

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

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REPORT
AT 31 DECEMBER 2006**

**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 unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi") at 31 December 2006 and the related unconsolidated 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 financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Document" 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 financial statements based on our audit. 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 the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting 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 unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. at 31 December 2006 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 article 37 of the Banking Act No.5411 and other regulations, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Without qualifying our opinion, we draw your attention to the following matters:

- (i) As explained in detail in Note VII. of Section Five, the approval of the BRSA with regard to the merger of Koçbank A.Ş. ("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. 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.

As explained in detail in Note XXII. of Section Three, the legal merger has been accounted by applying the pooling of interest method since both Koçbank and Yapı Kredi were banks under common control of Koç Finansal Hizmetler A.Ş. The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements of Yapı Kredi before the legal merger as of 31 December 2005. On the other hand, the selected major balance sheet and income statement items derived from the publicly announced unconsolidated financial statements of Koçbank and Yapı Kredi (after the adoption of TAS) as of 31 December 2005 have been combined and presented as pro-forma information in Note VII. of Section Five.

- (ii) 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 article 37 of the Banking Act No.5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM

Istanbul, 12 March 2007

**THE UNCONSOLIDATED FINANCIAL REPORT OF
YAPI VE KREDİ BANKASI A.Ş. AS OF 31 DECEMBER 2006**

E-Posta : erisim@ykb.com

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

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

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

Rüşdü SARAÇOĞLU
Chairman of the
Board of Directors

S. Kemal Kaya
General Manager

Carlo VIVALDI
Executive Vice President

Duygu DÖNMEZ
Head of Financial
Reporting Unit

Andrea MONETA
President of Audit Committee

Ranieri De MARCHIS
Member of Audit Committee

F.Füsün AKKAL BOZOK
Member of Audit Committee

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

Name-Surname / Title: H.Yeşim BİNAY / Head of Regulatory Reporting Section
Telephone Number : 0212 339 70 49
Fax Number : 0212 339 61 05

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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

The Bank’s shares have been traded on the Istanbul Stock Exchange (“ISE”) since 1987. As of 31 December 2006, 19,54% shares of the Bank are publicly traded (31 December 2005: 41,63%).

As of 28 September 2005, 57,4% of the Bank’s shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund (“SDIF”) were purchased by Koçbank A.Ş. (“Koçbank”). Besides, during April 2006 Koçbank purchased 9,1% of the shares of the Bank which were publicly traded on the ISE and 0,8% of the shares of an investment fund which were in the available for sale portfolio of the Bank. As a result, Koçbank increased its participation ratio to 67,3%. As explained in details in Note 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 has been transferred to the Koç Finansal Hizmetler A.Ş (“KFS”).

KFS, was established on 16 March 2001 to combine Koç Group finance companies under one organization and it became the main shareholder of Koçbank in 2002. During this re-organization process the subsidiaries of Koçbank, namely, Koç Finansal Kiralama A.Ş., Koç Faktoring Hizmetleri A.Ş., Koç Yatırım Menkul Değerler A.Ş., Koç Portföy Yönetimi A.Ş., Koçbank Nederland N.V. and Koçbank Azerbaijan Ltd., were sold to KFS. 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005

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

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE SHARES OF THE BANK THEY POSSESS:

As of 31 December 2006, the 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. Rüştü SARAÇOĞLU	Chairman
Board of Directors Members:	Andrea MONETA	Chairman Representative
	Federico GHIZZONI	Member/COO
	Ranieri De MARCHIS	Member
	Ahmet Fadıl ASHABOĞLU	Member
	Fusun Akkal BOZOK	Member
	Henning GIESECKE	Member
	Halil Sedat ERĞÜR	Member
	Marco IANNACCONNE	Member
General Manager :	Seyit Kemal KAYA	Member and General Manager
Vice General Managers:	Süleyman Cihangir KAVUNCU	Human Resources Management
	Alpar ERGUN	Legal Activities Management
	Mehmet Gani SÖNMEZ	Retail Banking Management
	Erhan ÖZÇELİK	Foreign Relations Management
	Hamit AYDOĞAN	Corporate and Commercial Management
	Hüseyin İMECE (*)	Investor Relations, Capital Activities
	Mert YAZICIOĞLU	Treasury Management
	Tülay GÜNGEN	Corporate Identity and Communication
	Didem GORDON	Private Banking and Asset Management
	Zeynep Nazan SOMER	Credit Cards and Consumer Lendings
	Carlo VIVALDI	Financial Planning, Administration and Control/CFO
	Mehmet Güray ALPKAYA	Credit Management
	Marco ARNABOLDI	Risk Management
	Mahmut Tevfik ÇEVİKEL	Central Purchasing and Insurance Management
	Mohammed Hishem LAROUSSE	Information Technology Management
	Ahmet İLERİGELEN (*)	Corporate Banking Management
	Mert GÜVENEN	Commercial Banking Management
	Muzaffer ÖZTÜRK	Retail Sales Management
	Ali Bahadır MİNİBAŞ (*)	General Services
	Kemal SEMERCİLER	Compliance Officer
	Stefano PERAZZINI	Internal Audit
	Luca RUBAGA	Organisation Management
Audit Committee Members:	Andrea MONETA	President
	Ranieri De MARCHIS	Member
	Fusun Akkal BOZOK	Member
Statutory auditors:	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

(*) They have been resigned after 31 December 2006

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

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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005

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

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

IV. INFORMATION ON SHAREHOLDER'S HAVING CONTROL SHARES:

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital(nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	2.520.014.946,03	% 80,18	2.520.014.946	-

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

The Bank's core business activities include retail banking, corporate banking, private banking, foreign exchange, money markets and securities transactions (Treasury transactions) and international banking. As of 31 December 2006, the Bank has 607 branches operating in Turkey, 1 branch and 4 representatives operating abroad (2005: 415 branches operating in Turkey, 1 branch and 3 representatives operating abroad) and 13.478 employees. Additionally, as of 31 December 2005, Koçbank had 173 branches operating in Turkey, 1 branch operating abroad.

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**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**

I. BALANCE SHEET	ASSETS	Note (Section Five)	(31/12/2006)			(31/12/2005) (*)		
			YTL	FC	Total	YTL	FC	Total
I.	CASH BALANCES WITH CENTRAL BANK	I-a	1.857.176	2.223.509	4.080.685	440.412	920.776	1.361.188
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	85.613	347.828	433.441	376.495	788.248	1.164.743
2.1	Trading Financial Assets		13.513	342.773	356.286	376.495	787.492	1.163.987
2.1.1	Government Debt Securities		13.513	342.773	356.286	305.009	787.492	1.092.501
2.1.2	Share Certificates		-	-	-	37.858	-	37.858
2.1.3	Other Marketable Securities		-	-	-	33.628	-	33.628
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		72.100	5.055	77.155	-	756	756
III.	BANKS AND OTHER FINANCIAL INSTITUTIONS	I-c	7.397	1.955.988	1.963.385	6.776	1.822.102	1.828.878
IV.	MONEY MARKETS		-	-	-	640.480	-	640.480
4.1	Interbank Money Market Placements		-	-	-	640.480	-	640.480
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	78.803	77.431	156.234	385.579	262.315	647.894
5.1	Share Certificates		1.814	15.206	17.020	324.138	57.027	391.165
5.2	Government Debt Securities		31.457	17.258	48.715	61.441	46.413	107.854
5.3	Other Marketable Securities		45.532	44.967	90.499	-	148.875	148.875
VI.	LOANS	I-e	15.348.542	7.155.604	22.504.146	7.599.692	3.821.160	11.420.852
6.1	Loans		15.036.519	7.155.604	22.192.123	7.418.106	3.799.542	11.217.648
6.2	Loans under Follow-up		1.714.040	-	1.714.040	884.326	142.303	1.026.629
6.3	Specific Provisions (-)		(1.402.017)	-	(1.402.017)	(702.740)	(120.685)	(823.425)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	6.416.628	9.463.271	15.879.899	2.105.673	2.056.728	4.162.401
8.1	Government Debt Securities		6.416.628	9.463.271	15.879.899	2.105.673	2.056.728	4.162.401
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g	4.470	32.076	36.546	13.094	29.164	42.258
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		4.470	32.076	36.546	13.094	29.164	42.258
9.2.1	Financial Investments in Associates		4.470	32.076	36.546	814	29.164	29.978
9.2.2	Non-Financial Investments in Associates		-	-	-	12.280	-	12.280
X.	SUBSIDIARIES (Net)	I-h	532.345	187.981	720.326	459.514	160.840	620.354
10.1	Financial Subsidiaries		451.910	163.481	615.391	408.342	160.840	569.182
10.2	Non-Financial Subsidiaries		80.435	24.500	104.935	51.172	-	51.172
XI.	JOINT VENTURES (Net)		-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	I-i	1.159.432	-	1.159.432	1.170.728	17	1.170.745
XV.	INTANGIBLE ASSETS (Net)	I-j	1.152.548	-	1.152.548	27.172	-	27.172
15.1	Goodwill		979.493	-	979.493	-	-	-
15.2	Other		173.055	-	173.055	27.172	-	27.172
XVI.	TAX ASSET		275.664	-	275.664	447.302	-	447.302
16.1	Current Tax Asset		118.070	-	118.070	60.131	-	60.131
16.2	Deferred Tax Asset	I-k	157.594	-	157.594	387.171	-	387.171
XVII.	ASSETS HELD FOR RESALE (Net)	I-l	180.447	-	180.447	157.549	-	157.549
XVIII.	OTHER ASSETS	I-m	170.969	173.566	344.535	114.207	33.637	147.844
	TOTAL ASSETS		27.270.034	21.617.254	48.887.288	13.944.673	9.894.987	23.839.660

(*) The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 December 2005.

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

(Yetkili İmza / Kaşe)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

I. BALANCE SHEET	LIABILITIES	Note (Section Five)	(31/12/2006)			(31/12/2005) (*)		
			YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	II-a		16.166.969	14.960.302	31.127.271	9.432.229	7.646.957	17.079.186
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b		21.061	2.603	23.664	-	1.074	1.074
III. BORROWINGS	II-c		192.385	4.407.358	4.599.743	65.452	1.833.519	1.898.971
IV. MONEY MARKETS			2.957.463	399.088	3.356.551	13.999	430.554	444.553
4.1 Funds from Interbank Money Market			-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market			-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements			2.957.463	399.088	3.356.551	13.999	430.554	444.553
V. MARKETABLE SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			1.844.442	467.460	2.311.902	1.507.335	66.661	1.573.996
VIII. OTHER LIABILITIES	II-d		315.473	482.291	797.764	138.711	43.139	181.850
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	II-e		-	18.789	18.789	-	15.741	15.741
10.1 Financial Lease Payables			2	19.455	19.457	-	16.604	16.604
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)			(2)	(666)	(668)	-	(863)	(863)
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES			-	-	-	-	-	-
11.1 Fair Value Hedge			-	-	-	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Foreign Net Investment Hedge			-	-	-	-	-	-
XII. PROVISIONS	II-f		1.395.764	208.587	1.604.351	860.762	154.406	1.015.168
12.1 General Loan Loss Provision			438.395	208.587	646.982	222.078	154.406	376.484
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Rights			148.292	-	148.292	87.946	-	87.946
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			809.077	-	809.077	550.738	-	550.738
XIII. TAX LIABILITY	II-g		144.139	-	144.139	41.506	-	41.506
13.1 Current Tax Liability			144.139	-	144.139	41.506	-	41.506
13.2 Deferred Tax Liability			-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE			-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-h		-	1.559.258	1.559.258	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-i		3.301.297	42.559	3.343.856	1.503.784	83.831	1.587.615
16.1 Paid-in capital			3.142.818	-	3.142.818	752.345	-	752.345
16.2 Capital Reserves			48.556	42.559	91.115	2.673.712	83.831	2.757.543
16.2.1 Share Premium			45.781	-	45.781	10.781	-	10.781
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Marketable Securities Value Increase Fund			-	-	-	-	-	-
16.2.4 Revaluation of Property and Equipment			-	-	-	-	-	-
16.2.5 Revaluation of Intangible Fixed Assets			-	-	-	-	-	-
16.2.6 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures			-	-	-	-	-	-
16.2.7 Hedging Funds (Effective portion)			-	-	-	-	-	-
16.2.8 Value Increase of Assets Held for Resale			-	-	-	-	-	-
16.2.9 Other Capital Reserves			-	-	-	2.672.886	-	2.672.886
16.3 Profit Reserves			343.184	-	343.184	-	-	-
16.3.1 Legal Reserves			17.159	-	17.159	-	-	-
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			326.025	-	326.025	-	-	-
16.3.4 Other Profit Reserves			-	-	-	-	-	-
16.4 Income or (Loss)			(233.251)	-	(233.261)	(1.922.273)	-	(1.922.273)
16.4.1 Prior Years' Income or (Loss)			(745.500)	-	(745.500)	(379.263)	-	(379.263)
16.4.2 Current Year Income or (Loss)			512.239	-	512.239	(1.543.010)	-	(1.543.010)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			26.338.993	22.548.295	48.887.288	13.563.778	10.275.882	23.839.660

(*) The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 December 2005.

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(Yetkili İmza / Kaşe)

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

II. INCOME STATEMENTS				
INCOME AND EXPENSE ITEMS		Note (Section Five)	01/01-31/12/2006	01/01-31/12/2005(*)
I. INTEREST INCOME		III-a	4.985.648	2.782.012
1.1 Interest on loans		III-a-1	3.421.406	1.926.466
1.2 Interest Received from Reserve Requirements			145.627	60.677
1.3 Interest Received from Banks		III-a-2	90.320	22.174
1.4 Interest Received from Money Market Transactions			18.131	4.077
1.5 Interest Received from Marketable Securities Portfolio		III-a-3	1.295.244	747.938
1.5.1 Trading Financial Assets			72.695	453.580
1.5.2 Financial Assets at fair value through profit or loss			-	-
1.5.3 Available-for-sale Financial Assets			40.962	169.783
1.5.4 Held to maturity Investments			1.181.587	124.575
1.6 Financial Lease Income			-	-
1.7 Other Interest Income			14.920	20.680
II. INTEREST EXPENSE		III-b	(3.226.351)	(1.717.858)
2.1 Interest on Deposits		III-b-3	(2.698.187)	(1.382.190)
2.3 Interest on Funds Borrowed		III-b-1	(279.013)	(51.506)
2.4 Interest Expense on Money Market Transactions			(235.644)	(282.570)
2.5 Interest on Securities Issued			-	-
2.6 Other Interest Expenses			(13.507)	(1.592)
III. NET INTEREST INCOME (I + II)			1.759.297	1.064.154
IV. NET FEES AND COMMISSIONS INCOME			851.816	506.871
4.1 Fees and Commissions Received			1.107.336	710.816
4.1.1 Cash Loans			59.554	87.551
4.1.2 Non-cash Loans			128.398	85.107
4.1.3 Other			919.384	538.158
4.2 Fees and Commissions Paid			(255.520)	(203.945)
4.2.1 Cash Loans			(7.434)	(105)
4.2.2 Non-cash Loans			(177)	(95)
4.2.3 Other			(247.909)	(203.745)
V. DIVIDEND INCOME		III-c	41.758	18.898
VI. TRADING INCOME/(LOSS) (Net)		III-d	50.029	98.374
6.1 Trading Gains / (Losses) on Securities			257.675	6.939
6.2 Foreign Exchange Gains / (Losses)			(207.646)	91.435
VII. OTHER OPERATING INCOME			344.644	1.327.683
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		III-e	3.047.544	3.015.980
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		III-f	(339.965)	(1.290.270)
X. OTHER OPERATING EXPENSES (-)		III-g	(1.998.077)	(3.444.979)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			709.502	(1.719.269)
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD			-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION			-	-
XV. INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV+XV)		III-h	709.502	(1.719.269)
XVI. PROVISION FOR INCOME TAXES (±)		III-i	(197.263)	176.259
16.1 Current Tax Provision			(58.536)	-
16.2 Deferred Tax Provision			(138.727)	176.259
XVII. OPERATING INCOME/(LOSS) AFTER TAXES			512.239	(1.543.010)
17.1 Discontinued Operations			-	-
17.2 Other			512.239	(1.543.010)
XVIII. NET INCOME/(LOSS) (XV+XVI)			512.239	(1.543.010)
Earnings/(Loss) per share (in YTL full)			0,0016	(0,0081)

(*) The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 December 2005.

