Kredi Faktoring amounting to YTL144.541 thousand, 73,10% of shares of Yapı Kredi Leasing amounting to YTL 607.080 thousand and 99,80% of shares of Yapı Kredi Bank Azerbaijan Closed Joint Stock Company's amounting to YTL21.831 thousand that were owned by KFS via share exchange.

18.345.746 shares of Yapı Kredi Portföy with a value of USD19.521.380 and the 289.468,32 shares of Yapı Kredi Leasing with a total amount of YTL1.088.562,64 that were in the Yapı Kredi Emeklilik portfolio have been purchased by the Bank at 1 May 2007

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

| Subsidiaries | 31 December 2007 | 31 December 2006 |
|-------------------------------------|------------------|------------------|
| Banks | 125.909 | 85.032 |
| Insurance Companies | 148.019 | 148.016 |
| Factoring Companies | 183.325 | 38.782 |
| Leasing Companies | 722.491 | 114.321 |
| Finance Companies | - | - |
| Other Financial Subsidiaries | 260.387 | 271.991 |
| Total Financial Subsidiaries | 1.440.131 | 658.142 |

2(v). Subsidiaries quoted on Stock Exchange:

| | 31 December 2007 | 31 December 2006 |
|------------------------------------|------------------|------------------|
| Quoted on domestic stock exchanges | 876.095 | 267.926 |
| Quoted on foreign stock exchanges | - | - |

i. Information on hedging derivative financial assets:

| | 31 December 2007 | | 31 December 2006 | |
|------------------------------|------------------|------------|------------------|----------|
| | YTL | FC | YTL | FC |
| Fair Value Hedge | 1.018 | 666 | - | - |
| Cash Flow Hedge | - | - | - | - |
| Foreign Net Investment Hedge | - | - | - | - |
| Total | 1.018 | 666 | - | - |

j. Information on property and equipment:

| | Immovables | Leased Fixed Assets | Vehicles | Other Tangible Fixed Assets | Total |
|--|------------------|---------------------|--------------|-----------------------------|------------------|
| 31 December 2006 | | | | | |
| Cost | 2.546.611 | 222.026 | 9.396 | 783.369 | 3.561.402 |
| Accumulated depreciation (-) | (1.525.863) | (120.977) | (8.157) | (668.746) | (2.323.743) |
| Net book value | 1.020.748 | 101.049 | 1.239 | 114.623 | 1.237.659 |
| 31 December 2007 | | | | | |
| Net book value at beginning of the Period | 1.020.748 | 101.049 | 1.239 | 114.623 | 1.237.659 |
| Additions | 7.945 | 69.936 | 271 | 30.498 | 108.650 |
| Disposals (-), net | (165.681) | (6.473) | (333) | (4.104) | (176.591) |
| Reversal of impairment, net | 126.897 | - | - | - | 126.897 |
| Impairment (-) | (28.006) | - | - | - | (28.006) |
| Depreciation (-) | (51.105) | (30.862) | (581) | (47.691) | (130.239) |
| Foreign currency valuation difference (-), net | (1.599) | - | 30 | 148 | (1.421) |
| Net book value at the end of the period | 909.199 | 133.650 | 626 | 93.474 | 1.136.949 |
| Cost at the period end | 2.312.020 | 281.661 | 6.137 | 652.767 | 3.252.585 |
| Accumulated depreciation at the period end (-) | (1.402.821) | (148.011) | (5.511) | (559.293) | (2.115.636) |
| 31 December 2007 | 909.199 | 133.650 | 626 | 93.474 | 1.136.949 |

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As of 31 December 2007, the Parent Bank booked total provision for impairment on immovables amounting to YTL627.103 thousand (2006: YTL726.095 thousand) for the property and equipment.

k. Information on intangible assets:

| | 31 December 2007 | 31 December 2006 |
|--|-------------------------|-------------------------|
| Net book value at the beginning of the period | 1.156.200 | 1.179.195 |
| Additions during the Period | 68.532 | 15.929 |
| Unused and Disposed Items (-) | (707) | (254) |
| Impairment Charges on Income Statement | - | (4.036) |
| Amortisation Expenses (-) | (32.287) | (33.720) |
| Foreign exchange valuation differences | (27) | (914) |
| Net book value at the closing of the period | 1.191.711 | 1.156.200 |

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

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

| | |
|--|------------------|
| Paid cash | 1.925.965 |
| Direct costs attributable to acquisition | 42.054 |
| 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 consolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 December 2007, the net book value of these intangible assets amounts to YTL126.391 thousand.

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I. Information on deferred tax asset:

| | 31 December 2007 | | 31 December 2006 | |
|---|------------------|-----------------|------------------|------------------|
| | Tax Base | Deferred Tax | Tax Base | Deferred Tax |
| Reserves for employment termination benefit | 139.584 | 27.745 | 164.271 | 32.854 |
| Provision for pension fund | 604.278 | 120.856 | 483.281 | 96.656 |
| Trading derivative financial liabilities | 225.886 | 45.536 | 31.445 | 6.289 |
| Impairment on immovables | 269.561 | 53.912 | 584.510 | 116.902 |
| Subsidiaries, investment in associates and share certificates | 132.736 | 26.547 | 78.397 | 15.680 |
| Carry-forward tax losses | - | - | 16.475 | 3.295 |
| Other | 195.794 | 39.280 | 155.728 | 31.249 |
| Total deferred tax asset | 1.567.839 | 313.876 | 1.514.107 | 302.925 |
| Trading derivative financial assets | (55.892) | (11.282) | (77.656) | (15.531) |
| Valuation difference of securities portfolio | (48.213) | (9.642) | (123.936) | (29.925) |
| Property, equipment and intangibles, net | (496.200) | (72.632) | (592.579) | (94.351) |
| Other | (7.750) | (3.643) | (7.406) | (1.074) |
| Total deferred tax liability | (608.055) | (97.199) | (801.577) | (140.881) |
| Deferred Tax Asset, net | 959.784 | 216.677 | 712.530 | 162.044 |

According to TAS 12, deferred tax assets amounting to YTL313.876 thousand and deferred tax liabilities amounting to YTL97.199 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.

m. Movement schedule of assets held for resale:

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Net book value at the beginning of the period | 189.917 | 214.005 |
| Additions | 25.151 | 11.787 |
| Transfers (*) | 71.698 | - |
| Disposals (-), net | (341.526) | (23.509) |
| Impairment Provision | (6.521) | (9.887) |
| Impairment Cancellation | 218.702 | 8.008 |
| Depreciation (-) | (16.947) | (10.207) |
| Foreign currency valuation difference | (597) | (280) |
| Net book value at the end of the period | 139.877 | 189.917 |
| Cost at the end of the period | 158.437 | 220.953 |
| Depreciation at the end of the period (-) | (18.560) | (31.036) |
| Net book value at the end of the period | 139.877 | 189.917 |

(*) By the decision of the board of directors at 3 October 2007; assets of Yapı Kredi Bank Deutschland A.G., which are owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV and included in the consolidated financial statements, are reclassified under assets held for sale according to the commerce agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note X of this section, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

As of 31 December 2007, the Bank has booked impairment provision on assets held for resale with an amount of YTL63.502 thousand (2006: YTL275.683 thousand).

