

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

YAPI VE KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 JUNE 2007**

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

YAPI VE KREDİ BANKASI A.Ş.

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

We have reviewed the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi") at 30 June 2007 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

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

- (i) As explained in detail in Note VI. 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 income statement, statement of cash flow and statement of changes in shareholders' equity as of 30 June 2007 are presented comparatively with the publicly announced unconsolidated income statement, statement of cash flow and statement of changes in shareholders' equity of Yapı Kredi before the legal merger as of 30 June 2006. On the other hand, the selected major income statement items derived from the publicly announced unconsolidated financial statements of Koçbank and Yapı Kredi (after the adoption of TAS) as of 30 June 2006 have been combined and presented as pro-forma information in Note VI. of Section Five.

- ii) As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying 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, 3 August 2007

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
YAPI VE KREDİ BANKASI A.Ş. AS OF 30 JUNE 2007**

E-mail : financialreports@yapikredi.com.tr

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

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

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

Rüşdü SARAÇOĞLU
Chairman of the
Board of Directors

Tayfun BAYAZIT
Chief Executive Officer

Carlo VIVALDI
Chief Financial Officer

Duygu DÖNMEZ
Head of Financial
Reporting Unit

Ranieri De MARCHIS
President of Audit Committee

Ahmet F. ASHABOĞLU
Member of Audit Committee

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

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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

(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 30 June 2007, 19,57% shares of the Bank are publicly traded (31 December 2006: 19,54%).

As of 28 September 2005, 57,4% of the Bank’s shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund (“SDIF”) were purchased by Koçbank A.Ş. (“Koçbank”). Besides, during April 2006 Koçbank purchased 9,1% of the shares of the Bank which were publicly traded on the ISE and 0,8% of the shares of an investment fund which were in the available for sale portfolio of the Bank. As a result, Koçbank increased its participation ratio to 67,3%. As explained in details in Note VI. of Section Five; all rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been registered as at 2 October 2006. After the merger, 80,18 % of the direct and indirect control of the Bank's shares has been transferred to the Koç Finansal Hizmetler A.Ş (“KFH”).

KFH, was established on 16 March 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. As of 22 October 2002, Koç Group established a strategic partnership with UniCredit SpA (“UCI”) over KFH. Therefore, the Bank is a joint venture of UCI and Koç Group.

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

As of 30 June 2007, 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. Rüşdü SARAÇOĞLU	Chairman
Board of Directors Members:	Tayfun Bayazıt	Chief Executive Officer
	Federico GHIZZONI	Member
	Seyit Kemal KAYA	Member
	Ranieri De MARCHIS	Member
	Ahmet Fadıl ASHABOĞLU	Member
	Thomas GROSS	Member
	Robert ZADRAZIL	Member
	Alessandro M. DECIO	Member
	Füsün Akkal BOZOK	Member
General Manager :	Tayfun Bayazıt	Chief Executive Officer

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YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

Title	Name	Responsibility
Vice General Managers:	Süleyman Cihangir KAVUNCU	Human Resources Management
	Alpar ERGUN	Legal Activities Management
	Mehmet Gani SÖNMEZ	Retail Banking Management
	Erhan ÖZÇELİK	Foreign Relations Management
	Hamit AYDOĞAN	Corporate and Commercial Management
	Mert YAZICIOĞLU	Treasury Management
	Tülay GÜNGEN	Corporate Identity and Communication
	Zeynep Nazan SOMER	Credit Cards and Consumer Lendings
	Carlo VIVALDI	Financial Planning, Administration and Control/CFO
	Mehmet Güray ALPKAYA	Credit Management
	Marco ARNABOLDI	Risk Management
	Mahmut Tevfik ÇEVİKEL	Central Purchasing and Insurance Management
	Mohammed Hishem LAROUSSE	Information Technology Management
	Mert GÜVENEN	Commercial Banking Management
	Muzaffer ÖZTÜRK	Retail Sales Management
	Kemal SEMERCİLER	Compliance Officer
Stefano PERAZZINI	Internal Audit	
Luca RUBAGA	Organisation Management	
Audit Committee Members:	Ranieri De MARCHIS	Chairman
	Robert Zadrzil	Member
	Ahmet Fadıl Ashaboğlu	Member
Statutory auditors:	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

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

IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:

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

V. EXPLANATION ON THE 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 30 June 2007, the Bank has 637 branches operating in Turkey, 1 branch and 4 representative offices operating abroad (31 December 2006: 607 branches operating in Turkey, 1 branch and 4 representative offices operating abroad) and 13.091 employees (31 December 2006: 13.478 employees).