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(Yetkili İmza / Kaşe)

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III.	OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(31/12/2006)			(31/12/2005) (*)		
			YTL	FC	Total	YTL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I-II+III)		17.472.597	13.141.772	30.614.369	12.868.717	5.725.364	18.594.081
I.	GUARANTEES AND WARRANTIES	IV-a-2,3	6.297.403	9.044.405	15.341.808	4.057.248	5.399.714	9.456.962
1.1.	Letters of Guarantee		5.571.632	5.534.958	11.106.590	3.901.097	3.968.795	7.869.892
1.1.1.	Guarantees Subject to State Tender Law		431.794	647.471	1.079.265	284.166	359.074	643.240
1.1.2.	Guarantees Given for Foreign Trade Operations		1.032.791	4.887.487	5.920.278	2.856.859	2.760.843	5.617.702
1.1.3.	Other Letters of Guarantee		4.107.047	-	4.107.047	760.072	848.878	1.608.950
1.2.	Bank Acceptances		-	216.649	216.649	-	164.109	164.109
1.2.1.	Import Letter of Acceptance		-	216.649	216.649	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	164.109	164.109
1.3.	Letters of Credit		325	2.535.477	2.535.802	-	1.178.128	1.178.128
1.3.1.	Documentary Letters of Credit		325	2.535.477	2.535.802	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	1.178.128	1.178.128
1.4.	Refinancing Given as Guarantee		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		4.770	583.506	588.276	-	74.387	74.387
1.9.	Other Collaterals		720.533	171.931	892.464	156.151	14.295	170.446
II.	COMMITMENTS	IV-a-1	9.514.236	586.371	10.100.607	8.761.138	-	8.761.138
2.1.	Irrevocable Commitments		9.514.236	586.371	10.100.607	8.761.138	-	8.761.138
2.1.1.	Asset Purchase Commitments		-	-	-	-	-	-
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		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		1.310.760	-	1.310.760	903.218	-	903.218
2.1.8.	Tax and Fund Liabilities from Export Commitments		39.365	-	39.365	29.753	-	29.753
2.1.9.	Commitments for Credit Card Limits		8.163.986	-	8.163.986	7.752.665	-	7.752.665
2.1.10.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		125	17.227	17.352	75.502	-	75.502
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	IV-b	1.660.958	3.510.996	5.171.954	50.331	325.650	375.981
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		1.660.958	3.510.996	5.171.954	50.331	325.650	375.981
3.2.1	Forward Foreign Currency Buy/Sell Transactions		535.769	1.464.683	2.000.452	41.295	260.584	301.879
3.2.1.1	Forward Foreign Currency Transactions-Buy		379.139	636.019	1.015.158	24.317	126.702	151.019
3.2.1.2	Forward Foreign Currency Transactions-Sell		156.630	828.664	985.294	16.978	133.882	150.860
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		579.009	1.439.889	2.018.898	6.960	63.098	70.058
3.2.2.1	Foreign Currency Swap-Buy		112.788	449.948	562.736	5.060	27.469	32.529
3.2.2.2	Foreign Currency Swap-Sell		159.236	395.911	555.147	1.900	31.014	32.914
3.2.2.3	Interest Rate Swap-Buy		-	450.968	450.968	-	1.941	1.941
3.2.2.4	Interest Rate Swap-Sell		306.985	143.062	450.047	-	2.674	2.674
3.2.3	Foreign Currency, Interest rate and Securities Options		546.180	606.424	1.152.604	2.076	1.968	4.044
3.2.3.1	Foreign Currency Options-Buy		273.090	303.212	576.302	1.005	1.015	2.020
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		60.536.429	2.527.949	63.064.378	15.423.623	3.136.498	18.560.121
IV.	ITEMS HELD IN CUSTODY		47.296.282	1.500.439	48.796.721	7.333.372	1.792.945	9.126.317
4.1	Customer Fund and Portfolio Balances		-	2.267	2.267	-	7.394	7.394
4.2	Investment Securities Held in Custody		39.229.872	1.154.620	40.384.492	4.550.479	263.029	4.813.508
4.3	Checks Received for Collection		4.669.933	49.098	4.719.031	2.179.829	11.708	2.191.537
4.4	Commercial Notes Received for Collection		3.395.301	235.461	3.630.762	588.630	433.171	1.021.801
4.5	Other Assets Received for Collection		-	58.993	58.993	-	53.692	53.692
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		11	-	11	14.241	347.094	361.335
4.8	Custodians		1.165	-	1.165	193	676.857	677.050
V.	PLEDGES RECEIVED		13.240.147	1.027.510	14.267.657	8.090.251	1.343.553	9.433.804
5.1	Marketable Securities		362.711	580	363.291	215.276	346	215.622
5.2	Guarantee Notes		291.104	363.967	655.071	253.788	738.607	992.395
5.3	Commodity		20.617	-	20.617	-	-	20.617
5.4	Warranty		-	-	-	-	968	968
5.5	Immovable		9.682.256	499.324	10.181.580	5.305.388	474.088	5.779.476
5.6	Other Pledged Items		2.883.210	39.853	2.923.063	2.286.689	47.552	2.334.241
5.7	Pledged Items-Depository		249	123.786	124.035	8.493	81.992	90.485
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			78.009.026	15.669.721	93.678.747	28.292.340	8.861.862	37.154.202

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YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF SHARE HOLDERS' EQUITY MOVEMENT AT 31 DECEMBER 2005

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

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																
31 December 2005 (*)		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Differences	Marketable Securities Value Increase Fund	Total Shareholders' Equity
I.	Period Opening Balance		752.345	2.672.886	10.781	-	-	-	-	-	-	(58.871)	-	-	1.262.517	4.639.658
II.	Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	-	(320.392)	-	-	-	(320.392)
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	(320.392)	-	-	-	(320.392)
III.	New Balance (I+II)		752.345	2.672.886	10.781	-	-	-	-	-	-	(379.263)	-	-	1.262.517	4.319.266
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Available-for-sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	(1.188.641)	(1.188.641)
VI.	Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Available-for-sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Net Current Period Income/Loss		-	-	-	-	-	-	-	-	(1.543.010)	-	-	-	-	(1.543.010)
X.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Value increase due to revaluation of property and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Investments in associates, subsidiaries and joint ventures bonus shares obtained		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4	Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Adjustment to share capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7	Foreign Currency Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Primary subordinated borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Secondary subordinated borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (III+IV+.....+XIV+XV+XVI)		752.345	2.672.886	10.781	-	-	-	-	-	(1.543.010)	(379.263)	-	-	73.876	1.587.615

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**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF SHARE HOLDERS' EQUITY MOVEMENT AT 31 DECEMBER 2006**

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

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY															
31 December 2006 (*)	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Differences	Marketable Securities Value Increase Fund	Total Shareholders' Equity
I. Prior Period End Balance (*)		752.345	2.672.886	10.781	-	-	-	-	-	-	(1.922.273)	-	-	73.876	1.587.615
II. Changes in the period															
III. Increase/Decrease due to the Merger (**)	VII.	1.246.155	-	35.000	-	17.159	-	326.025	-	-	(351.795)	-	-	1.053	1.273.597
IV. Investments in Associates, Subsidiaries and Available-for-Sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	(29.595)	(29.595)
IV. Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Available-for-Sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedging from risky transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Net Current Period Income		-	-	-	-	-	-	-	-	512.239	-	-	-	-	512.239
VIII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital Increase		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-
9.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2 Value increase due to revaluation of the Plant and Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3 Investments in associates, subsidiaries and joint ventures bonus shares obtained		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4 Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5 Adjustment to share capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6 Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7 Foreign Currency Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8 Other		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-
X. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the reclassification of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Primary subordinated borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Secondary subordinated borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Effects of changes in equity of investments in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Loss Transfer		-	(2.672.886)	-	-	-	-	-	-	-	2.672.886	-	-	-	-
Period End Balance (I+II+III+IV+V+...+XII+XIII+XIV)		3.142.818	-	45.781	-	17.159	-	326.025	-	512.239	(745.500)	-	-	45.334	3.343.856

(*) The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 December 2005.

(**) Balances for increase / decrease due to the merger are explained in details in Note VII. of Section Five

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

(Yetkili İmza / Kaşe)

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V. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(31/12/2006)	(31/12/2005) (*)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before changes in operating assets and liabilities		828.220	2.042.867
1.1.1 Interest received		4.517.879	3.229.530
1.1.2 Interest paid		(3.248.665)	(1.652.896)
1.1.3 Dividend received		41.061	18.690
1.1.4 Fees and commissions received		1.107.337	710.816
1.1.5 Other income		448.334	1.580.412
1.1.6 Collections from previously written-off loans and other receivables		226.763	-
1.1.7 Payments to personnel and service suppliers		(636.866)	(413.847)
1.1.8 Taxes paid		31.214	(28.454)
1.1.9 Extraordinary Items		-	1
1.1.10 Other		(1.658.837)	(1.401.385)
1.2 Changes in operating assets and liabilities		6.536.889	1.573.711
1.2.1 Net decrease in trading securities		831.901	1.648.353
1.2.2 Net (increase) / decrease in fair value through profit/loss financial assets		-	999
1.2.3 Net decrease / (increase) in due from banks and other financial institutions		5.314	(1.568.403)
1.2.4 Net (increase) / decrease in loans		(3.441.332)	195.603
1.2.5 Net (increase) in other assets		(1.759.537)	(2.556.756)
1.2.6 Net increase in bank deposits		2.433.831	2.522.099
1.2.7 Net increase in other deposits		4.810.750	1.018.665
1.2.8 Net increase increase in funds borrowed		2.800.000	-
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase in other liabilities		855.962	313.151
I. Net cash provided from banking operations		7.365.109	3.616.578
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(8.120.515)	(1.729.831)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		(97.910)	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		7.400	-
2.3 Purchases of property and equipment		(85.449)	(57.745)
2.4 Disposals of property and equipments		56.116	21.763
2.5 Cash paid for purchase of investments available-for-sale		(180.656)	(97.680)
2.6 Cash obtained from sale of investments available-for-sale		715.210	754.795
2.7 Cash paid for purchase of investment securities		(9.564.840)	(2.393.706)
2.8 Cash obtained from sale of investment securities		1.632.061	42.742
2.9 Other		(602.447)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		2.289	4.894
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		2.289	4.894
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		(753.117)	1.891.641
VI. Cash and cash equivalents at beginning of the year	VI-a	3.715.462	1.057.864
VII. Cash and cash equivalents at end of the year	VI-a	2.962.345	2.949.505

(*) The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 December 2005.

(**) The difference between period beginning balance of cash and cash equivalents as at 31 December 2006 and period end balance of cash and cash equivalents as at 31 December 2005, which amounts YTL765.957 resulted from the transfer of Koçbank to Yapı Kredi due to the legal merger.

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

(Yetkili İmza / Kaşe)

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VI. PROFIT APPROPRIATION STATEMENT		
	(31/12/2006)	(31/12/2005) (*)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	709.502	(1.719.269)
1.2 TAXES AND DUTIES PAYABLE (-)	197.263	(176.259)
1.2.1 Corporate Tax (Income tax)	58.536	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	138.727	(176.259)
A. NET INCOME FOR THE YEAR (1.1-1.2)	512.239	(1.543.010)
1.3 PRIOR YEAR LOSSES (-)	(745.500)	(379.263)
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	(13.940)	(1.144.318)
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)+(1.3+1.4+1.5)]	(247.201)	(3.066.591)
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	-	-
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 (%)	-	-

(*) The unconsolidated financial statements as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 December 2005.

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

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**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION:

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

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents” published in the Official Gazette No:26333 dated 1 November 2006 by the Banking Regulatory and Supervisory Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the Turkish Accounting Standards Board (“TASB”) and other decrees, notes, explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Comminuques Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No: 26430 dated 10 February 2007.

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

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

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

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

Additional paragraph for convenience translation into English:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Explanations on first-time adoption of Turkish Accounting Standards:

The Bank has prepared its financial statements in accordance with TAS as of 31 December 2006 for the first time. According to the “Turkish Financial Reporting Standard Regarding the First-time Adoption of Turkish Financial Reporting Standards” (“TFRS1”) the effects of adoption of TAS are also reflected to the comparatives of these financial statements as of 31 December 2005 by adjusting the opening financial statements as of 1 January 2005. Accordingly; the effects of related adjustments are accounted in “Shareholders’ Equity” under “Prior Period’s Loss” account.