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Details of the assets related with Yapı Kredi Bank Deutschland A.G., included in the consolidation and classified in assets held for resale:

| | 31 December 2007 |
|-----------------------------------|-------------------------|
| Cash Balances with Central Bank | 15 |
| Banks | 66.806 |
| Loans | 599 |
| Held-to-Maturity Securities (Net) | 4.199 |
| Other | 79 |
| Total | 71.698 |

n. Information on other assets:

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits:

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

1(i). 31 December 2007:

| | Demand | With 7 days notifications | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months - 1 Year | 1 year and over | Total |
|--------------------------------|------------------|---------------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Saving Deposits | 947.799 | 12.887 | 2.923.015 | 7.157.848 | 176.390 | 50.305 | 63.607 | 11.331.851 |
| Foreign Currency Deposits | 3.105.678 | 178.096 | 5.039.311 | 3.265.431 | 761.200 | 419.851 | 1.361.014 | 14.130.581 |
| Residents in Turkey | 2.731.478 | 139.866 | 4.596.822 | 3.071.286 | 678.735 | 235.736 | 1.084.901 | 12.538.824 |
| Residents Abroad | 374.200 | 38.230 | 442.489 | 194.145 | 82.465 | 184.115 | 276.113 | 1.591.757 |
| Public Sector Deposits | 223.103 | - | 55.564 | 13.811 | 3.979 | 109.652 | 542 | 406.651 |
| Commercial Deposits | 1.232.964 | 177 | 3.092.081 | 2.278.164 | 261.336 | 15.209 | 104.475 | 6.984.406 |
| Other Institutions Deposits | 15.872 | - | 21.298 | 139.642 | 333 | 109 | 271 | 177.525 |
| Gold Vault | 65.378 | - | 10.126 | 375 | 283 | 624 | 2.635 | 79.421 |
| Bank Deposits | 83.820 | - | 330.588 | 1.940 | 13.378 | 163.759 | 3.212 | 596.697 |
| The CBRT | 72 | - | - | - | - | - | - | 72 |
| Domestic Banks | 6.443 | - | 269.115 | - | - | 6.009 | - | 281.567 |
| Foreign Banks | 36.500 | - | 61.473 | 1.940 | 13.378 | 157.750 | 3.212 | 274.253 |
| Special Financial Institutions | 40.805 | - | - | - | - | - | - | 40.805 |
| Other | - | - | - | - | - | - | - | - |
| Total | 5.674.614 | 191.160 | 11.471.983 | 12.857.211 | 1.216.899 | 759.509 | 1.535.756 | 33.707.132 |

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 | Total |
|--------------------------------|------------------|---------------------------|------------------|-------------------|------------------|-------------------|-----------------|-------------------|
| Saving Deposits | 849.816 | - | 2.519.735 | 5.993.999 | 256.552 | 53.005 | 68.195 | 9.741.302 |
| Foreign Currency Deposits | 3.182.068 | - | 3.974.870 | 6.287.913 | 989.562 | 311.577 | 812.070 | 15.558.060 |
| Residents in Turkey | 3.048.544 | - | 3.416.364 | 5.875.921 | 888.477 | 250.411 | 662.881 | 14.142.598 |
| Residents Abroad | 133.524 | - | 558.506 | 411.992 | 101.085 | 61.166 | 149.189 | 1.415.462 |
| Public Sector Deposits | 9.115 | - | 44.113 | 9.710 | 6.603 | - | 37 | 69.578 |
| Commercial Deposits | 906.030 | - | 2.455.396 | 2.416.901 | 84.687 | 39.508 | 26.830 | 5.929.352 |
| Other Institutions Deposits | 63.553 | - | 23.694 | 253.088 | 5.463 | 87 | 204 | 346.089 |
| Gold Vault | 151.312 | - | 101.452 | 456 | 246 | 444 | 590 | 254.500 |
| Bank Deposits | 53.847 | - | 323.526 | 27.614 | 20.104 | 62.264 | - | 487.355 |
| The CBRT | - | - | - | - | - | - | - | - |
| Domestic Banks | 7.862 | - | 279.224 | 15.829 | 2.067 | 10.118 | - | 315.100 |
| Foreign Banks | 27.252 | - | 44.302 | 11.785 | 18.037 | 52.146 | - | 153.522 |
| Special Financial Institutions | 18.733 | - | - | - | - | - | - | 18.733 |
| Other | - | - | - | - | - | - | - | - |
| Accrued Interest on Deposit | 4.647 | - | 142.799 | 31.113 | 4.378 | 5.362 | 1.040 | 189.339 |
| Total | 5.220.388 | - | 9.585.585 | 15.020.794 | 1.367.595 | 472.247 | 908.966 | 32.575.575 |

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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 | |
|---|---|---------------------|---|---------------------|
| | 31 December 2007 | 31 December 2006 | 31 December 2007 | 31 December 2006 |
| Saving Deposits | | | | |
| Saving Deposits | 5.996.775 | 4.970.931 | 5.228.946 | 4.749.385 |
| Foreign Currency Savings Deposit | 2.837.947 | 3.058.148 | 4.712.030 | 5.209.910 |
| Other deposits in the form of savings deposits | 5.793 | 5.893 | 64.590 | 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):

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Saving deposits in foreign branches | - | - |
| Saving deposits in off-shore banking regions | 83.319 | 158.746 |
| Total | 83.319 | 158.746 |