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 31 DECEMBER 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five)	(30/06/2007)			(31/12/2006)		
		ASSETS			YTL	FC	Total
		YTL	FC	Total	YTL	FC	Total
I. CASH BALANCES WITH CENTRAL BANK	I-a	1.610.901	2.066.117	3.677.018	1.857.176	2.223.509	4.080.685
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	51.337	196.632	247.969	85.613	347.828	433.441
2.1 Trading Financial Assets		14.685	189.336	204.021	13.513	342.773	356.286
2.1.1 Government Debt Securities		14.685	189.336	204.021	13.513	342.773	356.286
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Trading Derivative Financial Assets		36.652	7.296	43.948	72.100	5.055	77.155
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	I-c	153.641	2.189.869	2.343.510	7.397	1.955.988	1.963.385
IV. MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
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	198.071	42.026	240.097	78.803	33.035	111.838
5.1 Share Certificates		2.014	23.599	25.613	1.814	15.206	17.020
5.2 Government Debt Securities		158.323	17.896	176.219	31.457	17.258	48.715
5.3 Other Marketable Securities		37.734	531	38.265	45.532	571	46.103
VI. LOANS	I-e	16.539.101	7.495.433	24.034.534	15.348.542	7.155.604	22.504.146
6.1 Loans		16.201.587	7.495.433	23.697.020	15.036.519	7.155.604	22.192.123
6.2 Loans under Follow-up		1.728.055	-	1.728.055	1.714.040	-	1.714.040
6.3 Specific Provisions (-)		(1.390.541)	-	(1.390.541)	(1.402.017)	-	(1.402.017)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	6.517.101	6.748.532	13.265.633	6.416.628	9.463.271	15.879.899
8.1 Government Debt Securities		6.517.101	6.748.532	13.265.633	6.416.628	9.463.271	15.879.899
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	2.658	43.434	46.092	3.528	43.434	46.962
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		2.658	43.434	46.092	3.528	43.434	46.962
9.2.1 Financial Investments in Associates		2.658	43.434	46.092	3.528	43.434	46.962
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	518.491	257.931	776.422	533.288	257.931	791.219
10.1 Financial Subsidiaries		479.837	233.431	713.268	452.853	233.431	686.284
10.2 Non-financial Subsidiaries		38.654	24.500	63.154	80.435	24.500	104.935
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-i	467	480	947	-	-	-
13.1 Fair Value Hedge		467	480	947	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		1.132.697	-	1.132.697	1.159.432	-	1.159.432
XV. INTANGIBLE ASSETS (Net)	I-j	1.143.522	-	1.143.522	1.152.548	-	1.152.548
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		164.029	-	164.029	173.055	-	173.055
XVI. TAX ASSET		240.867	-	240.867	275.664	-	275.664
16.1 Current Tax Asset		39.742	-	39.742	118.070	-	118.070
16.2 Deferred Tax Asset	I-k	201.125	-	201.125	157.594	-	157.594
XVII. ASSETS HELD FOR RESALE (Net)		164.017	-	164.017	180.447	-	180.447
XVIII. OTHER ASSETS	I-l	246.153	243.970	490.123	219.010	217.962	436.972
TOTAL ASSETS		28.519.024	19.284.424	47.803.448	27.318.076	21.698.562	49.016.638