Effects of adoption of TAS:

	Marketable Securities Value Increase Fund	Revaluation Fund	Net Income/ Loss for the Period	Prior Years’ Income or Losses	Total Equity
Balances Reported as at 1 January 2005	1.262.517	-	-	(58.871)	4.639.658
Adjustment of reserve for employee rights	-	-	-	(46.836)	(46.836)
Adjustment of impairment on subsidiaries	-	-	-	(287.607)	(287.607)
Effect of adjustments on deferred tax	-	-	-	14.051	14.051
Adjusted balances as of 1 January 2005	1.262.517	-	-	(379.263)	4.319.266

	Marketable Securities Value Increase Fund	Revaluation Fund	Net Income/ Loss for the Period	Prior Years’ Income or Losses	Total Equity
Balances Reported as at 31 December 2005	152.116	1.144.318	(2.996.274)	(58.871)	1.677.301
Adjustment of reserve for employee rights	-	-	(16.110)	(46.836)	(62.946)
Adjustment of impairment on subsidiaries	-	-	293.339	(287.607)	5.732
Adjustment on currency differences of foreign subsidiaries and investments	(26.884)	-	26.884	-	-
Adjustment on sales income of investments in associates	-	(1.144.318)	1.144.318	-	-
Adjustment on valuation differences of subsidiaries and associates	(51.356)	-	-	-	(51.356)
Effect of adjustments on deferred tax	-	-	4.833	14.051	18.884
Adjusted balances as of 31 December 2005	73.876	-	(1.543.010)	(379.263)	1.587.615

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The general strategy of the Bank 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 Bank is deposits. The Bank can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high 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 Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities are 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 exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of “Foreign exchange gains or losses”. Foreign currency investments which are carried at historical cost are translated with the exchange rates current at the balance sheet date and gains and losses arising from such valuations are recognised in the shareholder’s equity under “Marketable securities value increase fund”.

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

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

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

As of 31 December 2006 and 2005, the Bank has no joint ventures.

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged. As of 31 December 2006, the Bank has no derivative instruments qualified for hedging purposes.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE :

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE :

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

VII. EXPLANATIONS ON FINANCIAL ASSETS :

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

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

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, service or goods to debtor. Loans and receivables originated by the Bank 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 Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 26333 dated 1 November 2006. In this context, the 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 Bank in determining the estimates. General loan loss provision provided by this methodology is greater than the minimum amount required by the related regulations.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

d. Available-for-sale financial assets:

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS :

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

The principles for accounting of provisions for loans are explained in details in Note VII. of this Section.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS :

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

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

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

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

The Bank has no securities lending transactions.

(Yetkili İmza / Kaşe)

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the “Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated 1 November 2001, No.26333.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS :

a. Goodwill

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

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

b. Other Intangible Assets

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

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

Credit card, brand value, deposit base and customer portfolio	10 Years
Other tangible expenditures	5 Years

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT :

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

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

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

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

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Where the carrying amount of an asset is greater than its estimated “recoverable amount”, it is written down to its “recoverable amount” and the provision for the diminution in value is charged to the income statement.

Property and equipment has not been re-valued in order to be presented at fair value in the financial statements.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, the quality of the product or to decrease the costs.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS :

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

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

Provision for Bank’s Pension Fund Deficit:

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

According to the temporary article 23 of the Banking Law No.5411, Funds like “Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı” will be transferred to the Social Security Institution within three years beginning from the published date of this article without the need of any transactions. On 2 November 2005, the President of the Turkish Republic applied to the Constitutional Court of Turkey for abrogation of the relevant article in the Banking Law.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

XVII. EXPLANATIONS ON TAXATION :

a. Current Tax:

“Corporate Tax Law”(“New Tax Law”) No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. Many clauses of the “New Tax Law” are effective from 1 January 2006. According to New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006 (year 2005:30%). The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

b. Deferred Tax:

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

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

XVIII. EXPLANATIONS ON BORROWINGS :

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES :

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects .

No dividend payments 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 2006, there is no government grant for the Bank.

XXII. LEGAL MERGER :

As both the Koçbank and Yapı Kredi were the banks under common control of KFS and in order to provide the financial statement users more useful information; the legal merger has been accounted by using the “Pooling of interest” method. This application requires the combination of the financial statement items of the merged banks in the corresponding period and the formation of new unconsolidated financial statements of the merged bank. The main principle of the “Pooling of interest” method is the sharing of risks and rewards which were also applicable before the merger.

The main principles of the application are summarised below;

- All the assets, liabilities and off-balance sheet items were combined as of 31 December 2006,
- All the transactions between Koçbank and YapıKredi were eliminated,
- The goodwill resulting from the acquisition of 57,42% shares of Yapı Kredi by Koçbank as of 28 September 2005 (“acquisition date”) calculated in line with TFRS 3 was recorded in the unconsolidated financial statements of the Bank (in Note I.j of Section Five).

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- As of the acquisition date, the valuation of the intangible assets of Yapı Kredi has been performed and credit card brand value, deposit base and customer portfolio values are reflected to the unconsolidated financial statements of the Bank in accordance with TFRS 3 (Note I.j of Section Five).
- The difference that occurred as a result of the transactions listed above was booked in “Prior period’s income and losses” under shareholders’ equity.
- Profit and loss accounts of Koçbank were combined with the Yapı Kredi’s profit and loss accounts, starting from the beginning of the financial year in which the legal merger realised.
- All the expenses related with the merger were accounted under the income statement.
- The financial statements of the Bank as of 31 December 2006 are presented comparatively with the publicly announced unconsolidated financial statements (after TAS corrections) of Yapı Kredi as of 31 December 2005 (Note VII. of Section Five).

XXIII. PROFIT RESERVES AND PROFIT APPROPRIATION:

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.

Under the Turkish Commercial Code, the Group is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

- a) First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital.
- b) Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit.

According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and can not be used for other purposes unless they exceed 50% of paid-in capital.

XXIV. EARNING PER SHARE:

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

	31 December 2006	31 December 2005
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	512.239	(1.543.010)
Weighted Average Number of Issued Ordinary Shares(Thousand)	314.281.800	189.666.300
Earning Per Share (Disclosed in full YTL)	0,0016	(0,0081)

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. As of 31 December 2006, the total number bonus shares issued is 239.047.376.092 (2005: None).

XXV. RELATED PARTIES:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. 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.

XXVII. RECLASSIFICATIONS:

Together with the adjustments made in accordance with the first-time adoption of TAS, which are explained in details in Note I. of this Section; reclassifications have been made on comparative figures as of 31 December 2005, to conform to changes in presentation in the current year.

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SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Bank is 12,31% as of 31 December 2006 (2005: 7,24%).
- b. The capital adequacy ratio of the Bank is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders Equity" (together referred as "Regulation Regarding Capital Adequacy") published as of 1 November 2006. The following tables show the details of "Risk weighted assets" and the calculation of "Shareholders' Equity" for the capital adequacy ratio calculation.

c. Information related to capital adequacy ratio :

	Risk Weights			
	0%	20%	50%	100%
Amount subject to credit risk				
Balance sheet items (Net)	21.563.340	2.050.029	2.907.176	20.625.227
Cash	477.363	3.164	-	-
Matured marketable securities	-	-	-	-
The Central Bank of the Republic of Turkey	570.547	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	1.946.297	-	13.476
Interbank Money Market Placements	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	3.029.637	-	-	-
Loans	1.148.721	16.127	2.868.912	17.865.459
Non-Performing Receivables (Net)	-	-	-	312.023
Lease receivables	-	-	-	-
Available-for-Sale financial assets	90.102	-	-	63.124
Held-to-Maturity investments	15.239.392	-	-	-
Receivables from the disposal of assets	-	-	-	15.284
Miscellaneous receivables	-	80.506	-	79.434
Interest and income accruals	727.343	3.805	38.264	238.297
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	696.655
Fixed assets	-	-	-	1.314.108
Other assets	280.235	130	-	27.367
Off-balance sheet items	465.914	3.918.877	2.518.910	7.942.551
Non-cash loans and commitments	465.914	3.896.806	2.518.910	7.925.633
Derivative financial instruments	-	22.071	-	16.918
Non-risk weighted accounts	-	-	-	-
Total Risk Weighted Assests	22.029.254	5.968.906	5.426.086	28.567.778

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

d. Summary information about capital adequacy ratio ("CAR") :

	31 December 2006	31 December 2005 (*)
Amount subject to credit risk "ASCR"	32.474.602	18.775.074
Amount subject to market risk "ASMR"	309.900	765.475
Shareholders' equity	4.037.076	1.414.590
Shareholders' equity /(ASCR+ASMR) *100	12,31	7,24

(*) The effects of first-time adoption of TAS and capital adequacy regulation brought into effect as of 1 November 2006 are not included.

e. Information about shareholders' equity items:

	31 December 2006
CORE CAPITAL	
Paid-in capital	3.142.818
Nominal capital	3.142.818
Capital commitments (-)	-
Inflation adjustment to share capital	-
Share Premium	45.781
Share cancellation profits	-
Legal reserves	17.159
First legal reserve (Turkish Commercial Code 466/1)	17.159
Second legal reserve (Turkish Commercial Code 466/2)	-
Other legal reserve per special legislation	-
Status reserves	-
Extraordinary reserves	326.025
Reserves allocated by the General Assembly	326.025
Retained earnings	-
Accumulated loss	-
Foreign currency share capital exchange difference	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-
Profit	512.239
Current period profit (net)	512.239
Prior period profit	-
Provisions for possible risks (up to 25% of core capital)	76.138
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	-
Primary Subordinated Loans (up to 15% of core capital)	-
Uncovered portion of loss with reserves (-)	(745.500)
Current period loss (net)	-
Prior period loss	(745.500)
Special costs (-) (*)	(25.771)
Prepaid expenses (-) (*)	(68.711)
Intangible assets (-) (*)	(1.152.548)
Deferred tax asset amount exceeding 10% of core capital (-) (*)	-
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-
Total Core Capital	3.374.660

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SUPPLEMENTARY CAPITAL	
General provisions	409.806
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	1.540.285
45 % of Marketable Securities valuation fund	20.400
From investments in associates and subsidiaries	(2.108)
Available-for-Sale financial assets	22.508
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	1.970.491
TIER III CAPITAL	-
CAPITAL	5.345.151
DEDUCTIONS FROM THE CAPITAL (*)	1.308.075
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	60.217
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest exercised and that exceeds the 10% and more of the total core and supplementary capital of the Bank	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	828
Loans extended as contradictory to the articles 50 and 51 of the Law	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and to be Disposed Accordingly with Banking Law article 57 as They are Held for More Than Five Years From the Acquisition Date.	-
Other	-
TOTAL SHAREHOLDERS' EQUITY	4.037.076

(*) 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. The 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 loan customers (excluding construction companies) are followed-up in the system with risk scores and relatively more risky customers are closely monitored by the Credit Management - Risk Monitoring Department.

- b. The Bank 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. A special provision is provided for cash risks and non-cash risks that are classified as non performing, in accordance with the regulation on provisions. After the classification of non-cash risks and they are converted to cash receivables they are followed up in the same group as cash risks and a specific provision is provided.

Restructured loans are also classified and followed up accordingly to the regulation on provisions considering the Bank’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.

- e. The Bank’s banking activities in foreign countries and crediting transactions are subject to periodical follow-up in terms of the related countries’ economic conditions and activities of customers and financial institutions concerning their periodic credit worthiness which do not constitute a material risk.

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- f. 1. The proportion of the Bank’s top 100 cash loan balances in total cash loans is 21% (2005: 27%).
2. The proportion of the Bank’s top 100 non-cash loan balances in total non-cash loans is 39% (2005: 47%).
3. The proportion of the Bank’s cash and non-cash loan balances with the first 100 customers comprises of 23% of total cash loans and non-cash loans (2005: 23%).
- g. The Bank provided a general loan loss provision amounting to YTL 646.982 thousand (2005: YTL376.484 thousand).

h. Information according to geographical concentration:

	Assets	Liabilities (***)	Non-Cash Loans	Capital Expenditures	Net profit (****)
31 December 2006					
Domestic	40.965.406	38.205.487	14.332.541	85.449	512.239
European Union Countries	4.047.040	5.076.408	521.122	-	-
OECD Countries (*)	89.983	1.236.628	174.943	-	-
Off-shore banking regions	41	-	-	-	-
USA, Canada	1.808.770	632.438	6.700	-	-
Other Countries	108.872	57.693	306.502	-	-
Subsidiaries, Investments and Joint Ventures	756.872	-	-	-	-
Unallocated Assets/Liabilities (**)	1.110.304	334.778	-	-	-
Total	48.887.288	45.543.432	15.341.808	85.449	512.239
31 December 2005					
Domestic	19.835.925	18.910.601	8.776.329	65.068	(1.543.010)
European Union Countries	1.655.088	1.263.671	345.473	-	-
OECD Countries (*)	251.699	613	164.538	-	-
Off-shore banking regions	1.950	356.649	-	-	-
USA, Canada	323.806	1.281.867	5.936	-	-
Other Countries	798.891	170.741	164.686	-	-
Investments in associates, subsidiaries and joint ventures	662.612	-	-	-	-
Unallocated Assets/Liabilities (**)	309.689	267.903	-	-	-
Total	23.839.660	22.252.045	9.456.962	65.068	(1.543.010)

(*) 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 in liabilities.

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

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i. Sectoral concentrations for cash loans:

	31 December 2006				31 December 2005			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	219.166	1,47	119.609	1,70	40.546	0,55	31.047	0,83
Farming and Raising Livestock	168.685	1,13	100.707	1,44	25.436	0,35	20.932	0,56
Forestry	41.427	0,28	3.839	0,05	10.644	0,14	2.046	0,05
Fishing	9.054	0,06	15.063	0,21	4.466	0,06	8.069	0,22
Manufacturing	3.356.278	22,55	3.940.602	56,15	1.010.208	13,74	1.685.726	44,96
Mining	90.571	0,61	135.275	1,93	34.374	0,47	50.272	1,34
Production	3.238.156	21,75	3.602.620	51,33	961.304	13,07	1.534.563	40,93
Electric, Gas and Water	27.551	0,19	202.707	2,89	14.530	0,20	100.891	2,69
Construction	630.463	4,24	357.799	5,10	188.067	2,55	293.390	7,83
Services	2.231.491	14,99	2.566.027	36,57	474.710	6,46	1.595.790	42,56
Wholesale and Retail Trade	1.025.908	6,89	345.196	4,92	296.843	4,04	288.590	7,70
Hotel Food and Beverage Services	152.410	1,02	312.266	4,45	23.038	0,31	176.179	4,70
Transportation and Telecommunication	407.536	2,74	229.653	3,27	65.100	0,89	31.834	0,85
Financial Institutions	391.529	2,63	1.432.697	20,42	13.508	0,18	873.776	23,30
Real Estate and Leasing Services	89.434	0,60	63.817	0,91	3.117	0,04	2.323	0,06
Self Employment Services	-	-	-	-	37.559	0,51	207.116	5,53
Education Services	20.373	0,14	3.444	0,05	4.253	0,06	6.808	0,18
Health and Social Services	144.301	0,97	178.954	2,55	31.292	0,43	9.164	0,24
Other	8.445.251	56,75	33.361	0,48	5.640.221	76,70	143.362	3,82
Loan Interest and Income Accruals	153.870	-	138.206	-	64.354	-	50.227	-
Total	15.036.519	100,00	7.155.604	100,00	7.418.106	100,00	3.799.542	100,00

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III. EXPLANATIONS ON MARKET RISK:

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank’s market risk exposure is calculated on a daily and weekly basis with Value-at-Risk method on the basis of marketable securities portfolio including the Bank’s currency risk. Below table represents the details of market risk calculation as of 31 December 2006 in accordance with the Section 3 of the “ Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No. 26333 dated 1 November 2006, namely “Calculation of Market Risk with Standard Method”.

a. Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	11.311
(II) Capital to be Employed for Specific Risk -Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	13.481
(IV) Capital to be Employed for Commodity Risk	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+ V+VI)	24.792
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	309.900

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

	31 December 2006			31 December 2005		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	35.176	78.693	11.311	51.311	36.002	25.028
Share Premium Risk	3.177	4.102	-	116.404	279.337	16.303
Currency Risk	20.039	19.275	13.481	39.061	64.867	19.907
Commodity Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Operational Risk	-	-	-	-	-	-
Total Amount Subject to Risk	58.392	102.070	24.792	206.776	380.206	61.238

IV. EXPLANATIONS ON CURRENCY RISK:

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

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

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	1,37770 YTL	1,81210 YTL	0,01157 YTL
1. Day bid rate	1,38370 YTL	1,82010 YTL	0,01163 YTL
2. Day bid rate	1,38430 YTL	1,81830 YTL	0,01162 YTL
3. Day bid rate	1,38660 YTL	1,82180 YTL	0,01165 YTL
4. Day bid rate	1,38310 YTL	1,82560 YTL	0,01165 YTL
5. Day bid rate	1,38600 YTL	1,82790 YTL	0,01170 YTL

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

USD	: 1,39017 YTL
Euro	: 1,83642 YTL
Yen	: 0,01184 YTL

As of 31 December 2005;

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	1,34180 YTL	1,58748 YTL	0,01144 YTL

Information on currency risk of the Bank:

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

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	EURO	USD	Yen	Other FC (*)	Total
31 December 2006					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.822.287	393.930	217	7.075	2.223.509
Due From Banks and Other Financial Institutions	275.100	1.564.023	2.519	114.346	1.955.988
Financial Assets at Fair Value Through Profit or Loss	169.197	173.576	-	-	342.773
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	142	32.894	-	44.395	77.431
Loans (**)	2.093.684	5.547.697	21.839	141.551	7.804.771
Investments in Associates, Subsidiaries and Joint Ventures	130.779	57.202	-	32.076	220.057
Held-to-Maturity Investments	2.696.841	6.766.430	-	-	9.463.271
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	35.771	49.317	22	88.456	173.566
Total Assets	7.223.801	14.585.069	24.597	427.899	22.261.366
Liabilities					
Bank Deposits	11.442	46.975	55	10.792	69.264
Foreign Currency Deposits	4.208.165	10.165.734	16.458	500.681	14.891.038
Funds From Interbank Money Market	192.787	206.301	-	-	399.088
Funds Borrowed From Other Financial Institutions	789.064	3.615.146	1.287	1.861	4.407.358
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	155.310	307.285	52	4.813	467.460
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	1.813.084	218.166	1.327	20.138	2.052.715
Total Liabilities	7.169.852	14.559.607	19.179	538.285	22.286.923
Net On Balance Sheet Position	53.949	25.462	5.418	(110.386)	(25.557)
Net Off Balance Sheet Position	(78.480)	141.914	(5.373)	111.237	169.298
Financial Derivative Assets	483.463	1.155.688	2.881	198.115	1.840.147
Financial Derivative Liabilities	561.943	1.013.774	8.254	86.878	1.670.849
Non-Cash Loans	2.747.217	5.813.378	347.800	136.010	9.044.405
31 December 2005					
Total Assets	2.828.424	6.998.497	6.940	184.797	10.018.658
Total Liabilities	2.849.642	7.016.829	6.461	163.776	10.036.708
Net On Balance Sheet Position	(21.218)	(18.332)	479	21.021	(18.050)
Net Off Balance Sheet Position	14.421	(46.597)	(239)	21.019	(11.396)
Financial Derivative Assets	67.192	64.041	-	25.894	157.127
Financial Derivative Liabilities	52.771	110.638	239	4.875	168.523
Non-Cash Loans	1.690.121	3.320.704	260.248	128.641	5.399.714

(*) Of the “Other FC” total assets amounting to YTL427.899 thousand; YTL243.728 thousand is in Gold; YTL97.765 thousand is in British Pounds; YTL59.599 thousand is in Swiss Francs and YTL26.807 thousand is in other currencies. Of the total liabilities amounting to YTL538.285 thousand; YTL254.771 thousand is in Gold; YTL202.838 thousand is in British Pounds, YTL60.367 thousand is in Swiss Francs and 20.309 thousand is in other currencies.

(**) Includes FX indexed loans amounting to YTL649.167 thousand which has been disclosed as YTL in the financial statements.

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V. EXPLANATIONS ON INTEREST RATE RISK:

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are monthly presented to Asset and Liability Committee (“ALCO”). By using sensitivity and scenario analyses; the possible loss effects on the equity were analysed due to the interest rate volatility not only within current year but also for the future periods.

The effects of the volatility of market interest rates on positions and on cash flows are closely monitored.

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

31 December 2006	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The The Central Bank of the Republic Turkey	3.074.427	-	-	-	-	1.006.258	4.080.685
Due From Banks and Other Financial Institutions	1.476.745	94.274	3.007	1.002	-	388.357	1.963.385
Financial Assets at Fair Value Through Profit/Loss	16.233	56.472	113.570	20.120	227.046	-	433.441
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	1.275	2.688	1.670	20.038	23.044	107.519	156.234
Loans	5.162.457	3.960.928	4.230.932	3.620.257	5.217.549	312.023	22.504.146
Held-to-Maturity Investments	3.419.703	3.629.478	2.398.335	742.908	5.689.475	-	15.879.899
Other Assets	-	-	-	-	-	3.869.498	3.869.498
Total Assets	13.150.840	7.743.840	6.747.514	4.404.325	11.157.114	5.683.655	48.887.288
Liabilities							
Bank Deposits	273.903	6.836	-	-	-	72.059	352.798
Other Deposits	21.051.890	3.721.781	384.521	481.440	38.771	5.096.070	30.774.473
Funds From Interbank Money Market	3.071.497	12.808	272.246	-	-	-	3.356.551
Miscellaneous Payables	1.937.632	165.227	86.601	-	-	122.442	2.311.902
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	94.196	2.134.660	91.824	1.030.570	1.248.493	-	4.599.743
Other Liabilities and Shareholders' Equity	1.995	2.587	7.124	6.968	1.559.373	5.913.774	7.491.821
Total Liabilities	26.431.113	6.043.899	842.316	1.518.978	2.846.637	11.204.345	48.887.288
Balance Sheet Long Position	-	1.699.941	5.905.198	2.885.347	8.310.477	-	18.800.963
Balance Sheet Short Position	(13.280.273)	-	-	-	-	(5.520.690)	(18.800.963)
Off-balance Sheet Long Position	6.550	23.882	12.229	-	86	-	42.747
Off-balance Sheet Short Position	-	-	-	(4.375)	-	-	(4.375)
Total Position	(13.273.723)	1.723.823	5.917.427	2.880.972	8.310.563	(5.520.690)	38.372

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31 December 2005	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Bank of the Republic of Turkey	879.988	-	-	-	-	481.200	1.361.188
Due From Banks and Other Financial Institutions	1.771.610	1.104	-	-	-	56.164	1.828.878
Financial Assets at Fair Value Through Profit or Loss	73.656	313.720	134.511	80.912	490.458	71.486	1.164.743
Interbank Money Market Placements	640.480	-	-	-	-	-	640.480
Available-for-sale Financial Assets	-	-	-	61.440	46.413	540.041	647.894
Loans	922.814	4.720.123	1.590.094	1.217.161	2.767.456	203.204	11.420.852
Held-to-maturity Investments	155.310	747.760	817.049	379.851	2.062.431	-	4.162.401
Other assets	16.326	36	-	-	-	2.596.862	2.613.224
Total Assets	4.460.184	5.782.743	2.541.654	1.739.364	5.366.758	3.948.957	23.839.660
Liabilities							
Bank Deposits	236.620	22.283	11.634	13.477	-	47.550	331.564
Other Deposits	10.763.603	1.362.501	466.070	475.911	5.814	3.673.723	16.747.622
Funds From Interbank Money Market	121.468	11.976	311.109	-	-	-	444.553
Miscellaneous Payables	-	-	-	-	-	1.573.996	1.573.996
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	88.289	439.700	166.088	1.140.247	64.647	-	1.898.971
Other Liabilities and Shareholders' Equity	207.413	10.216	3.375	1.668	992	2.619.290	2.842.954
Total Liabilities	11.417.393	1.846.676	958.276	1.631.303	71.453	7.914.559	23.839.660
Balance Sheet Long Position	-	3.936.067	1.583.378	108.061	5.295.305	-	10.922.811
Balance Sheet Short Position	(6.957.209)	-	-	-	-	(3.965.602)	(10.922.811)
Off-balance Sheet Long Position	-	-	49	-	-	-	49
Off-balance Sheet Short Position	(400)	(145)	-	(244)	(244)	-	(1.033)
Total Position	(6.957.609)	3.935.922	1.583.427	107.817	5.295.061	(3.965.602)	(984)

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b. Average interest rates for monetary financial instruments:

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

31 December 2006	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,71	2,26	-	11,07
Due From Banks and Other Financial Institutions	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	21,38
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	18,98
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,19	5,35	1,28	15,62

31 December 2005	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	1,14	2,03	-	10,25
Due From Banks and Other Financial Institutions	2,33	4,27	-	16,16
Financial Assets at Fair Value Through Profit or Loss	3,64	5,75	-	14,70
Interbank Money Market Placements	-	-	-	13,50
Available-for-sale Financial Assets	4,86	6,73	-	14,41
Loans	5,56	6,03	2,09	20,57
Held-to-maturity Investments	3,83	6,18	-	15,27
Liabilities				
Bank Deposits	3,00	4,43	-	16,43
Other Deposits	1,52	1,73	-	13,23
Funds From Interbank Money Market	4,10	6,43	-	9,80
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,60	4,83	1,36	13,00

VI. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset-Liability Management strategy of the Bank in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held. 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 Asset-Liability Committee, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

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

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

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Unclassified (*)	Total
31 December 2006								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1.006.258	3.074.427	-	-	-	-	-	4.080.685
Due From Banks and Other Financial Institutions	388.357	1.476.745	94.274	3.007	1.002	-	-	1.963.385
Financial Assets at Fair Value Through Profit or Loss	-	8.372	34.326	103.178	20.768	266.797	-	433.441
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	90.498	54	8	1.670	20.038	26.945	17.021	156.234
Loans	-	5.073.615	3.342.735	3.756.825	2.581.019	7.437.929	312.023	22.504.146
Held-to-maturity Investments	-	2.272.971	1.325.046	1.258.015	816.917	10.206.950	-	15.879.899
Other Assets (*)	68.699	188.544	2.547	121.891	7.642	157.592	3.322.583	3.869.498
Total Assets	1.553.812	12.094.728	4.798.936	5.244.586	3.447.386	18.096.213	3.651.627	48.887.288
Liabilities								
Bank Deposits	72.059	273.903	6.836	-	-	-	-	352.798
Other Deposits	5.096.070	21.051.890	3.721.781	384.521	481.440	38.771	-	30.774.473
Funds Borrowed From Other Financial Institutions	-	94.196	487.265	91.824	1.032.175	2.894.283	-	4.599.743
Funds From Interbank Money Market	-	3.071.497	12.808	272.246	-	-	-	3.356.551
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	122.442	1.930.468	145.441	80.032	761	32.758	-	2.311.902
Other Liabilities (**)	1.628.014	943.899	2.587	7.124	6.968	1.559.373	3.343.856	7.491.821
Total Liabilities	6.918.585	27.365.853	4.376.718	835.747	1.521.344	4.525.185	3.343.856	48.887.288
Net Liquidity Gap	(5.364.773)	(15.271.125)	422.218	4.408.839	1.926.042	13.571.028	307.771	-
31 December 2005								
Total Assets	1.650.931	3.465.559	3.619.483	1.745.394	1.711.456	8.995.787	2.651.050	23.839.660
Total Liabilities	4.772.192	12.924.056	1.739.314	873.213	1.629.094	314.176	1.587.615	23.839.660
Net Liquidity Gap	(3.121.261)	(9.458.497)	1.880.169	872.181	82.362	8.681.611	1.063.435	-

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

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

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VII. INFORMATION REGARDING 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 2006	31 December 2005	31 December 2006	31 December 2005
Financial Assets	40.503.664	18.060.025	40.729.954	18.107.128
Due From Interbank Money Market	-	-	-	-
Due from banks and other financial Institutions	1.963.385	1.828.878	1.963.991	1.829.446
Available-for-sale Financial Assets	156.234	647.894	156.234	647.894
Held-to-maturity Investments	15.879.899	4.162.401	15.921.444	4.197.991
Loans	22.504.146	11.420.852	22.688.285	11.431.797
Financial Liabilities	38.038.916	20.552.153	38.044.113	20.576.613
Bank deposits	352.798	331.564	352.630	331.891
Other deposits	30.774.473	16.747.622	30.772.789	16.769.301
Funds Borrowed From Other Financial Institutions	4.599.743	1.898.971	4.606.792	1.901.425
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	2.311.902	1.573.996	2.311.902	1.573.996

The fair values of due from banks and other financial institutions and the 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 reflects 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.

VIII. INFORMATION REGARDING THE ACTIVITIES CARRIED OUT ON BEHALF AND ON
ACCOUNT OF OTHER PARTIES:

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

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SECTION FIVE
EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL
STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Cash/Foreign currency	307.316	125.231	161.455	94.987
CBRT	1.549.860	2.095.114	278.957	825.766
Other	-	3.164	-	23
Total	1.857.176	2.223.509	440.412	920.776

2. Information on the account of the CBRT:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Demand Unrestricted Amount	283	570.264	107	224.628
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	1.549.577	1.524.850	278.850	601.138
Total	1.549.860	2.095.114	278.957	825.766

3. Information on reserve requirements:

In accordance with “Communiqué regarding the reserve requirements” issued by the CBRT, the banks operating in Turkey are supposed to place reserves in CBRT with a rate of 6% for their YTL liabilities and 11% as USD and/or EUR for their foreign currency liabilities. CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 31 December 2006 the corresponding interest rates are 13,12% for YTL, 2,52% for USD and 1,73% for EUR reserves.