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

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

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b. Information on trading derivative financial liabilities :

| Trading Derivative Financial Liabilities | 31 December 2007 | | 31 December 2006 | |
|--|------------------|---------------|------------------|--------------|
| | YTL | FC | YTL | FC |
| Forward Transactions | 42.595 | 3.009 | 19.757 | 2.349 |
| Swap Transactions | 184.059 | 6.378 | 9.518 | 3.863 |
| Futures Transactions | - | - | - | - |
| Options | - | 979 | - | - |
| Other | - | - | - | - |
| Total | 226.654 | 10.366 | 29.275 | 6.212 |

c. Information on borrowings:

1. Information on borrowings :

| | 31 December 2007 | | 31 December 2006 | |
|--|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| The CBRT Borrowings | - | - | - | - |
| From Domestic Banks and Institutions | 359.632 | 149.266 | 353.809 | 239.147 |
| From Foreign Banks, Institutions and Funds | 59.259 | 4.617.913 | 203.632 | 4.029.960 |
| Accrued Interest Expense of Banks and Other Financial Institutions | | | 11.199 | 44.341 |
| Total | 418.891 | 4.767.179 | 568.640 | 4.313.448 |

2. Information on maturity structure of borrowings :

| | 31 December 2007 | | 31 December 2006 | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | YTL | FC | YTL | FC |
| Short-Term | 418.891 | 2.887.368 | 557.441 | 3.625.172 |
| Medium and Long-Term | - | 1.879.811 | - | 643.935 |
| Accrued Interest on Borrowings | | | 11.199 | 44.341 |
| Total | 418.891 | 4.767.179 | 568.640 | 4.313.448 |

d. Information marketable securities issued:

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.542.609 thousand using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guarantee, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35%, and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

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| | 31 December 2007 | 31 December 2006 |
|--------------------------|------------------|------------------|
| 2008 | - | 32.853 |
| 2009 | - | 131.411 |
| 2010 | 289.196 | 383.074 |
| 2011 | 312.977 | 383.074 |
| 2012 | 312.977 | 251.662 |
| 2013 | 312.977 | 251.662 |
| 2014 | 280.332 | 212.054 |
| 2015 | 23.781 | - |
| Interest Expense Accrual | 10.369 | 4.216 |
| Total | 1.542.609 | 1.650.006 |

e. Information on other foreign liabilities:

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

f. Information on financial leasing agreements:

| | 31 December 2007 | | 31 December 2006 | |
|-------------------|------------------|------------|------------------|----------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 105 | 100 | 6 | 5 |
| Between 1-4 years | 1 | 1 | - | - |
| More than 4 years | - | - | - | - |
| Total | 106 | 101 | 6 | 5 |

g. Information on hedging derivative financial liabilities:

| | 31 December 2007 | | 31 December 2006 | |
|------------------------------|------------------|----------|------------------|----------|
| | YTL | FC | YTL | FC |
| Fair Value Hedge | 27.786 | - | - | - |
| Cash Flow Hedge | - | - | - | - |
| Foreign Net Investment Hedge | - | - | - | - |
| Total | 27.786 | - | - | - |

h. Information on provisions:

1. Information on general provisions:

| | 31 December 2007 | 31 December 2006 |
|---|------------------|------------------|
| Provisions for Group I loans and receivables | 529.091 | 435.286 |
| Provisions for Group II loans and receivables | 42.466 | 97.214 |
| Provisions for non cash loans | 81.623 | 102.806 |
| Other | 75.703 | 73.641 |
| Total | 728.883 | 708.947 |

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2. Information on reserve for employment termination benefits:

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

Following actuarial assumptions are used in the calculation of total liabilities

| | 31 December 2007 | 31 December 2006 |
|---|------------------|------------------|
| Discount rate (%) | 5,71 | 5,71 |
| The Rate Used Related to Retirement Expectation (%) | 95,50 | 96,50 |

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.087,92 (1 January 2007: YTL1.960,69) effective from 1 January 2008 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Prior period ending balance | 105.100 | 87.441 |
| Provisions recognised during the period | 13.445 | 29.055 |
| Paid during the period | (20.785) | (11.408) |
| Transfers to payables for assets held for resale | (879) | - |
| Foreign currency differences | (255) | 12 |
| Balance at the end of the period | 96.626 | 105.100 |

In addition, the Group has accounted for vacation rights provision amounting to YTL42.958 thousand as of 31 December 2007 (2006: YTL59.171 thousand).

3. Other provisions:

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Pension fund provision (*) | 604.278 | 483.281 |
| Tax risk provision (**) | 79.320 | 95.740 |
| Non-cash loan provision | 50.249 | 57.666 |
| Provisions on credit cards and promotion campaigns related to banking services | 36.014 | 53.441 |
| Provision on export commitment estimated liability | 39.945 | 39.365 |
| Legal risk provision (**) | 12.865 | 12.774 |
| Other | 179.256 | 125.918 |
| Total | 1.001.927 | 868.185 |

(*) The Parent Bank obtained an 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 YTL 604.278 thousand as of 31 December 2006. Indeed, the BRSA expressed its opinion that the abrogation of temporary article 23 of the Banking Law described in corresponding decision of the Council of Ministers, the provision amount calculated as of the end of 2006 should be kept.

(**) 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 31 December 2007, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL99.986 thousand (2006: YTL32.202 thousand).

i. Information on taxes payable:

- (i) Information on taxes payable:

| | 31 December 2007 | 31 December 2006 |
|--|-------------------------|-------------------------|
| Corporate Tax Payable | 232.860 | 83.325 |
| Taxation of Marketable Securities | 84.246 | 44.390 |
| Property Tax | 1.054 | 655 |
| Banking Insurance Transaction Tax (BITT) | 32.359 | 30.184 |
| Foreign Exchange Transaction Tax | 3.167 | 3.122 |
| Value Added Tax Payable | 2.929 | 1.580 |
| Other | 29.378 | 16.936 |
| Total | 385.993 | 180.192 |

- (ii) Information on premium payables:

| | 31 December 2007 | 31 December 2006 |
|--|-------------------------|-------------------------|
| Social Security Premiums – Employee | 1.164 | 784 |
| Social Security Premiums – Employer | 653 | 1.768 |
| Bank Pension Fund Premiums – Employee | - | - |
| Bank Pension Fund Premiums – Employer | - | - |
| Pension Fund Deposit and Provisions – Employee | - | - |
| Pension Fund Deposit and Provisions – Employer | - | - |
| Unemployment Insurance – Employee | 417 | 403 |
| Unemployment Insurance – Employer | 887 | 827 |
| Other | - | 47 |
| Total | 3.121 | 3.829 |