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

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

YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 31 DECEMBER 2006

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

I. BALANCE SHEET	Note (Section Five)	(30/06/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	18.117.078	13.623.544	31.740.622	16.166.969	14.960.302	31.127.271
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	79.258	2.351	81.609	21.061	2.603	23.664
III. BORROWINGS	II-c	182.380	4.262.011	4.444.391	192.385	4.407.358	4.599.743
IV. MONEY MARKETS		784.761	227.555	1.012.316	2.957.463	399.088	3.356.551
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		784.761	227.555	1.012.316	2.957.463	399.088	3.356.551
V. MARKETABLE SECURITIES ISSUED (Net)							
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS							
VII. MISCELLANEOUS PAYABLES		2.009.609	101.081	2.110.690	1.844.442	467.460	2.311.902
VIII. OTHER LIABILITIES	II-d	186.591	759.356	945.947	363.516	482.291	845.807
IX. FACTORING PAYABLES							
X. FINANCIAL LEASE PAYABLES (Net)			17.350	17.350		18.789	18.789
10.1 Financial Lease Payables	II-e	1	17.921	17.922	2	19.455	19.457
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		(1)	(571)	(572)	(2)	(666)	(668)
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	21.200	-	21.200			
11.1 Fair Value Hedge		21.200	-	21.200	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	1.336.501	197.760	1.534.261	1.395.764	208.587	1.604.351
12.1 General Loan Loss Provision		427.527	197.760	625.287	438.395	208.587	646.982
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		125.227	-	125.227	148.292	-	148.292
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		783.747	-	783.747	809.077	-	809.077
XIII. TAX LIABILITY	II-h	236.678	-	236.678	144.139	-	144.139
13.1 Current Tax Liability		236.678	-	236.678	144.139	-	144.139
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE							
XV. SUBORDINATED LOANS	II-i		1.832.118	1.832.118		1.559.258	1.559.258
XVI. SHAREHOLDERS' EQUITY	II-j	3.782.106	44.160	3.826.266	3.382.604	42.559	3.425.163
16.1 Paid-in Capital		3.149.450	-	3.149.450	3.142.818	-	3.142.818
16.2 Capital Reserves		59.514	44.160	103.674	53.239	42.559	95.798
16.2.1 Share Premium		45.781	-	45.781	45.781	-	45.781
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Value Increase Fund	II-k	6.425	44.160	50.585	7.458	42.559	50.017
16.2.4 Revaluation of Property and Equipment		-	-	-	-	-	-
16.2.5 Revaluation of Intangible Fixed Assets		-	-	-	-	-	-
16.2.6 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.7 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.8 Value Increase of Assets Held for Resale		-	-	-	-	-	-
16.2.9 Other Capital Reserves		7.308	-	7.308	-	-	-
16.3 Profit Reserves		343.184	-	343.184	343.184	-	343.184
16.3.1 Legal Reserves		17.159	-	17.159	17.159	-	17.159
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		326.025	-	326.025	326.025	-	326.025
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		229.958	-	229.958	(156.637)	-	(156.637)
16.4.1 Prior Years' Income or (Loss)		(170.577)	-	(170.577)	(670.545)	-	(670.545)
16.4.2 Current Year Income or (Loss)		400.535	-	400.535	513.908	-	513.908
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		26.736.162	21.067.286	47.803.448	26.468.343	22.548.295	49.016.638