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

- As of 31 December 2006, financial assets at fair value through profit or loss subject to repo transactions amount to YTL195.994 thousand (2005:YTL212.079 thousand), given as collateral/blocked amounts to YTL14.358 thousand (2005:YTL223.716 thousand).
- Positive differences related to trading derivative financial assets:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Forward Transactions	34.413	3.311	-	740
Swap Transactions	37.687	1.744	-	15
Futures Transactions	-	-	-	-
Options	-	-	-	1
Other	-	-	-	-
Total	72.100	5.055	-	756

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c. Information on banks and other financial institutions:

1. Information on banks and other financial institutions:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Banks	7.306	1.955.988	6.776	1.822.102
Domestic	7.298	226	5.238	55.699
Foreign	8	1.955.762	1.538	1.766.403
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	91	-	-	-
Total	7.397	1.955.988	6.776	1.822.102

2. Information on foreign banks account :

	Unrestricted Amount		Restricted Amount	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
European Union Countries	1.764.327	1.224.511	-	-
USA, Canada	131.274	311.186	-	-
OECD Countries (*)	43.634	222.275	-	-
Off-Shore Banking Regions	41	41	-	-
Other	13.436	9.511	-	-
Foreign Banks Interest Accruals	3.058	417	-	-
Total	1.955.770	1.767.941	-	-

(*) 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 2006, available for sale financial assets given as collateral/blocked amount to YTL21.113 thousand (2005: YTL18.097 thousand). There are no available for sale financial assets subject to repo transactions (2005: YTL2.937 thousand).

2. Information on available for sale financial assets:

	31 December 2006	31 December 2005
Debt Securities	49.660	107.905
Quoted to Stock Exchange (*)	49.660	107.905
Not Quoted	-	-
Share Certificates	18.014	817.469
Quoted to Stock Exchange	-	83.498
Not Quoted	18.014	733.971
Impairment Provision (-)	(1.939)	(426.355)
Other (**)	90.499	148.875
Total	156.234	647.894

(*) As of 31 December 2006, even though Eurobonds amounting to YTL15.104 thousand (2005: YTL46.413 thousand) are not quoted to stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

(**) As mentioned in Note I.2 of Section One, the participation shares of Anatolia Investment Fund and Sun Investment Fund, which were classified under other available for sale financial assets as of 31 December 2005, has been redeemed as of 28 December 2006 due to their liquidation (2005: YTL148.875 thousand).

As of 31 December 2006, other available for sale financial assets include gold amounting to YTL44.396 thousand and B type liquid fund amounting to YTL46.103 thousand.

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Details of share certificates that are classified under available for sale securities are as follows:

- a) Based on the “Fintur, Digitürk and Superonline Purchase and Sale Agreement” signed between the Bank and Çukurova Group on 28 September 2005, the shares of the Bank in Fintur and Digital Platform İletişim Hizmetleri A.Ş. (“Digitürk”) have been sold for EUR42,2 million and YTL106.041 thousand, respectively on 5 January 2006. The three months extension period granted on 27 March 2006 regarding the sale of Superonline in order to complete the necessary permissions for the transfer of the shares has been extended for 3 additional months on 26 February 2007 (2005: YTL184.972 thousand).
- b) Also, based on the “A-Tel Option Agreement” signed between the Bank, and Çukurova Holding A.Ş. (“Çukurova Holding”) on 28 September 2005, 50% of A-Tel Pazarlama ve Servis Hizmetleri A.Ş. (“A-Tel”) shares which are owned by the Bank have been sold for USD150.000.000 on 9 August 2006 (2005: YTL201.270 thousand).
- c) Other share certificates amount to YTL17.020 thousand (2005: YTL4.923 thousand).

e. Explanations on loans:

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

	31 December 2006		31 December 2005	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	89	224	132	-
Corporate Shareholders	-	-	132	-
Real Person Shareholders	89	224	-	-
Indirect Loans Granted To Shareholders	379.531	731.251	210.428	-
Loans Granted To Employees	45.343	-	29.841	-
Total	424.963	731.475	240.401	-

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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	19.985.570	1.048.111	844.740	21.626
Discount and Purchase Notes	194.451	-	2.828	-
Export Loans	2.110.007	-	57.456	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	157.978	-	-	-
Foreign Loans	59.745	723.199	-	-
Consumer Loans	2.548.298	-	194.249	-
Credit Cards	5.205.507	-	418.292	-
Precious Metal Loans	111.563	-	142	-
Other	9.598.021	324.912	171.773	21.626
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Cash Loans Interest Accruals	217.739	63.946	9.072	1.319
Total	20.203.309	1.112.057	853.812	22.945

The Bank’s cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement (“FRA”) amounted to USD 752.945.836 (YTL1.037.333 thousand) (2005: USD791.619.091 (YTL1.062.194 thousand)) as of 31 December 2006, which is classified under “Standard Loans and Other Receivables that have been restructured or rescheduled”. The annual interest rate for the remaining portion of the Çukurova Group risk per “FRA Modification Agreement” is identified as Libor+2,5% and the maturity of the last payment is 30 September 2015. According to the “Pledge Agreement” signed between the Bank, Çukurova Holding and Çukurova Investments N.V. (“Çukurova Investments”) on 28 September 2005, the Bank has a continuous pledge on 6,682% 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 YTL991.004 thousand as of 31 December 2006.

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	11.930.973	-	744.432	-
Non-specialised Loans	11.930.973	-	744.432	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium And Long-Term Loans and Other Receivables	8.054.597	1.048.111	100.308	21.626
Non-Specialised Loans	8.054.597	1.048.111	100.308	21.626
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Cash Loans Interest Accruals	217.739	63.946	9.072	1.319
Total	20.203.309	1.112.057	853.812	22.945

(Yetkili İmza / Kaşe)

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

	Short- term	Medium and Long-term	Accrued Interest and Income	Total
Consumer Loans-YTL	113.227	2.448.025	16.024	2.577.276
Real estate loans	4.497	1.457.510	8.186	1.470.193
Automotive loans	14.195	502.619	2.970	519.784
Consumer loans	2.649	1.736	29	4.414
Other	91.886	486.160	4.839	582.885
Consumer Loans-FC Indexed	2.359	91.480	3.909	97.748
Real estate loans	258	72.356	2.827	75.441
Automotive loans	1.090	13.511	761	15.362
Consumer loans	41	70	5	116
Other	970	5.543	316	6.829
Consumer Loans-FC	-	-	-	-
Real estate loans	-	-	-	-
Automotive loans	-	-	-	-
Consumer loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-YTL	4.693.852	815.360	48.977	5.558.189
With instalments	1.929.395	815.360	24.401	2.769.156
Without instalments	2.764.457	-	24.576	2.789.033
Individual Credit Cards- FC	-	-	-	-
With instalments	-	-	-	-
Without instalments	-	-	-	-
Personnel Loans-YTL	3.861	14.344	174	18.379
Real estate loans	-	1.830	12	1.842
Automotive loans	148	788	7	943
Consumer loans	31	24	1	56
Other	3.682	11.702	154	15.538
Personnel Loans-FC Indexed	535	364	23	922
Real estate loans	-	214	8	222
Automotive loans	-	28	4	32
Consumer loans	-	-	-	-
Other	535	122	11	668
Personnel Loans-FC	-	-	-	-
Real estate loans	-	-	-	-
Automotive loans	-	-	-	-
Consumer loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-YTL	22.848	2.506	225	25.579
With instalments	10.138	2.506	112	12.756
Without instalments	12.710	-	113	12.823
Personnel Credit Cards-FC	-	-	-	-
With instalments	-	-	-	-
Without instalments	-	-	-	-
Credit Deposit Account-YTL (Real Person)	68.352	-	264	68.616
Credit Deposit Account-FC (Real Person)	-	-	-	-
Total	4.905.034	3.372.079	69.596	8.346.709

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5. Information on commercial instalment loans and corporate credit cards:

	Short-term	Medium and long-term	Accrued Interest and Income	Total
Commercial Instalments Loans-YTL	200.416	1.283.716	10.186	1.494.318
Business Loans	61	4.052	13	4.126
Automotive Loans	64.259	830.558	5.005	899.822
Consumer Loans	-	-	-	-
Other	136.096	449.106	5.168	590.370
Commercial Instalments Loans-FC Indexed	13.564	108.754	5.450	127.768
Business Loans	-	943	68	1.011
Automotive Loans	1.061	41.591	1.909	44.561
Consumer Loans	-	-	-	-
Other	12.503	66.220	3.473	82.196
Commercial Instalments Loans-FC	-	-	-	-
Business Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-YTL	88.562	671	793	90.026
With instalment	15.408	671	143	16.222
Without instalment	73.154	-	650	73.804
Corporate Credit Cards-FC	-	-	-	-
With instalment	-	-	-	-
Without instalment	-	-	-	-
Credit Deposit Account-YTL (Legal Person)	65.922	-	1.556	67.478
Credit Deposit Account-FC (Legal Person)	203	-	-	203
Total	368.667	1.393.141	17.985	1.779.793

6. Loans according to types of borrowers:

	31 December 2006	31 December 2005
Public	390.141	119.459
Private	21.801.982	11.098.189
Total	22.192.123	11.217.648

7. Distribution of domestic and foreign loans:

	31 December 2006	31 December 2005
Domestic loans	21.398.737	10.447.941
Foreign loans	793.386	769.707
Total	22.192.123	11.217.648

8. Loans granted to investments in associates and subsidiaries:

	31 December 2006	31 December 2005
Direct loans granted to investments in associates and subsidiaries	402.823	176.616
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	402.823	176.616

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9. Specific provisions provided against loans:

	31 December 2006	31 December 2005
Loans and other receivables with limited collectibility	25.098	13.517
Loans and other receivables with doubtful collectibility	87.664	89.679
Uncollectible loans and other receivables	1.289.255	720.229
Total	1.402.017	823.425

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

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
31 December 2006			
(Gross amounts before specific reserves)	455	1.110	221.192
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	455	1.110	221.192
31 December 2005			
(Gross amounts before the specific reserves)	-	-	4.278
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	4.278

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
31 December 2005	68.751	154.537	803.341
Additions (+)	349.602	9.649	148.004
Transfers from Kocbank due to legal merger	11.774	76.992	350.156
Transfers from other categories of non-performing loans (+)	-	260.766	302.135
Transfers to other categories of non-performing loans (-)	(260.766)	(302.135)	-
Collections (-)	(31.055)	(58.095)	(137.613)
Write-offs (-)	(108)	(1.813)	(30.082)
31 December 2006	138.198	139.901	1.435.941
Special Provision (-)	(25.098)	(87.664)	(1.289.255)
Net Balance on balance sheet	113.100	52.237	146.686

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10(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 2006			-
Period end balance			-
Specific provision (-)			-
Net Balance on-balance sheet			-
31 December 2005			-
Period end balance		26.020	116.283
Specific provision (-)		(10.204)	(110.481)
Net balance on-balance sheet		15.816	5.802

11. 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.

f. Information on held-to-maturity investments:

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

	31 December 2006	31 December 2005
Government Bond	12.705.554	3.994.928
Treasury Bill		167.473
Other debt securities(*)	3.174.345	-
Total	15.879.899	4.162.401

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

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

	31 December 2006	31 December 2005
Debt Securities	15.883.387	4.163.965
Quoted to Stock Exchange (*)	15.737.531	4.021.535
Not Quoted	145.856	142.430
Impairment Provision (-)	(3.488)	(1.564)
Total	15.879.899	4.162.401

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

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

	31 December 2006	31 December 2005
Beginning balance	4.162.401	160.214
FC differences on monetary assets	(831.228)	76.812
Transfers from Koçbank due to legal merger	5.038.780	-
Purchases during year	7.949.578	3.968.419
Disposals through sales and redemptions	(437.708)	(41.480)
Impairment provision	(1.924)	(1.564)
Period end balance	15.879.899	4.162.401

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

As of 31 December 2006, held to maturity investments given as collateral amount to YTL1.254.568 thousand (2005:YTL401.105 thousand). Held to maturity investments subject to repo transactions amount to YTL3.497.368 thousand. (2005: YTL363.706 thousand).

g. Information on investments in associates (Net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage(%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/ Turkey	4,84	99,99
2	Banque de Commerce et de Placements S.A.(*)	Geneva/ Switzerland	30,67	30,67
3	Kredi Kayıt Bürosu	Istanbul/ Turkey	18,18	18,18

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

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	5.712	5.518	119	556	441	1.712	1.982	-
2	1.571.706	119.805	3.820	63.874	4.178	8.458	7.296	-
3	18.257	15.474	1.757	3.121	-	3.673	2.031	-

Financial statement information in the table above has been obtained from the financial statements as at 30 September 2006 for Yapı Kredi Portföy Yönetimi A.Ş. and as at 31 December 2006 for other investments in associates.

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3. Movement of unconsolidated investments in associates :

	31 December 2006	31 December 2005
Balance at the beginning of the period	42.258	1.458.643
Movements during the period	(5.712)	(1.416.385)
Purchases	129	-
Transfers from Koçbank due to legal merger	2.003	-
Transfers (*)	(2.657)	-
Bonus shares obtained	-	210
Dividends from current year income	-	-
Sales (**)	(7.400)	(1.403.321)
Revaluation increase	2.911	(4.627)
Impairment provision	(698)	(8.647)
Balance at the end of the period	36.546	42.258
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) As of 31 December 2005, Enternasyonal Turizm A.Ş which was classified under investments in associates, is transferred to the subsidiaries account with the acquisition of 85,2% of shares during the period and as of 31 December 2005, Kredi Kayıt Bürosu A.Ş. which was classified under available for sale securities, is transferred to subsidiaries account with the transfer of 9,09% shares from Koçbank due to legal merger.

(**) It represents the share of the Bank out of the capital decrease of the Bank’s investment in associates, Enternasyonal Turizm Yatırım A.Ş., within the period.

As of 28 November 2005, Turkcell Holding share certificates have been sold.

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

	31 December 2006	31 December 2005
Banks	32.076	29.164
Insurance Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	4.470	814

5. Valuation of unconsolidated investments in associates:

	31 December 2006	31 December 2005
Valuation with cost	36.546	42.258
Valuation with fair value	-	-
Valuation with equity method	-	-
Total	36.546	42.258

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

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h. Information on subsidiaries (Net):

1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share percentage if different voting percentage(%)	Bank's risk group share percentage (%)
1	Yapı Kredi Holding B.V. (**)	Amsterdam/Holland	100,00	100,00
2	Akdeniz Marmara Turizm ve Tic.A.Ş. (***)	Istanbul/Turkey	99,99	100,00
3	Yapı Kredi Kart Hizmetleri A.Ş.	Istanbul/ Turkey	99,99	100,00
4	Yapı Kredi Yatırım Menkul Değerler A.Ş. (****)	Istanbul/ Turkey	99,99	100,00
5	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/ Turkey	99,99	100,00
6	Yapı Kredi Faktoring A.Ş. (****)	Istanbul/ Turkey	40,48	100,00
7	Agro-san Kimya San.ve Tic.A.Ş.	Istanbul/ Turkey	99,17	100,00
8	Yapı Kredi Moscow (*)	Moscow/Russia	99,84	100,00
9	Bayındırlık İşleri A.Ş. (***)	Istanbul/Turkey	99,18	100,00
10	Yapı Kredi Bank Deutschland AG (**)	Frankfurt/Germany	62,92	97,50
11	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
12	Yapı Kredi Finansal Kiralama A.O. (****)	Istanbul/Turkey	25,67	99,58
13	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş. (****)	Istanbul/ Turkey	30,45	30,45
14	Yapı Kredi Yatırım Ortaklığı A.Ş. (***)	Istanbul/ Turkey	11,09	56,00
15	Enternasyonal Turizm Yatırım A.Ş. (***)	Istanbul/ Turkey	99,99	100,00
16	Azur Tourism Investment NV (*)	Caracua/ Netherlands Antills	100,00	100,00

(*) Financial statement information is expressed in USD thousand in note 2.