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j. Information on payables for assets held for resale:

Details of the liabilities related with Yapı Kredi Bank Deutschland A.G., classified in payables for assets held for resale:

| | 31 December 2007 |
|-----------------------------|-------------------------|
| Deposits | 205 |
| Borrowings | 682 |
| Other Liabilities | 168 |
| Reserve for Employee Rights | 879 |
| Other | 2.103 |
| Total | 4.037 |

k. Information on subordinated loans:

| | 31 December 2007 | | 31 December 2006 | |
|----------------------------------|-------------------------|------------------|-------------------------|------------------|
| | YTL | FC | YTL | FC |
| From Domestic Banks | - | - | - | - |
| From Other Domestic Institutions | - | - | - | - |
| From Foreign Banks | - | 1.772.914 | - | 1.559.258 |
| From Other Foreign Institutions | - | - | - | - |
| Total | - | 1.772.914 | - | 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 25 June 2007 amounting to EUR200 million, with ten years maturity and a repayment option at the end of five years. The interest rate is determined as EURIBOR+1,85% for the first five years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated 3 April 2006, 2 May 2006 and 19 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the “Capital Adequacy Regulation”.

l. Information on shareholders’ equity:

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

| | 31 December 2007 | 31 December 2006 |
|-----------------|-------------------------|-------------------------|
| Common Stock | 3.427.051 | 3.142.818 |
| Preferred Stock | - | - |

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

The Parent Bank has paid-in-capital in an amount of YTL3.427.051 thousand and does not apply the registered share capital system. Besides, as explained in Note X in this section the Parent Bank has started the legal process to apply the registered share capital system.

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 |
|-----------------|-----------------|------|--------------------------------------|---------------------------------------|
| 29 March 2007 | 6.632 | - | - | - |
| 18 October 2007 | 277.601 | - | - | - |

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

As explained in details in Note II. of Section Five, in scope of the transfer of the shares of Yapı Kredi Faktoring, Yapı Kredi Leasing and Yapı Kredi Azerbaycan Closed Joint Stock Company from KFS, the capital of the Bank has increased by YTL277.601 thousand. The difference between the fair values of the transferred shares and the capital increase of YTL495.852 thousand has been accounted under share premium.

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 are managed by the Bank within several risk and legal limits.

7. Privilege on the corporate stock: None

m. Information on marketable securities value increase fund:

| | 31 December 2007 | | 31 December 2006 | |
|--|------------------|---------------|------------------|---------------|
| | YTL | FC | YTL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | - | - | - | - |
| Valuation Difference | 6.462 | 15.681 | 5.148 | 15.015 |
| Foreign Currency Difference | (19.444) | - | 2.377 | - |
| Total | (12.982) | 15.681 | 7.525 | 15.015 |

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n. Information on minority interest:

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Period Opening Balance | 548.610 | 738.562 |
| Current year income | 149.585 | 141.450 |
| Dividends paid | (77.742) | (33.152) |
| Purchase from minority interest | (452.554) | (147.799) |
| Foreign Currency translation differences | (5.940) | (3.744) |
| Increase/Decrease due to merger | 133.075 | (146.707) |
| Period Ending Balance | 295.034 | 548.610 |

III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

| | 31 December 2007 | | 31 December 2006 | |
|--|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Interest income on loans | | | | |
| Short-term Loans | 2.635.999 | 222.302 | 2.334.903 | 218.510 |
| Medium/Long-term Loans | 834.934 | 342.590 | 595.492 | 330.709 |
| Interest on Loans Under Follow-up | 82.655 | 2.285 | 61.653 | 1.019 |
| Premiums Received from Resource Utilisation Support Fund | - | - | - | - |
| Total (*) | 3.553.588 | 567.177 | 2.992.048 | 550.238 |

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

2. Information on interest income on banks:

| | 31 December 2007 | | 31 December 2006 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| From the CBRT | - | - | - | - |
| From Domestic Banks | 7.375 | 2.888 | 13.492 | 11.562 |
| From Foreign Banks | 7.471 | 114.763 | 1.142 | 101.856 |
| Headquarters and Branches Abroad | 735 | - | - | - |
| Total | 15.581 | 117.651 | 14.634 | 113.418 |

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3. Information on interest income on marketable securities:

| | 31 December 2007 | | 31 December 2006 | |
|--|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| From Trading Financial Assets | 15.354 | 17.879 | 47.070 | 47.947 |
| From Financial Assets At Fair Value Through Profit or Loss | - | - | - | - |
| From Available-for-sale Financial Assets | 51.363 | 15.111 | 54.231 | 13.094 |
| From Held-to-maturity investments | 1.116.523 | 564.121 | 810.483 | 462.248 |
| Total | 1.183.240 | 597.111 | 911.784 | 523.289 |

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

None (2006: None).

b. Information on interest expense:

1. Information on interest expense on borrowings:

| | 31 December 2007 | | 31 December 2006 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | YTL | FC | YTL | FC |
| Banks | 56.262 | 334.761 | 91.876 | 255.987 |
| The CBRT | - | - | - | - |
| Domestic Banks | 31.444 | 24.325 | 76.505 | 16.201 |
| Foreign Banks | 24.818 | 310.436 | 15.371 | 239.786 |
| Headquarters and Branches Abroad | - | - | - | - |
| Other Institutions | - | 99.081 | - | 63.981 |
| Total (*) | 56.262 | 433.842 | 91.876 | 319.968 |

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

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

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Interests Paid to Investments in Associates and Subsidiaries | 1.340 | 2.364 |