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

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

II. INCOME STATEMENTS				
INCOME AND EXPENSE ITEMS		Note (Section Five)	01/01-30/06/2007	01/01-30/06/2006(*)
I.	INTEREST INCOME	III-a	2.907.972	1.464.143
1.1	Interest on Loans	III-a-1	1.891.189	1.097.091
1.2	Interest Received from Reserve Requirements		90.733	38.330
1.3	Interest Received from Banks	III-a-2	46.089	18.639
1.4	Interest Received from Money Market Transactions		394	2.830
1.5	Interest Received from Marketable Securities Portfolio	III-a-3	838.747	300.324
1.5.1	Trading Financial Assets		12.265	42.456
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		14.870	18.755
1.5.4	Held to Maturity Investments		811.612	239.113
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		40.820	6.929
II.	INTEREST EXPENSE	III-b	(1.958.683)	(843.887)
2.1	Interest on Deposits	III-b-3	(1.599.058)	(731.820)
2.3	Interest on Funds Borrowed	III-b-1	(186.687)	(71.554)
2.4	Interest Expense on Money Market Transactions		(167.726)	(39.596)
2.5	Interest on Securities Issued		-	-
2.6	Other Interest Expenses		(5.212)	(917)
III.	NET INTEREST INCOME (I + II)		949.289	620.256
IV.	NET FEES AND COMMISSIONS INCOME		450.406	303.732
4.1	Fees and Commissions Received		575.119	402.686
4.1.1	Cash Loans		25.707	19.189
4.1.2	Non-cash Loans		65.021	43.383
4.1.3	Other		484.391	340.114
4.2	Fees and Commissions Paid		(124.713)	(98.954)
4.2.1	Cash Loans		(1.691)	(1.512)
4.2.2	Non-cash Loans		(47)	(100)
4.2.3	Other		(122.975)	(97.342)
V.	DIVIDEND INCOME		38.595	37.067
VI.	TRADING INCOME/(LOSS) (Net)	III-c	55.793	(17.842)
6.1	Trading Gains/(Losses) on Securities		(29.286)	57.726
6.2	Foreign Exchange Gains/(Losses)		85.079	(75.568)
VII.	OTHER OPERATING INCOME	III-d	207.007	62.679
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.701.090	1.005.892
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	III-e	(122.120)	(190.232)
X.	OTHER OPERATING EXPENSES (-)	III-f	(1.086.457)	(720.339)
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		492.513	95.321
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)		492.513	95.321
XVI.	PROVISION FOR INCOME TAXES (±)	III-g	(91.978)	(179.137)
16.1	Current Tax Provision		(136.424)	(9.681)
16.2	Deferred Tax Provision		44.446	(169.456)
XVII.	OPERATING INCOME/(LOSS) AFTER TAXES		400.535	(83.816)
17.1	Discontinued Operations		-	-
17.2	Other		400.535	(83.816)
XVIII.	NET INCOME/(LOSS) (XV+XVI)	III-h	400.535	(83.816)
	Earnings/(Loss) per share (in YTL full)		0,0013	(0,0004)

(*) The unconsolidated financial statements as of 30 June 2007 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 30 June 2006.

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

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIODS
FROM 1 APRIL TO 30 JUNE 2007 AND 2006**

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

II. INCOME STATEMENTS				
INCOME AND EXPENSE ITEMS		Note (Section Five)	01/04-30/06/2007	01/04-30/06/2006(*)
I.	INTEREST INCOME		1.469.017	802.259
1.1	Interest on Loans		980.331	585.579
1.2	Interest Received from Reserve Requirements		45.924	19.862
1.3	Interest Received from Banks		20.971	7.255
1.4	Interest Received from Money Market Transactions		226	334
1.5	Interest Received from Marketable Securities Portfolio		420.744	182.426
1.5.1	Trading Financial Assets		5.282	14.810
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		6.983	6.376
1.5.4	Held to Maturity Investments		408.479	161.240
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		821	6.803
II.	INTEREST EXPENSE		(983.567)	(447.702)
2.1	Interest on Deposits		(818.125)	(371.320)
2.3	Interest on Funds Borrowed		(95.852)	(47.820)
2.4	Interest Expense on Money Market Transactions		(68.531)	(28.101)
2.5	Interest on Securities Issued		-	-
2.6	Other Interest Expenses		(1.059)	(461)
III.	NET INTEREST INCOME (I + II)		485.450	354.557
IV.	NET FEES AND COMMISSIONS INCOME		239.118	166.361
4.1	Fees and Commissions Received		304.186	220.165
4.1.1	Cash Loans		13.571	15.275
4.1.2	Non-cash Loans		33.417	22.472
4.1.3	Other		257.198	182.418
4.2	Fees and Commissions Paid		(65.068)	(53.804)
4.2.1	Cash Loans		(691)	(785)
4.2.2	Non-cash Loans		(8)	(75)
4.2.3	Other		(64.369)	(52.944)
V.	DIVIDEND INCOME		16.550	55
VI.	TRADING INCOME/(LOSS) (Net)		25.673	(58.920)
6.1	Trading Gains/(Losses) on Securities		(45.214)	38.765
6.2	Foreign Exchange Gains/(Losses)		70.887	(97.685)
VII.	OTHER OPERATING INCOME		147.938	11.875
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		914.729	473.928
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(37.827)	(103.190)
X.	OTHER OPERATING EXPENSES (-)		(613.450)	(394.148)
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		263.452	(23.410)
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)		263.452	(23.410)
XVI.	PROVISION FOR INCOME TAXES (±)		(50.679)	(133.656)
16.1	Current Tax Provision		(96.547)	17.335
16.2	Deferred Tax Provision		45.868	(150.991)
XVII.	OPERATING INCOME/(LOSS) AFTER TAXES		212.773	(157.066)
17.1	Discontinued Operations		-	-
17.2	Other		212.773	(157.066)
XVIII.	NET INCOME/(LOSS) (XV+XVI)		212.773	(157.066)
	Earnings/(Loss) per share (in YTL full)		0,0007	0,0008