(**) Financial statement information is expressed in EURO thousand in note 2.

(***) As stated in Note X. of this Section, Extraordinary General Assembly related with taking over Bayındırlık İşleri A.Ş. and Akdeniz Marmara Turizm ve Ticaret A.Ş by Enternasyonal Turizm Yatırım A.Ş has been made on 5 February 2007 and the merger is registered on 8 February 2007. As a result of the merger, the Bank's investment share in Enternasyonal Turizm Yatırım A.Ş. has been decreased from 99,99% to 99,96%.

(****) Information of financial figures on Note 2 below are obtained from financial statements at 30 September 2006.

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

No	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit /Loss	Fair value
1	50.722	48.457	3.368	107	-	3.611	1.098	-
2	9.230	(33.430)	8.485	-	2	(40.141)	(1.168)	-
3	343	339	-	8	-	46	183	-
4	175.837	125.502	10.036	8.376	4.535	15.259	11.672	-
5	7.412	4.339	103	38	-	431	3.603	-
6	274.548	37.104	190	10.624	-	2.066	2.971	-
7	19.376	(26.914)	13.351	2	1	(1.744)	(3.560)	-
8	217.748	50.374	7.414	11.230	2.209	5.504	2.027	-
9	24.022	6.045	3.736	442	266	(15.134)	(89)	-
10	84.555	45.899	4.329	8.135	3.200	(21.282)	6.526	-
11	569.155	203.112	32.071	13.102	13.102	19.464	(465)	500.000
12	404.463	130.221	372	30.315	-	19.205	3.926	389.640
13	244.756	96.252	4.610	944	944	3.438	5.179	124.000
14	48.475	48.297	15	7.472	5.710	4.217	10.690	30.168
15	74.495	50.059	62	13.099	-	(49.590)	(140.504)	-
16	18.109	18.109	-	-	-	(207.891)	-	-

(Yetkili İmza / Kaşe)

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3. Movement schedules of subsidiaries:

	31 December 2006	31 December 2005
Balance at the beginning of the period	620.354	684.805
Movements during the period	99.972	(64.451)
Purchases (*)	97.781	-
Transfers from Koçbank	-	-
Transfers (**)	4.470	-
Bonus shares obtained	697	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	19.290	(22.258)
Impairment provision	(22.266)	(42.193)
Balance at the end of the period	720.326	620.354
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) As explained in Note I.2 of Section Six, by the liquidation of foreign funds that are directly controlled by the Bank, the Bank has purchased 6,77% of Yapı Kredi Sigorta A.Ş. shares, under Anatolia Investment Fund, 5,40 % of Yapı Kredi Finansal Kiralama A.O. shares, 3,19% of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. shares due to the acquisition of 85,2% shares of Enternasyonal Turizm Yatırım A.Ş. in the portfolio of Havenfields Tourism Investment N.V. indirectly controlled by the Bank and due to the acquisition of 100% of Azur Tourism N.V. in the portfolio of Sun Investment Fund directly and indirectly controlled by the Bank.

(**) Consists of transfer of Enternasyonal Turizm Yatırım A.Ş. which is classified under investments in associates as of 31 December 2005, to subsidiaries account with the acquisition of 85,2 % of shares during the period.

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

Subsidiaries	31 December 2006	31 December 2005
Banks	85.033	85.824
Insurance Companies	148.016	135.049
Factoring Companies	38.782	38.782
Leasing Companies	114.321	87.448
Finance Companies	-	-
Other Financial Subsidiaries	229.239	222.079

5. Subsidiaries quoted to Stock Exchange:

	31 December 2006	31 December 2005
Quoted to domestic stock exchanges	296.069	252.503
Quoted to foreign stock exchanges	-	-

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i. Information on property and equipment: (Net)

	Immovables	Leased Fixed Assets	Vehicles	Other Tangible Fixed Assets	Total
31 December 2005					
Cost	2.529.148	88.151	5.765	486.366	3.109.430
Accumulated depreciation (-)	(1.511.877)	(30.252)	(5.101)	(391.455)	(1.938.685)
Net book value	1.017.271	57.899	664	94.911	1.170.745
31 December 2006					
Net book value at beginning of the period	1.017.271	57.899	664	94.911	1.170.745
Transfers from Koçbank due to legal merger (*)	21.921	13.507	960	54.092	90.480
Additions	5.082	50.878	-	17.101	73.061
Disposals (-), net	(36.676)	(170)	(53)	(5.302)	(42.201)
Reversal of impairment, net	31.892	-	-	-	31.892
Impairment (-)	(30.879)	-	-	-	(30.879)
Depreciation (-)	(53.706)	(22.510)	(597)	(56.853)	(133.666)
Net book value at the end of the period	954.905	99.604	974	103.949	1.159.432
Cost	2.465.882	210.940	6.963	705.962	3.389.747
Accumulated depreciation (-)	(1.510.977)	(111.336)	(5.989)	(602.013)	(2.230.315)
31 December 2006	954.905	99.604	974	103.949	1.159.432

(*) Presents the net property and equipment including impairment provision with an amount of YTL11.244 thousand due to the transfer from Koçbank as of 31 December 2005

As of 31 December 2006, the Bank booked total provision for impairment on immovables amounting to YTL726.095 thousand (31 December 2005: YTL715.864 thousand) for the property and equipment.

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j. Information on intangible assets:

31 December 2005	27.172
Additions due to Mergers, Transfers and Acquisitions (*)	979.493
Transfers From Koçbank due to Legal Merger	10.862
Amounts due to Cost Distribution of Merger (**)	159.007
Additions during the Period	12.388
Unused and Disposed Items (-)	(254)
Impairment Charges on Income Statement (-)	(4.015)
Amortisation Expenses (-)	(32.105)
31 December 2006	1.152.548

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

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

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

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

	28 September 2005
Cash and the CBRT, Banks and Money Market	3.659.118
Marketable Securities	7.658.504
Loans	10.914.241
Property, Equipment and Intangible Assets	1.454.959
Amounts due to Cost Distribution of Merger (**)	163.084
Other Receivables and Other Assets	1.696.557
Deposits	(16.443.350)
Borrowings and Money market	(3.195.687)
Other Liabilities	(4.185.850)
Addition to Net Assets	1.721.576

- (**) Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as credit card trademark, customer base and relationship that can be measured reliably the future economic benefits embodied in the asset will flow to the Group. In line with the report dated 13 February 2006 the Bank recognized YTL163.084 thousand of intangibles in the unconsolidated financial statements. And this amount is booked under intangible assets in the unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 December 2006, net book value of these intangible assets amounts to YTL142.699 thousand.

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k. Information on deferred tax asset:

	31 December 2006		31 December 2005	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserves for employment termination benefit	148.292	29.658	87.946	26.384
Fund deficit provision	483.281	96.656	330.742	99.222
Trading derivative financial liabilities	23.231	4.646	937	281
Property, equipment and intangibles , net	576.027	115.205	571.046	171.314
Subsidiaries, investment in associates and share certificates	76.333	15.267	576.912	173.074
Carry-forward tax losses	-	-	106.476	31.943
Other	138.221	27.645	69.750	20.925
Total deferred tax asset	1.445.385	289.077	1.743.809	523.143
Trading derivative financial assets	66.167	13.233	753	226
Valuation difference of securities portfolio	110.981	24.061	30.049	9.015
Property, equipment and intangibles , net	591.768	94.189	422.438	126.731
Total deferred tax liability	768.916	131.483	453.240	135.972
Deferred Tax Asset, net	676.469	157.594	1.290.569	387.171

l. Movement schedule of assets held for resale :

	31 December 2006
Balance at the beginning of the period	157.549
Transfers from Koçbank due to Legal Merger	38.318
Additions	11.787
Disposals (-), net	(23.488)
Impairment (-), net	6.488
Depreciation (-)	(10.207)
Net Book Value at the end of the period	180.447
Cost at the end of the period	(209.665)
Depreciation at the end of the period (-)	(29.218)
Net Book Value at the end of the period	180.447

As of 31 December 2006, the Bank has booked impairment provision on assets held for resale with an amount of YTL275.683 thousand (2005:YTL293.864 thousand).

m. Information on other assets :

As of 31 December 2006, 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 2006:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over
Saving Deposits	832.569	-	2.501.374	5.984.533	240.647	17.653	68.195
Foreign Currency Deposits	3.099.672	-	3.478.312	6.234.730	945.431	241.899	597.265
Residents in Turkey	3.014.434	-	3.340.963	5.838.622	866.036	225.797	529.805
Residents Abroad	85.238	-	137.349	396.108	79.395	16.102	67.460
Public Sector Deposits	9.115	-	44.113	9.710	6.603	0	37
Commercial Deposits	935.225	-	2.280.723	2.408.194	54.068	959	1.823
Other Institutions Deposits	63.553	-	23.694	253.088	5.463	87	204
Gold Vault	151.312	-	101.452	456	246	444	590
Bank Deposits	72.036	-	253.054	20.121	6.889	-	-
The CBRT	-	-	-	-	-	-	-
Domestic Banks	6.616	-	252.508	15.879	2.067	-	-
Foreign Banks	46.687	-	546	4.242	4.822	-	-
Special Financial Institutions	18.733	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Accrued Interest on Deposit	4.647	-	137.130	30.941	4.128	4.383	503
Total	5.168.129	-	8.819.852	14.941.773	1.263.475	265.425	668.617

1 (ii). 31 December 2005:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over
Saving Deposits	641.378	696	1.099.590	2.658.900	591.896	222.044	153.080
Foreign Currency Deposits	2.312.426	-	1.384.685	2.148.472	729.741	901.594	55.054
Residents in Turkey	2.160.674	-	1.356.653	2.089.944	693.033	358.364	47.598
Residents Abroad	151.752	-	28.032	58.528	36.708	543.230	7.456
Public Sector Deposits	4.759	-	9.481	15.987	18	65	-
Commercial Deposits	621.638	-	1.093.631	624.907	32.242	19.584	52.010
Other Institutions Deposits	93.522	-	115.130	82.038	601.532	280.586	1.387
Gold Vault	-	-	-	-	-	-	-
Bank Deposits	47.550	-	170.828	55.203	35.285	19.157	-
The CBRT	-	-	-	-	-	-	-
Domestic Banks	4.247	-	164.507	23.186	6.696	13.000	-
Foreign Banks	2.031	-	6.321	32.017	28.589	6.157	-
Special Financial Institutions	41.272	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Accrued Interest on Deposit	-	10	59.798	86.232	30.734	22.278	4.038
Total	3.721.273	706	3.933.143	5.671.739	2.021.448	1.465.308	265.569

(Yetkili İmza / Kaşe)

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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:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Saving Deposits				
Saving Deposits	4.970.931	2.974.591	4.749.385	2.464.829
Foreign Currency Savings Deposit	3.058.148	2.074.830	5.209.910	2.533.303
Other deposits in the form of savings deposits	5.893	-	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:

	31 December 2006	31 December 2005
Saving deposits in foreign branches	-	-
Saving deposits in off-shore banking regions	158.746	147.777
Total	158.746	147.777

b. Information on trading derivative financial liabilities :

Schedule of negative differences about trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Forward Transactions	11.542	2.154	-	537
Swap Agreements	9.519	449	-	496
Futures Transactions	-	-	-	-
Options	-	-	-	41
Other	-	-	-	-
Total	21.061	2.603	-	1.074

c. Information on borrowings:

1. Information on banks and other financial institutions :

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	176.640	188.672	61.645	165.976
From Foreign Banks, Institutions and Funds	8.584	4.183.889	-	1.662.242
Accrued Interest Expense of Banks and Other Financial Institutions	7.161	34.797	3.807	5.301
Total	192.385	4.407.358	65.452	1.833.519

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2. Information on maturity structure of borrowings :

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Short-Term	185.224	2.447.116	61.645	212.922
Medium and Long-Term	-	1.925.445	-	1.615.296
Accrued Interest on Borrowings	7.161	34.797	3.807	5.301
Total	192.385	4.407.358	65.452	1.833.519

3. Repayment schedule of securitization credits:

In December 2006, the Bank finalised a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.645.790 thousand by using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as intermediary and Assured Guarantee, MBIA and Radian ve Ambac as the guarantor. The interest rate of this borrowing ranges between 3,88% and 5,93%, and the maturity ranges between 5 and 8 years; the repayment will begin in the last period of 2008.

	31 December 2006	31 December 2005
2006	-	268.360
2007	-	-
2008	32.853	-
2009	131.411	-
2010	383.074	-
2011	383.074	-
2012	251.662	-
2013	251.662	-
2014	212.054	-
Total	1.645.790	268.360

As explained in Note X. of Section Five, the Bank has repaid YTL310 million of the credit as of 1 March 2007 and refunded YTL400 million of the credit.

d. Information on other foreign liabilities:

As of 31 December 2006, other foreign liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

e. Information on financial leasing agreements:

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

	31 December 2006		31 December 2005	
	Gross	Net	Gross	Net
Less than 1 year	19.338	18.674	15.712	14.880
Between 1-4 years	119	115	892	861
More than 4 years	-	-	-	-
Total	19.457	18.789	16.604	15.741

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f. Information on provisions:

1. Information on general provisions:

	31 December 2006	31 December 2005
Provisions for Group I loans and receivables	430.929	232.620
Provisions for Group II loans and receivables	97.214	43.591
Provisions for non cash loans	102.806	83.334
Other	16.033	16.939
Total	646.982	376.484

2. Information on reserve for employment termination benefit:

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

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

	31 December 2006	31 December 2005
Discount rate (%)	5,71	5,45
The Rate Used Related to Retirement Expectation (%)	96,50	98,15

The principal actuarial assumption is that the maximum liability of YTL1,857.44 as of 31 December 2006 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 YTL1,960.69 (1 January 2006: YTL1,770.62) effective from 1 January 2007 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefit liability in the balance sheet:

	31 December 2006	31 December 2005
Prior Period Beginning Balance	72.230	55.838
Transfer from Koçbank due to Legal Merger	9.923	-
Provisions Recognised During the Period	21.146	24.116
Paid During the Period	(8.954)	(7.724)
Balance at the end of the period	94.345	72.230

In addition, the Bank has accounted for vacation rights provision amounting to YTL53.947 thousand as of 31 December 2006 (2005 : YTL15.716 thousand).