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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 | 2.012 | 75 | 3 | 50 | 840 | 840 | - | 3.820 |
| Saving Deposits | 3.344 | 386.859 | 1.345.272 | 35.929 | 3.490 | 10.238 | - | 1.785.132 |
| Public Sector Deposits | - | 11.378 | 7.968 | 580 | 9.101 | 24 | - | 29.051 |
| Commercial Deposits | 25.305 | 467.425 | 440.094 | 41.486 | 925 | 9.361 | - | 984.596 |
| Other Deposits | - | 10.605 | 24.686 | 203 | 15 | 36 | - | 35.545 |
| Deposits With 7 Days Notification | - | - | - | - | - | - | - | - |
| Total | 30.661 | 876.342 | 1.818.023 | 78.248 | 14.371 | 20.499 | - | 2.838.144 |
| FC | | | | | | | | |
| Foreign Currency Deposits | 9.473 | 221.552 | 191.700 | 36.510 | 24.174 | 47.954 | 1.593 | 532.956 |
| Bank Deposits | - | 3.757 | 127 | 785 | 4.153 | - | - | 8.822 |
| Deposits With 7 Days Notification | - | - | - | - | - | - | - | - |
| Gold Vault | - | 49 | 4 | 4 | 8 | 66 | - | 131 |
| Total | 9.473 | 225.358 | 191.831 | 37.299 | 28.335 | 48.020 | 1.593 | 541.909 |
| Grand Total | 40.134 | 1.101.700 | 2.009.854 | 115.547 | 42.706 | 68.519 | 1.593 | 3.380.053 |

c. Information on dividend income :

| | 31 December 2007 | 31 December 2006 |
|---|------------------|------------------|
| Trading Financial Assets | 327 | 261 |
| Financial Assets at Fair Value Through Profit or Loss | 3 | - |
| Available-for-Sale Financial Assets | 836 | 1.207 |
| Other | 2.170 | 2.657 |
| Total | 3.336 | 4.125 |

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

| | 31 December 2007 | 31 December 2006 |
|---|--------------------|--------------------|
| Income | 8.409.856 | 6.612.599 |
| Income from Capital Market Transactions | 4.149.735 | 2.502.500 |
| Derivative Financial Transactions | 4.108.018 | 2.321.563 |
| Other | 41.717 | 180.937 |
| Foreign Exchange Gains | 4.260.121 | 4.110.099 |
| Loss(-) | (8.328.260) | (6.552.202) |
| Loss from Capital Market Transactions | (4.339.434) | (2.237.148) |
| Derivative Financial Transactions | (4.305.892) | (2.120.239) |
| Other | (33.542) | (116.909) |
| Foreign Exchange Loss | (3.988.826) | (4.315.054) |
| Net Gain/Loss | 81.596 | 60.397 |

e. Information on other operating income:

Other operating income mainly consist of collections from provisions recorded as expense in the previous years and income from sales of fixed assets due to reversal of impairments charged in previous years.

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f. Provision expenses related to loans and other receivables:

| | 31 December 2007 | 31 December 2006 |
|--|-------------------------|-------------------------|
| Specific provisions for loans and other receivables | 238.817 | 215.853 |
| III. Group Loans and Receivables | 10.112 | 15.406 |
| IV. Group Loans and Receivables | 18.969 | 13.220 |
| V. Group Loans and Receivables | 209.736 | 187.227 |
| General Provision Expenses | 43.646 | 119.893 |
| Provision Expense for Possible Risks | 38.673 | 1.652 |
| Marketable Securities Impairment Expenses | - | 3.218 |
| Financial Assets at Fair Value Through Profit or Loss | - | - |
| Available-for-Sale Financial Assets | - | 3.218 |
| Investments in Associates, Subsidiaries and Held-to-Maturity Securities: Value Decrease | 80.701 | 698 |
| Investments in Associates | 870 | 698 |
| Subsidiaries (*) | 79.831 | - |
| Joint Ventures | - | - |
| Held-to-Maturity Investments | - | - |
| Other | 18.689 | 18.832 |
| Total | 420.526 | 360.146 |

(*) YTL79.831 thousand consists of the impairment provisions for Enternasyonel Turizm Yatırım A.Ş and Yapı Kredi Holding amounting to YTL79.831 thousand and YTL14.850 thousand respectively.

g. Information related to other operating expenses:

| | 31 December 2007 | 31 December 2006 |
|---|-------------------------|-------------------------|
| Personnel Expenses | 945.916 | 785.259 |
| Reserve for Employee Termination Benefits | 2.312 | 17.228 |
| Provision Expense for Pension Fund | 120.997 | 152.539 |
| Impairment Expenses of Fixed Assets | 28.006 | 30.879 |
| Depreciation Expenses of Fixed Assets | 130.239 | 145.768 |
| Impairment Expenses of Intangible Assets | - | 4.036 |
| Goodwill Impairment Expenses | - | - |
| Amortisation Expenses of Intangible Assets | 32.287 | 33.720 |
| Impairment Expenses of Equity Participations for which Equity Method is Applied | - | - |
| Impairment Expenses of Assets Held For Resale | 6.521 | 9.887 |
| Depreciation Expenses of Assets Held for Resale | 16.947 | 10.207 |
| Impairment Expenses of Fixed Assets Held for Sale | - | - |
| Other Operating Expenses | 810.107 | 678.381 |
| Operational Lease Expenses | 60.285 | 18.984 |
| Maintenance Expenses | 28.986 | 30.015 |
| Advertising Expenses | 127.331 | 124.795 |
| Other Expense | 593.505 | 504.587 |
| Loss on Sales of Assets (*) | 344.229 | 24.291 |
| Other (**) | 889.326 | 838.381 |
| Total | 3.326.887 | 2.730.576 |

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- (*) As of 31 December 2007 YTL35.361 thousand has been realised due to the Real Estate Wholesale Agreement signed by the Parent Bank as of 11 July 2007. In accordance with Uniform Chart of Accounts, regarding the sales profit, YTL310.323 thousand has been accounted under "Other Operating Expenses" and YTL345.684 thousand has been accounted under "Other Operating Income".
- (**) Other mainly consists of insurance technical provisions amounting to YTL408.955 thousand (2006: YTL490.530 thousand).

h. Explanations on profit and loss from continuing operations before tax:

Profit and loss before tax consists of net interest income amounting to YTL2.473.086 thousand (2006: YTL2.097.140 thousand), net fee and commission income amounting to YTL1.576.995 thousand (2006: YTL1.380.671 thousand) and total other operating expense amounting YTL3.326.887 thousand (2006: YTL2.730.576 thousand).

i. Provision for taxes on income from continuing operations:

As of 31 December 2007, the Bank has current tax expense amounting to YTL269.029 thousand (2006: YTL90.715 thousand) and deferred tax income amounting to YTL78.894 thousand (2006: YTL154.826 thousand deferred tax expense).