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3. Other provisions:

	31 December 2006	31 December 2005
Pension fund provision (*)	483.281	330.742
Tax risk provision (**)	63.662	73.506
Non-cash loan provision	57.666	30.786
Provisions on credit cards and promotion campaigns related to banking services	53.441	42.488
Tax and fund liability provisions on possible export commitments	39.365	29.574
Legal risk provision (**)	12.476	16.161
Other	99.186	27.481
Total	809.077	550.738

(*) According to the temporary article 23 of the Banking Law No 5387 accepted on 2 July 2005 by Grand National Assembly of Turkey (“TBMM”), pension funds will be transferred to the Social Security Institution within three years beginning from the published date of this article without the need of any transaction. At 22 July 2005, the temporary article 23 was vetoed by the President of the Turkish Republic and sent back to “TBMM” to be discussed again. The stated Banking Law was accepted by TBMM on 19 October 2005 without changing the related temporary article 23. As of 2 November 2005, the President of Turkish Republic used the application right related with the temporary article 23 to apply to the Constitutional Court of Turkey.

The Bank obtained a actuarial report from a registered actuary regarding this Fund in accordance with the decree related to principles and procedures on determining the application of transfer transactions published in the Official Gazette dated 15 December 2006, No 26377 determined by the decision of Council of Ministers No 2006/11345. Based on this decree, the actuarial balance sheet of the Fund has been prepared in accordance with a technical interest rate of 10,24% and CSO 1980 mortality table, and reflects a technical deficit of YTL 599.240 thousand as of 31 December 2006. The Bank will provide a full provision regarding the actuarial report until the end of the year 2007 and has provided a provision amounting to YTL483.281 thousand in the financial statements as of 31 December 2006.

(**) Considered as provisions for possible risks.

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

As of 31 December 2006, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL32.202 thousand (2005: YTL1.973 thousand).

g. Information on taxes payable:

(i) Information on taxes payable:

	31 December 2006	31 December 2005
Corporate Tax Payable	58.536	-
Taxation of Marketable Securities	41.971	19.299
Property Tax	651	183
Banking Insurance Transaction Tax (BITT)	25.584	13.345
Foreign Exchange Transaction Tax	3.122	1.098
Value Added Tax Payable	1.432	593
Other	11.818	6.988
Total	143.114	41.506

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(ii) Information on premium payables:

	31 December 2006	31 December 2005
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	-	-
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	341	-
Unemployment Insurance – Employer	684	-
Other	-	-
Total	1.025	-

h. Information on subordinated loans:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.559.258	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	1.559.258	-	-

At 31 March 2006, Yapı Kredi obtained a subordinated loan amounting to EUR500 million, with ten years maturity and a repayment option at the end of five years. The interest rate is determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank at 28 April 2006 amounting to EUR350 million, with ten years maturity and repayment option at the end of five years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained decrees from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. With the written of the BRSA dated 3 April 2006 and 2 May 2006, both of the loans have been approved as subordinated loans and accepted to be taken into consideration as supplementary capital within the limits of “Capital Adequacy Regulation”.

i. Information on shareholders’ equity:

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

	31 December 2006	31 December 2005
Common Stock	3.142.818	752.345
Preferred Stock	-	-

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

The Bank has paid-in-capital with an amount of YTL3.142.818 thousand and does not apply registered share capital system .

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

Increase Date	Increase Amount	Cash	Profit Reserve Regarding Increase	Capital Reserve Regarding Increase
31 March 2006	1.144.318	-	-	1.144.318
2 October 2006 (*)	1.246.155	-	-	-

(*) The approval of the BRSA with regard to the merger of the two banks 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 its rights, receivables, liabilities and obligations to Yapı Kredi in accordance with the provisions of article 19 of the Banking Law and all 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 thousand to YTL3.142.818 thousand.

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 banks income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

7. Privilege on the corporate stock: None

j. Information on marketable securities value increase fund:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	7.459	42.559	16.929	83.831
Foreign Currency Difference	(4.684)	-	(26.884)	-
Total	2.775	42.559	(9.955)	83.831

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III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Short Term Loans	2.292.219	148.661	1.374.213	38.009
Medium/Long Term Loans	594.986	323.831	256.905	211.409
Interest on Loans Under Follow-up	61.653	56	45.930	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	2.948.858	472.548	1.677.048	249.418

2. Information on interest income on banks:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
From the CBRT	-	4.724	-	2.198
From Domestic Banks	10.283	5.365	2.255	285
From Foreign Banks	5.403	64.545	1.432	15.989
Headquarters and Branches Abroad	-	-	-	15
Total	15.686	74.634	3.687	18.487

3. Information on interest income on marketable securities:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
From Trading Financial Assets	28.487	44.208	381.412	72.168
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	30.490	10.472	159.901	9.882
From Held-to-Maturity Investments	795.641	385.946	74.049	50.526
Total	854.618	440.626	615.362	132.576

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

	31 December 2006	31 December 2005
Interests Received From Investments in Associates and Subsidiaries	24.070	15.167

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b. Information on interest income:

1. Information on interest expense on borrowings:

	31 December 2006		31 December 2005	
	YTL	FC	YTL	FC
Banks	24.043	190.989	14.012	37.468
The CBRT	-	-	-	-
Domestic Banks	19.941	11.843	9.868	9.661
Foreign Banks	4.102	179.146	4.096	27.456
Headquarters and Branches Abroad	-	-	48	351
Other Institutions	-	63.981	-	26
Total	24.043	254.970	14.012	37.494

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

	31 December 2006	31 December 2005
Interests paid to Investments in Associates and Subsidiaries	13.675	3.325

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 Month	Up to 6 month	Up to 1 year	More than 1 year		
YTL								
Bank Deposits	25.003	13.402	212	-	-	-	-	38.617
Saving Deposits	873	414.867	920.424	71.263	22.399	22.166	-	1.451.992
Public Sector Deposits	-	2.433	2.783	77	5	3	-	5.301
Commercial Deposits	23.334	450.972	199.606	7.547	1.252	4.936	-	687.647
Other Deposits	27	21.268	58.574	30.253	733	186	-	111.041
Deposits with 7 days notification	18	-	-	-	-	-	-	18
Total	49.255	902.942	1.181.599	109.140	24.389	27.291	-	2.294.616
FC								
Foreign Currency Deposits	10.038	154.737	166.959	32.062	11.163	16.671	-	391.630
Bank Deposits	10.278	685	-	-	-	-	-	10.963
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Gold Vault	-	51	4	910	6	7	-	978
Total	20.316	155.473	166.963	32.972	11.169	16.678	-	403.571
Grand Total	69.571	1.058.415	1.348.562	142.112	35.558	43.969	-	2.698.187

4. Interest given on marketable securities issued: None.

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c. Information on dividend income :

	31 December 2006	31 December 2005
Trading Financial Assets	-	2.435
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	1.208	14.295
Other	40.550	2.168
Total	41.758	18.898

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

	31 December 2006	31 December 2005
Income	6.511.299	626.893
Income from Capital Market Transactions	2.486.312	277.116
Derivative Financial Transactions	2.311.459	223.994
Other	174.853	53.122
Foreign Exchange Gains	4.024.987	349.777
Loss(-)	(6.461.270)	(528.519)
Loss from Capital Market Transactions	(2.228.637)	(270.177)
Derivative Financial Transactions	(2.112.452)	(258.538)
Other	(116.185)	(11.639)
Foreign Exchange Loss	(4.232.633)	(258.342)
Net Gain/Loss	50.029	98.374

e. Information on other operating income:

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

Besides, according to Uniform Chart of Account, foreign exchange income on "Foreign indexed assets" amounting to YTL35.209 thousand are classified into "Other operating income" instead of "Foreign Exchange Gains" account.

Furthermore, income realised from sales of Turkcell shares, amounting to YTL1.144.318 thousand is disclosed under other operating income account in the financial statements in 2005.

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

	31 December 2006	31 December 2005
Specific provisions for loans and other receivables	214.260	327.234
III. Grup Loans and Receivables	15.033	24.981
IV. Grup Loans and Receivables	12.345	77.890
V. Grup Loans and Receivables	186.882	224.363
General Provision Expenses	118.500	302.071
Provision Expense for Possible Risks	1.317	119.241
Marketable Securities Impairment Expenses	3.218	462.917
Financial Assets at Fair Value Through Profit or Loss	-	2.459
Available-for-Sale Financial Assets	3.218	460.458
Investments in Associates, Subsidiaries and Held-to-Maturity	-	-
Securities Value Decrease	2.369	50.840
Investments in Associates	698	8.647
Subsidiaries	1.671	42.193
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other (*)	301	27.967
Total	339.965	1.290.270

(*) Other refers to provisions on non-cash loans (2005: YTL 23.030 thousand).

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g. Information related to other operational expenses:

	31 December 2006	31 December 2005
Personnel Expenses	636.866	414.118
Reserve for employee termination benefits	12.192	16.392
Bank social aid provision fund deficit provision	152.539	330.742
Impairment expenses of fixed assets	30.879	682.089
Depreciation expenses of fixed assets	133.666	255.397
Impairment expenses of intangible assets	4.015	23.034
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	32.105	29.064
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of Assets Held For Resale	5.602	21.752
Depreciation expenses of Assets Held for Resale	10.207	-
Impairment expenses of Fixed Assets Held for Sale	-	-
Other operating expenses	630.833	441.561
Operational Lease Expenses	19.190	18.050
Maintenance Expenses	27.407	14.698
Advertising Expenses	119.507	99.143
Other Expense	464.729	309.670
Loss on sales of assets	24.291	3.491
Other (*)	324.882	1.227.339
Total	1.998.077	3.444.979

(*) Other line mainly consists of saving deposit insurance fund amounting to YTL45.103 thousand(2005:32.652 thousand), taxes and charges amounting to YTL38.727 thousand (2005 :21.645), provision for vacation rights amounting to YTL12.403 thousand (2005: 15.716), provision for premium of personnel amounting to YTL87.046 thousand (2005 :25.000).In addition to this, other line in 2005 consists of discount to Çukurova Group amounting YTL399.539 thousand, the provision for a receivable from a government entity amounting to YTL483.340 thousand and the adjustment of property and equipment amounting to YTL182.748 thousand.

h. Explanations on profit and loss before tax:

Profit and loss before tax consists of net interest income amounting to YTL1.759.297 thousand, net fee and commission income amounting to YTL851.816 thousand and total other operating expense amounting YTL1.998.077 thousand.

i. Information on tax provision:

As of 31 December 2006, the Bank has current tax expense amounting to YTL58.836 thousand and deferred tax income amounting to YTL123.808 thousand and deferred tax expense amounting to YTL262.535 thousand.

YTL135.538 thousand of deferred tax expense is a result of the decrease of corporate tax rate from 30% to 20% in accordance with New Corporate Tax Law.

The tax litigations against the corporation tax of 2003 and 2004 fiscal year and the withholding tax of the 2004/4 period and have been concluded in favour of Koçbank with the decisions of Istanbul 1. Tax Court dated 17 May 2006 and Istanbul 3. Tax Court dated 12 June 2006. The Tax Office has already appealed to the Council of State against the resolutions of Tax Courts and the appeal investigations are continuing. Based on the resolutions of Tax Courts, YTL109.328 thousand, the tax amount subject to litigation has been refunded from the Tax Office to Koçbank and has been recognised in the Bank’s financial statements as deferred tax income as of 31 December 2006.

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

For the understanding of the Bank's current year performance, the characteristic of income or expense items arising from common banking transactions, dimension and recurrence of these transactions are not required except for the deferred tax income arising from tax court as explained in Note i of this Section.

IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Information on off balance sheet commitments :

1. The amount and type of non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments :

Commitments on credit cards limits is YTL8.163.986 thousand (2005: YTL7.752.665 thousand), commitments for cheque books is YTL1.310.760 thousand (2005: YTL903.218 thousand).

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

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

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

	31 December 2006	31 December 2005
Bank acceptance loans	216.649	164.109
Letter of credits	2.535.802	1.178.128
Other guarantees	1.482.767	244.833
Total	4.235.218	1.587.070

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

	31 December 2006	31 December 2005
Temporary letter of guarantees	645.865	556.895
Definite letter of guarantees	7.529.880	4.751.233
Advance letter of guarantees	1.564.355	894.252
Letter of guarantees given to customs	1.073.683	719.302
Other letter of guarantees	292.807	948.210
Total	11.106.590	7.869.892

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3. Total amount of non-cash loans :

	31 December 2006	31 December 2005
Non-cash loans given against cash loans	291.750	950.710
With original maturity of 1 year or less than 1 year	75.127	101.896
With original maturity of more than 1 year	216.623	848.814
Other non-cash loans	15.050.058	8.506.252
Total	15.341.808	9.456.962

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

	31 December 2006				31 December 2005			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	76.530	1,22	48.383	0,53	27.558	0,67	5.485	0,10
Farming and Raising livestock	59.239	0,95	43.824	0,48	24.930	0,61	4.671	0,09
Forestry	13.439	0,21	3.949	0,04	1.699	0,04	586	0,01
Fishing	3.852	0,06	610	0,01	929	0,02	228	0,00
Manufacturing	2.355.731	37,41	4.048.609	44,78	1.630.110	40,18	2.587.331	47,92
Mining	29.417	0,47	94.787	1,05	121.661	3,00	17.940	0,33
Production	2.278.549	36,18	3.617.516	40,00	1.302.639	32,11	2.240.295	41,49
Electric, Gas and Water	47.765	0,76	336.306	3,73	205.810	5,07	329.096	6,09
Construction	1.461.235	23,20	1.773.148	19,60	952.493	23,48	1.126.187	20,86
Services	2.351.550	37,34	2.836.511	31,36	1.146.011	28,25	1.375.370	25,47
Wholesale and Retail Trade	1.483.733	23,56	366.995	4,06	838.627	20,67	306.016	5,67
Hotel, Food and Beverage Services	70.874	1,13	91.289	1,01	25.355	0,62	68.001	1,26
Transportation and Telecommunication	236.576	3,76	604.485	6,68	132.127	3,26	191.689	3,55
Financial Institutions	328.983	5,22	1.145.333	12,66	76.562	1,89	745.334	13,80
Real Estate and Leasing Services	70.282	1,12	135.389	1,50	1.112	0,03	2.332	0,04
Self-Employment Services	-	-	-	-	44.435	1,10	39.944	0,74
Education Services	7.833	0,12	3.850	0,04	2.445	0,06	1.399	0,03
Health and Social Services	153.269	2,43	489.170	5,41	25.348	0,62	20.655	0,38
Other	52.357	0,83	337.754	3,73	301.076	7,42	305.341	5,65
Total	6.297.403	100,00	9.044.405	100,00	4.057.248	100,00	5.399.714	100,00

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

	Group I		Group II	
	YTL	FC	YTL	FC
Non- Cash Loans				
Letters of Guarantee	5.519.397	5.478.976	52.235	55.982
Bank Acceptances	-	214.152	-	2.497
Letters of Credit	325	2.496.305	-	39.172
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	702.568	755.276	22.878	2.045
Total	6.222.290	8.944.709	75.113	99.696

(Yetkili İmza / Kaşe)

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b. Information on derivative financial instruments :

	31 December 2006	31 December 2005
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	4.270.939	371.367
FC trading forward transactions	2.000.452	301.879
Trading swap transactions	1.117.883	65.443
Futures transactions		-
Trading option transactions	1.152.604	4.044
Interest related derivative transactions (II)	901.015	4.615
Forward interest rate agreements		-
Interest rate swaps	901.015	4.615
Interest rate options		-
Interest rate futures		-
Other trading derivative transactions (III)		-
A. Total trading derivative transactions (I+II+III)	5.171.954	375.981
Types of hedging transactions		-
Fair value hedges		-
Cash flow hedges		-
Foreign currency investment hedges		-
B. Total hedging related derivatives		-
Total derivative transactions (A+B)	5.171.954	375.981

c. Information on contingent liabilities :

In this respect, several outstanding legal cases against the Bank have been considered as contingent liability and YTL11.986 thousand provision against these legal cases has been accounted for in the to financial statements under “Other Provisions” account.

d. 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

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

a. Information on dividends:

None.

b. Information on foreign currency differences:

Foreign currency denominated associates and subsidiaries’ acquisition costs are booked at their original foreign currency costs translated into Turkish Lira using exchange rate prevailing at the balance sheet date and foreign exchange differences arising from the translation are recognised in “marketable securities value increase fund” under shareholders’ equity account.

c. 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.