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

To understand the Group'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.

k. Profit/loss of minority interest:

| | 31 December 2007 | 31 December 2006 |
|-----------------------------|------------------|------------------|
| Profit of minority interest | 149.585 | 141.450 |

**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 :

The Group's Commitments on credit cards limits are YTL10.449.281 thousand (2006: YTL8.163.986 thousand), commitments for cheque books are YTL1.359.423 thousand (2006: YTL1.310.760 thousand) and loan granting commitments are YTL1.931.253 thousand (2006: YTL1.562.546 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".

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

| | 31 December 2007 | 31 December 2006 |
|-----------------------|------------------|------------------|
| Bank acceptance loans | 184.493 | 216.649 |
| Letter of credits | 2.164.139 | 2.592.221 |
| Other guarantees | 604.876 | 765.491 |
| Total | 2.953.508 | 3.574.361 |

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

The total of revocable, irrevocable guarantees, contingencies and other similar commitments as of 31 December 2007 is YTL11.062.043 thousand (2006: YTL11.278.368 thousand).

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

| | 31 December 2007 | 31 December 2006 |
|--|-------------------|-------------------|
| Non-cash loans given against cash loans | 303.112 | 429.301 |
| With original maturity of 1 year or less than 1 year | 135.770 | 188.949 |
| With original maturity of more than 1 year | 167.342 | 240.352 |
| Other non-cash loans | 13.712.439 | 14.423.428 |
| Total | 14.015.551 | 14.852.729 |

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

| | 31 December 2007 | | | | 31 December 2006 | | | |
|--------------------------------------|------------------|---------------|------------------|---------------|------------------|--------------|------------------|--------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | 62.854 | 1,08 | 144.511 | 1,77 | 73.879 | 1,33 | 48.383 | 0,52 |
| Farming and Raising Livestock | 42.028 | 0,72 | 134.756 | 1,65 | 56.698 | 1,02 | 43.824 | 0,47 |
| Forestry | 15.672 | 0,27 | 9.298 | 0,11 | 13.410 | 0,24 | 3.949 | 0,04 |
| Fishing | 5.154 | 0,09 | 457 | 0,01 | 3.771 | 0,07 | 610 | 0,01 |
| Manufacturing | 2.332.805 | 40,01 | 3.694.646 | 45,14 | 2.158.100 | 38,68 | 4.097.993 | 44,19 |
| Mining | 110.087 | 1,89 | 116.043 | 1,42 | 27.860 | 0,50 | 94.787 | 1,02 |
| Production | 2.105.265 | 36,11 | 3.291.847 | 40,22 | 2.084.955 | 37,37 | 3.666.881 | 39,54 |
| Electric, Gas and Water | 117.453 | 2,01 | 286.756 | 3,50 | 45.285 | 0,81 | 336.325 | 3,63 |
| Construction | 1.509.655 | 25,89 | 1.812.788 | 22,15 | 1.433.038 | 25,69 | 1.818.617 | 19,61 |
| Services | 1.816.433 | 31,16 | 1.836.618 | 22,43 | 1.855.956 | 33,26 | 2.851.403 | 30,75 |
| Wholesale and Retail Trade | 898.417 | 15,42 | 334.214 | 4,08 | 1.028.914 | 18,44 | 381.833 | 4,13 |
| Hotel, Food and Beverage Services | 65.138 | 1,12 | 73.944 | 0,90 | 62.385 | 1,12 | 91.303 | 0,98 |
| Transportation and Telecommunication | 272.424 | 4,67 | 371.951 | 4,54 | 224.476 | 4,02 | 608.970 | 6,57 |
| Financial Institutions | 387.941 | 6,65 | 635.303 | 7,76 | 318.307 | 5,71 | 1.140.888 | 12,30 |
| Real Estate and Leasing Services | 67.599 | 1,16 | 95.376 | 1,17 | 69.386 | 1,24 | 135.389 | 1,46 |
| Self-Employment Services | - | - | - | - | - | - | - | - |
| Education Services | 5.946 | 0,10 | 1.918 | 0,02 | 7.781 | 0,14 | 3.850 | 0,04 |
| Health and Social Services | 118.968 | 2,04 | 323.912 | 3,96 | 144.707 | 2,59 | 489.170 | 5,27 |
| Other | 108.581 | 1,86 | 696.660 | 8,51 | 58.228 | 1,04 | 457.132 | 4,93 |
| Total | 5.830.328 | 100,00 | 8.185.223 | 100,00 | 5.579.201 | 100 | 9.273.528 | 100 |

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

| | Group I | | Group II | |
|-------------------------------------|------------------|------------------|---------------|---------------|
| | YTL | FC | YTL | FC |
| Non-Cash Loans | | | | |
| Letters of Guarantee | 5.749.546 | 5.223.591 | 51.990 | 36.916 |
| Bank Acceptances | - | 180.488 | - | 4.005 |
| Letters of Credit | 4.802 | 2.158.538 | - | 799 |
| Endorsements | - | - | - | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Guarantees | - | - | - | - |
| Other Commitments and Contingencies | 15.492 | 580.886 | 8.498 | - |
| Total | 5.769.840 | 8.143.503 | 60.488 | 41.720 |

3(iv). Maturity distribution of non cash loans:

| 31 December 2007 (*) | Indefinite | Up to 1 year | 1-5 Years | Above 5 years | Total |
|----------------------|------------------|------------------|------------------|----------------|-------------------|
| Letter of Credit | 426 | 2.000.157 | 163.556 | - | 2.164.139 |
| Letter of Guarantee | 6.354.208 | 1.465.169 | 2.907.231 | 335.435 | 11.062.043 |
| Bank Acceptances | 184.493 | - | - | - | 184.493 |
| Other | 48.395 | 107.642 | 313.241 | 135.598 | 604.876 |
| Total | 6.587.522 | 3.572.968 | 3.384.028 | 471.033 | 14.015.551 |

| 31 December 2006 (*) | Indefinite | Up to 1 year | 1-5 Years | Above 5 years | Total |
|----------------------|------------------|------------------|------------------|---------------|-------------------|
| Letter of Credit | - | 2.425.300 | 166.907 | 14 | 2.592.221 |
| Letter of Guarantee | 6.325.550 | 3.480.771 | 1.407.121 | 64.926 | 11.278.368 |
| Bank Acceptances | 206.059 | 10.590 | - | - | 216.649 |
| Other | 127.584 | 283.160 | 344.334 | 10.413 | 765.491 |
| Total | 6.659.193 | 6.199.821 | 1.918.362 | 75.353 | 14.852.729 |

(*) The distribution is based on the original maturities.

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b. Information on derivative financial instruments :

| | 31 December 2007 | 31 December 2006 |
|--|-------------------|------------------|
| Types of trading transactions | | |
| Foreign currency related derivative transactions (I) | 8.168.015 | 5.124.871 |
| FC trading forward transactions | 2.902.202 | 2.745.821 |
| Trading swap transactions | 3.173.500 | 1.226.446 |
| Futures transactions | - | - |
| Trading option transactions | 2.092.313 | 1.152.604 |
| Interest related derivative transactions (II) | 2.404.384 | 1.114.958 |
| Forward interest rate agreements | - | 213.943 |
| Interest rate swaps | 2.404.384 | 901.015 |
| Interest rate options | - | - |
| Interest rate futures | - | - |
| Other trading derivative transactions (III) | 7.987 | - |
| A. Total trading derivative transactions (I+II+III) | 10.580.386 | 6.239.829 |
| Types of hedging transactions | | |
| Fair value hedges | - | - |
| Cash flow hedges | 221.767 | - |
| Foreign currency investment hedges | - | - |
| B. Total hedging related derivatives | 221.767 | - |
| Total derivative transactions (A+B) | 10.802.153 | 6.239.829 |

c. Breakdown of derivative instruments according to their remaining contractual maturities:

| 31 December 2007 | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Year | Above 5 years | Total |
|-------------------------------------|--------------------|--------------------|------------------|------------------|------------------|--------------------|
| Derivatives held for trading | | | | | | |
| Foreign exchange derivatives | 68.071 | (82.537) | (30.590) | (22.582) | - | (67.638) |
| – Inflow | 2.936.229 | 823.943 | 202.542 | 91.468 | - | 4.054.182 |
| – Outflow | (2.868.158) | (906.480) | (233.132) | (114.050) | - | (4.121.820) |
| Interest rate Derivatives: | 223.292 | 136.420 | 18.969 | (485.997) | - | (107.316) |
| – Inflow | 223.292 | 293.471 | 104.031 | 45.955 | 481.785 | 1.148.534 |
| – Outflow | - | (157.051) | (85.062) | (531.952) | (481.785) | (1.255.850) |
| Derivatives held for hedging | | | | | | |
| Foreign exchange derivatives: | - | - | - | - | - | - |
| – Inflow | - | - | - | - | - | - |
| – Outflow | - | - | - | - | - | - |
| Interest rate Derivatives: | 4.708 | 41.325 | (63.790) | - | - | (17.757) |
| – Inflow | 25.926 | 62.453 | 13.626 | - | - | 102.005 |
| – Outflow | (21.218) | (21.128) | (77.416) | - | - | (119.762) |
| Total inflow | 3.185.447 | 1.179.867 | 320.199 | 137.423 | 481.785 | 5.304.721 |
| Total outflow | (2.889.376) | (1.084.659) | (395.610) | (646.002) | (481.785) | (5.497.432) |

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d. Information on contingent liabilities:

In this respect, several outstanding legal cases against the group have been considered as contingent liabilities and an YTL12.865 thousand (2006: YTL12.774 thousand) provision against these legal cases has been accounted for in the financial statements under “Other Provisions” account.

e. Information on services in the name of others’ names and accounts:

The Bank’s activities of saving and depositing in the name of real and legal persons are not considered as material.

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS’ EQUITY

a. Information on dividends:

None.

b. Information on available for sale financial assets:

“Unrealised gain/loss” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year profit or loss statement but recognized in the “Marketable securities value increase fund” account under equity, until the financial assets are derecognised, sold, disposed or impaired.

c. Information on increase/decrease amounts result from the merger:

It is explained in details in Note VII. of Section Five.

d. Information on foreign currency valuation differences:

During the consolidation of the Group’s subsidiaries abroad, balance sheet items are translated to Turkish Lira with the relevant period and exchange rates and income statement items are translated with the relevant period exchange rate. Translation differences arising from these calculations are recorded in equity as “Marketable Securities Valuation Difference”.

VI. 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:

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

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Cash | 1.417.017 | 1.099.208 |
| Cash and Effectives | 440.288 | 419.488 |
| Demand Deposits in Banks | 976.729 | 679.720 |
| Cash Equivalents | 2.004.471 | 3.289.454 |
| Interbank Money Market | 159.179 | 690.010 |
| Deposits in Bank | 1.845.292 | 2.599.444 |
| Total Cash and Cash Equivalents | 3.421.488 | 4.388.662 |

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

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

| | 31 December 2007 | 31 December 2006 |
|--|------------------|------------------|
| Cash | 1.434.389 | 1.417.017 |
| Cash and Effectives | 443.863 | 440.288 |
| Demand Deposits in Banks | 990.526 | 976.729 |
| Cash Equivalents | 999.768 | 2.004.471 |
| Interbank Money Market | 431.517 | 159.179 |
| Deposits in Bank | 568.251 | 1.845.292 |
| Total Cash and Cash Equivalents | 2.434.157 | 3.421.488 |

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.

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

Mergers and transfers in the year 2007:

- (i) Extraordinary General Assemblies meetings regarding the transfer of Koç Yatırım, with all its rights, receivables, liabilities and obligations to the Yapı Kredi Menkul and the consequential dissolution without liquidation were held on 29 December 2006 and the merger was registered on 12 January 2007. As a result of the merger, the Bank's share in Yapı Kredi Menkul has decreased from 99,99% to 64,70%. However, share of the Bank's risk Group is 100%.
- (ii) 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 Bank (through Yapı Kredi Holding B.V. which is a 100% owned investment in associate), with the Koçbank Nederland N.V. 100% investment in associate of KFS, was completed as of 2 July 2007. After the merger, regarding the new structure of the partnership, the Parent's Bank's shareholding ratio is realised as %32,76 and the shareholding ratio of KFS is realised as 67,24%. Due to this merger, the Bank has restated its financial statements as of 31 December 2006.

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Besides, as a part of the structural reorganization, transfer of 99,80% the shares of Yapı Kredi Azerbaijan owned by KFS with a nominal value of AZN 6.336.200 was completed as of 31 October 2007.