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

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

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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 less than three months are defined as “Cash Equivalents”.

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

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

	31 December 2006	31 December 2005
Cash	537.364	430.590
Cash and Effectives	256.465	173.606
Demand Deposits in Banks	280.899	256.984
Cash Equivalents	2.412.141	627.274
Interbank Money Market	640.000	-
Deposits in Bank	1.772.141	627.274
Total Cash and Cash Equivalents	2.949.505	1.057.864

Total amount from the operations occurred in prior period gives 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 2006	31 December 2005
Cash	1.394.615	537.364
Cash and Effectives	435.711	256.465
Demand Deposits in Banks	958.904	280.899
Cash equivalents	1.567.730	2.412.141
Interbank Money Market	-	640.000
Time Deposits in Banks	1.567.730	1.772.141
Total Cash and Cash Equivalents	2.962.345	2.949.505

- b. Information on cash and cash equivalents that are not in use due to legal limitations and other reasons: None.

- c. The effects of the change in foreign exchange rates on cash and cash equivalents: None.

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**VII. EXPLANATIONS AND NOTES RELATED TO BANK’S MERGER , TRANSFERS AND
COMPANIES ACQUIRED BY BANKS**

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

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

Besides, the approval of the BRSA with regard to the merger of Koçbank and Yapı Kredi through the transfer of Koçbank with all of its rights, receivables, liabilities and obligations to Yapı Kredi and the consequential dissolution of Koçbank without liquidation; and the transfer of all Koçbank’s rights, receivables, liabilities and obligations to Yapı Kredi in accordance with article 19 of the Banking Act No.5411 and other relevant legislation was published in the Official Gazette dated 1 October 2006. Due to the merger and the consequential dissolution of Koçbank without liquidation, the record of Koçbank was erased from the trade registry as of 2 October 2006. The new capital of Yapı Kredi was registered with the Istanbul Commercial Registrar on 2 October 2006. Yapı Kredi’s current capital has increased from YTL1.896.662.493,80 to YTL3.142.818.454,10 and a distribution of the increased portion amounting to YTL1.246.155.960,30 has been made to the shareholders of the Bank starting from 10 October 2006. The shareholders of the Bank have the right to purchase 1Ykr nominal valued 0,5313538 units of shares in exchange for each 1Ykr nominal valued the Bank share.

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

The effects of the acquisition and legal merger transactions to the unconsolidated financial statements as of 31 December 2006 are explained in details in the Note XXII. of Section Three.

The effects of the related applications to equity are disclosed below:

	Paid-in Capital	Capital Reserves	Profit Reserves	Prior Year Income / (Loss)	Total Equity
Transfer from Koçbank due to legal merger	2.345.246	36.053	343.184	-	2.724.483
The effects of uniting of interests method applied due to legal merger	(1.099.091)	-	-	(351.795)	(1.450.886)
Total	1.246.155	36.053	343.184	(351.795)	1.273.597

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As explained in Note XXII. of Section Three, the unconsolidated financial statements as of 31 December 2006 are presented comparatively with the unconsolidated publicly announced financial statements of Yapı Kredi as of 31 December 2005. In order to provide further information to the users of these financial statements, the unconsolidated publicly announced financial statements of Koçbank and Yapı Kredi as of 31 December 2005 (after the application of Turkish Financial Reporting Standards) were combined; the major balance sheet and income statement items are presented as below:

Selected balance sheet items	31 December 2006	31 December 2005		
		Koçbank	Yapı Kredi	Proforma Combined Bank
Financial assets	16.469.574	3.976.076	5.975.038	9.951.114
Loans	22.504.146	7.238.476	11.420.852	18.659.328
Deposits	31.127.271	9.593.189	17.079.186	26.672.375
Borrowings	6.159.001	1.424.960	1.898.971	3.323.931

Selected income statement items	31 December 2006	31 December 2005		
		Koçbank	Yapı Kredi	Proforma Combined Bank
Interest income	4.985.648	1.282.783	2.782.012	4.064.795
Interest expense	(3.226.351)	(714.014)	(1.717.858)	(2.431.872)
Net interest income	1.759.297	568.769	1.064.154	1.632.923
Net fee and commission income	851.816	217.077	506.871	723.948
Operating profit/(loss)	50.029	55.839	98.374	154.213
Other operating income (including dividend income) (*)	386.402	78.803	1.346.581	1.425.384
Total operating income	3.047.544	920.488	3.015.980	3.936.468
Provision for loan and other receivables	(339.965)	(114.163)	(1.290.270)	(1.404.433)
Other operating expenses	(1.998.077)	(443.665)	(3.444.979)	(3.888.644)
Net operating income	709.502	362.660	(1.719.269)	(1.356.609)
Tax provision	(197.263)	(124.217)	176.259	52.042
Net profit / (loss) for the year	512.239	238.445	(1.543.010)	(1.304.565)

(*) Turkcell shares sales income amounting to YTL1.144.318 thousand was included in the other operating income as of 31 December 2005.

VIII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP

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

1. 31 December 2006 :

Banks' 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	176.616	132.626	210.560	358.908	-	-
Balance at the End of the Period	402.823	86.242	379.620	731.475	-	-
Interest and Commission Income Received	24.070	60	27.578	1.979	-	-

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

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2. 31 December 2005 :

Banks' 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	362.732	1.017.502	2.720.345	47.246	-	-
Balance at the End of the Period	176.616	132.626	210.560	358.908	-	-
Interest and Commission Income Received	15.167	1.552	4.116	175	-	-

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

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

Banks' 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	
	2006	2005	2006	2005	2006	2005
Deposit						
Beginning of the Period	180.120	204.292	107.017	94.200	-	-
End of the Period	146.060	180.120	3.134.323	107.017	-	-
Interest Expense on Deposits	13.675	3.325	231.925	11	-	-

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

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

Banks' 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	
	2006	2005	2006	2005	2006	2005
Transactions at Fair Value Through Profit or Loss (**)						
Beginning of the Period (***)	10.641	1.916	-	-	-	-
End of the Period (***)	1.472	10.641	213.997	-	-	-
Total Profit / Loss	(5)	(3.959)	1.815	-	-	-
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

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

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

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

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

	Total Risk Group	Total Transaction Volume	%
Loans and Due from Banks	782.443	24.467.531	3%
Interest Income Received	51.648	3.511.726	1%
Non- Cash Loans	817.717	15.341.808	5%
Commission Income Received	2.039	128.398	2%
Deposit, Borrowings and Money Markets	3.280.383	39.083.565	10%
Interest Expense Paid	245.600	3.212.844	8%
Trading Transactions	215.469	5.171.954	4%
Trading Transactions Expenses (net)	1.810	257.675	1%

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

Salaries paid to the Bank’s key management amount to YTL8.192 thousand in 2006.

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

	Number	Employee number			
Domestic Branch	607	13.463			
			Country of Incorporation		
Foreign Rep. Office	3	8	1-Germany		
Foreign Rep. Office	1	-	2-Russia		
				Total Asset	Statutory Share capital
Foreign Branch	-	-		-	-
Off-Shore Banking Region Branch	1	7	1-Bahreyn	5.046.489	-

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X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1- As of 1 March 2007, the Bank received external financing which consisting of two parts and amounting to USD400 million according to the securitization program based on diversified payment rights of future cash flows with the leadership of the Standard Chartered Bank and Bayerische Hypo-und Vereinsbank AG. The maturity of the both parts is eight years which amounts to EUR115 million and USD250 million, respectively. With the external financing, fifth part of the transaction made in 2006 with a five-year maturity amounting to the USD310 million was repaid.
- 2- Based on the “Fintur, Superonline and Digitürk Purchase-Sale agreement” signed between the Bank and the Çukurova Group companies at 28 September 2005, the date set for the transfer of the Superonline shares was extended for an additional three months on 26 February 2007 in order to complete the share transfer.
- 3- Extraordinary General Assembly meetings regarding the transfer of Koç Yatırım Menkul Değerler A.Ş.’nin with all its rights, receivables, liabilities and obligations to one of the Bank’s subsidiaries, Yapı Kredi Yatırım Menkul Değerler A.Ş. and the consequential dissolution without liquidation were held on 29 December 2006 the merger was approved on 12 January 2007. As a result of the merger, the Bank’s share in Yapı Kredi Yatırım Menkul Değerler A.Ş. has decreased from 99,99% to 64,70%. However, share of Bank’s risk Group in the aforementioned company is 100%.
- 4- Extraordinary General Assembly meetings regarding the transfer of the Bank’s subsidiaries, Bayındırlık İşleri A.Ş. and Akdeniz Marmara Turizm ve Ticaret A.Ş. to another subsidiary of the Bank, Enternasyonal Turizm Yatırım A.Ş. were held on 5 February 2007 and the merger was approved on 8 February 2006. As a result of the merger, the Bank’s share in Enternasyonal Turizm Yatırım A.Ş. has decreased from 99,99% to 99,96%.
- 5- In the meeting of the Board of Directors as of 28 February 2007; it was resolved that the Bank’s capital will be increased from YTL3.142.818 thousand to YTL 3.149.450 thousand corresponding to a total increase of YTL6.632 thousand and according to Corporate Tax Law No.5422 Part No.12 of article 8, it has been decided that the increased capital amount of YTL6.632 thousand will be offset by adding the sales of the shares to the capital.
- 6- As of 26 February 2007, UCI is transferred 50% of its shares in KFS to the Bank Austria Creditanstalt AG (“BACA”). This transfer is subject to the permission of the CMB regarding the amendment of an indirect shareholding in terms of Yapı Kredi Portföy Yönetimi A.Ş. Since BACA is a company under the management of UCI, the share transfer does not result in an amendment to the management or the control of either Yapı Kredi or Yapı Kredi’s equity participations. Consequently, BACA plans to apply to the CMB in order to be exempted from the permission requirement as a result of other publicly held shares.

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**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON BANK’S OPERATIONS

1. On 4 April 2005 the auditors of the the CBRT sent an audit report dated 31 March 2005 to the Bank. The report includes critiques on the calculation methods of reserve requirements and liquidity obligations for various liability items. On the other hand, on 16 November 2005, the “Communiqué regarding the reserve requirements” numbered 2005/1 was issued in the Official Gazette numbered 25995. According to this Communiqué, if CBRT auditors conclude that the reserve requirements were understated for a specific time, twofold and threefold of the understated TL and foreign currency denominated amount, respectively, can be placed in the CBRT as interest free demand deposits for this specific time period. Otherwise, penalty interest will be charged regarding the understated amounts. The Bank management plans to use the option of placing interest free deposits in the CBRT, if any liability occurs against the Bank as a result of this process.
2. Ensuring the liquidation of foreign companies and funds that are direct or indirect shareholders of the Bank’s non-financial investments and associates and Enternasyonel Turizm Yatırım A.Ş.;
 - The 85,2% shares of Enternasyonel Turizm Yatırım A.Ş. held by Havenfields Tourism Investment N.V., which the Bank indirectly owns, have been purchased by the Bank.
 - Azur Tourism Investment N.V. shares within the portfolio of Sun Investment Fund, which the Bank directly and indirectly owns, have been purchased by the Bank for USD17.783.875 (YTL24.501 thousand).
 - The 6,77% of shares of Yapı Kredi Sigorta A.Ş. with a nominal value of YTL5.418.266, the shares of Yapı Kredi Finansal Kiralama A.O. realized as 5,40% after the merger with a nominal value of YTL21.048.664, and the 3,19% of shares of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. with a nominal value of YTL1.275.872 that were in the portfolio of Anatolia Investment Fund, which the Bank directly and indirectly owns, have been purchased by the Bank as of 28 December 2006 over-the-counter with no intermediary institutions.
 - The participation shares of Anatolia Investment Fund and Sun Investment Fund in the fund have been redeemed parallel with their liquidation process.
3. Extraordinary General Assembly meetings regarding the transfer of Koç Finansal Kiralama A.Ş. with all its rights, receivables, liabilities and obligations to the Yapı Kredi Finansal Kiralama A.O. and the consequential dissolution without liquidation were held on 21 December 2006 and the merger was approved on 27 December 2006. As a result of the merger, with the share purchase realized on 28 December 2006, the Bank’s share in Yapı Kredi Finansal Kiralama A.O. has decreased from 98,13% to 25,67%. However, share of Bank’s risk Group is 99,58%.
4. Extraordinary General Assembly meetings regarding the transfer of one of the Bank’s subsidiaries, Yapı Kredi Faktoring A.Ş. with all its rights, receivables, liabilities and obligations to the Koç Faktoring Hizmetleri A.Ş. and the consequential dissolution without liquidation were held on 22 and 27 December 2006 and the corporate title of Koç Faktoring Hizmetleri A.Ş. has been changed as Yapı Kredi Faktoring A.Ş. and the merger was approved on 29 December 2006. As a result of the merger, the Bank’s share in Yapı Kredi Faktoring A.Ş. has decreased from 99,98% to 40,48%. However, share of Bank’s risk Group is 100%.

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

YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006 AND 2005

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

OTHER EXPLANATIONS ON BANK’S OPERATIONS (Continued)

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

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

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements and notes as of 31 December 2006 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the auditor’s report dated 12 March 2007 was presented prior to these financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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