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

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

Mergers and transfers in the year 2006:

- (i) 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. and Koçbank regarding the sale of 57,42% of the shares of the Bank. With the signing of the agreement, the Share Purchase Agreement which was agreed on 8 May 2005 officially became valid. According to the agreement on 28 September 2005, 44,52% of the shares of Yapı Kredi owned by Çukurova companies amounting to nominal YTL335.015 thousand and 12,90% of the shares of Yapı Kredi owned by SDIF amounting to a nominal YTL97.032 thousand were transferred to Koçbank.

Moreover, Koçbank purchased a further 9,09% of Yapı Kredi shares traded on the ISE and 0,79% of the shares under a foreign mutual fund in Yapı Kredi's available-for-sale financial assets portfolio during April 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.

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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.

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 in 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 in these financial statements.

- (ii) 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 registered 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 ratio of Bank’s risk Group related to relevant company 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 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 registered 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 ratio of the Bank’s risk Group related to relevant company is 100%.

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(Continued)**

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 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, Bank’s risk Group related to relevant Company 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 as of the beginning of the fiscal year when the merger took place.

VIII. 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. Information on loans of the Group’s Risk Group:

| 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 | Non-Cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | 471 | 426.842 | 716.561 | - | - |
| Balance at the End of the Period | - | 10.269 | 392.898 | 628.045 | - | - |
| Interest and Commission Income Received | - | 83 | 52.538 | 2.042 | - | - |

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

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

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 | |
|------------------------------|--|--------|--|-----------|--|------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Deposit | | | | | | |
| Beginning of the Period | 61.693 | | 3.655.994 | | - | - |
| End of the Period | 7.823 | 61.693 | 3.867.644 | 3.655.994 | - | - |
| Interest Expense on Deposits | 1.340 | 2.364 | 332.670 | 260.857 | - | - |

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

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

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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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 | |
|---|--|------|--|------------|--|------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Transactions for trading purposes (**) | | | | | | |
| Beginning of the Period (***) | - | - | 118.777 | | | |
| End of the Period (***) | - | - | 188.006 | 118.777 | | - |
| Total Profit / Loss | - | - | 55 | 127 | | |
| Transactions for hedging purposes | | | | | | |
| Beginning of the Period | - | - | | | | |
| End of the Period | - | - | | | | |
| Total Profit / Loss | - | - | | | | |

(*) 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 | 387.335 | 28.733.042 | 1,35 |
| Banks | 5.563 | 1.383.437 | 0,40 |
| Interest Income Received | 52.538 | 4.253.997 | 1,24 |
| Non- Cash Loans | 638.314 | 14.015.551 | 4,55 |
| Commission Income Received | 2.125 | 132.674 | 1,60 |
| Deposit | 2.816.169 | 33.707.132 | 8,35 |
| Borrowings and Money Markets | 439.128 | 7.664.034 | 5,73 |
| Interest Expense Paid | 334.010 | 4.106.586 | 8,13 |
| Trading Transactions | 188.006 | 10.802.153 | 1,74 |
| Trading Transactions Expenses (net) | 55 | 189.699 | 0,03 |

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

Salaries paid to the Bank's key management amount to YTL14.482 thousand (2006: YTL17.580 thousand) as of 31 December 2007.

IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

| | Number | Employee number | | | |
|---------------------------------|--------|-----------------|---------------------------------|--------------------|--------------------------------|
| Domestic Branch | 675 | 14.242 | | | |
| | | | Country of Incorporation | | |
| Foreign Rep. Office | 1 | 1 | 1- Russia | | |
| | | | | Total Asset | Statutory Share capital |
| Foreign Branch | - | - | | - | - |
| Off-Shore Banking Region Branch | 1 | 6 | 1-Bahrain | 7.644.850 | - |

X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1) Nominal share capital amount of YTL34.897.132,53 (35.28% of the capital), owned by KFS in Yapı Kredi Menkul shall be purchased by YKB in return for USD158.754.689,63 in accordance with the value determined in the independent valuation report prepared by DTT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. (Member of Deloitte Touche Tohmatsu) and the USD Exchange Buying Rate announced by the CBRT on the payment date shall be used as the exchange rate for conversion into YTL. In scope of the decision of the Board of Directors at 3 October 2007 to apply to CBM in order to assure the approval of the share transfer, the approval of CMB regarding the transfer of the Yapı Kredi Menkul shares has been approved and the cost of the share purchase as USD158.754.689,63 has been paid to KFS as YTL188.616.446,75 converted with the TCMB exchange rate at 15 February 2008.
- 2) During the meeting of the Board of Directors of the Bank held on 21 February 2008, it was resolved that Merrill Lynch International and UniCredit CAIB AG would be appointed as joint financial advisors to assist YKB in the reorganisation of its presence in the insurance business, including assessment of divestiture and partnerships, with the purpose of maximising the value for its clients and shareholders.
- 3) It has been decided by the Board of Directors at 3 October 2007 to purchase nominal share capital amount of EUR32.672.880 (67.24% of the capital), owned by KFS in Yapı Kredi Bank Nederland N.V. in return for EUR97.502.661,71 in accordance with the value determined in the independent valuation report prepared by Ernst&Young Transaction Advisory Services B.V. and to apply to Dutch authorities in order to assure the approval of the share transfer. The sale of the Yapı Kredi Bank Nederland N.V shares has been approved by the Dutch authorities and the cost of the share purchase as EUR97.502.661,71 has been paid to KFS as YTL165.062.256,01 converted with the TCMB EUR exchange buying rate at 15 January 2008.

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- 4) Board of Directors has decided the Bank to switch to the registered capital system as of 4 March 2008 and in this aspect, to amend the related articles in Bank General Agreement and apply to BRSA, CMB and other related bodies to get necessary permissions in order to realise the switch to the registered capital and amend the main agreement, and following the permissions to present the switch to the registered capital system and amendment of the main agreement to the ordinary General Assembly for the approval of the shareholders.
- 5) As of 29 February 2008, the shares of Yapi Kredi Bank Deutschland AG, which is owned 65,42% by the Bank and 34,58% by Yapi Kredi Holding BV have been sold to Avenue Europe Investments Singapore Pte Ltd. for net assets + EUR250 thousand and EUR4.742 thousand after capital decrease has been deposited to the Bank's account.

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**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON GROUP’S OPERATIONS

None.

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

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements and explanatory notes as of 31 December 2007 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The independent auditor’s report dated 12 March 2008 is presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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