(*) The unconsolidated financial statements as of the 1 April – 30 June 2007 interim period 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 the 1 April – 30 June 2006 interim period.

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

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

**YAPI VE KREDİ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 31 DECEMBER 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

III. OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(30/06/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		20.467.839	13.587.270	34.055.109	17.472.597	13.141.772	30.614.369
I. GUARANTEES AND WARRANTIES	IV-a-2,3	6.487.501	8.233.447	14.720.948	6.297.403	9.044.405	15.341.808
1.1. Letters of Guarantee		5.616.251	5.219.418	10.835.669	5.571.633	5.534.958	11.106.590
1.1.1. Guarantees Subject to State Tender Law		448.703	560.973	1.009.676	431.794	647.471	1.079.265
1.1.2. Guarantees Given for Foreign Trade Operations		825.049	4.658.445	5.483.494	1.032.791	4.887.487	5.920.278
1.1.3. Other Letters of Guarantee		4.342.499	-	4.342.499	4.107.047	-	4.107.047
1.2. Bank Acceptances		-	214.521	214.521	-	216.649	216.649
1.2.1. Import Letter of Acceptance		-	214.521	214.521	-	216.649	216.649
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		1.117	2.185.230	2.186.347	325	2.535.477	2.535.802
1.3.1. Documentary Letters of Credit		1.117	2.185.230	2.186.347	325	2.535.477	2.535.802
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		143	1.753	1.896	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		6.180	488.807	494.987	4.777	583.506	588.276
1.9. Other Collaterals		863.810	123.718	987.528	720.533	171.931	892.464
II. COMMITMENTS	IV-a-1	11.075.574	215.953	11.291.527	9.514.236	1.056.426	10.570.662
2.1. Irrevocable Commitments		11.075.574	215.953	11.291.527	9.514.236	1.056.426	10.570.662
2.1.1. Asset Purchase Commitments		-	199.040	199.040	-	470.055	470.055
2.1.2. Deposit Purchase and Sales Commitments		-	15.883	15.883	-	569.144	569.144
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		1.364.958	-	1.364.958	1.310.760	-	1.310.760
2.1.8. Tax and Fund Liabilities from Export Commitments		41.541	-	41.541	39.365	-	39.365
2.1.9. Commitments for Credit Card Limits		3.668.950	-	3.668.950	8.163.986	-	8.163.986
2.1.10. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		125	1.030	1.155	125	17.227	17.352
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.904.764	5.137.870	8.042.634	1.660.958	3.040.941	4.701.899
3.1. Hedging Derivative Financial Instruments		154.433	143.364	297.797	-	-	-
3.1.1. Transactions for Fair Value Hedge		154.433	143.364	297.797	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		2.750.331	4.994.506	7.744.837	1.660.958	3.040.941	4.701.899
3.2.1. Forward Foreign Currency Buy/Sell Transactions		1.003.259	1.341.130	2.344.389	535.769	994.628	1.530.397
3.2.1.1. Forward Foreign Currency Transactions-Buy		555.567	628.676	1.184.243	379.139	400.948	780.087
3.2.1.2. Forward Foreign Currency Transactions-Sell		447.692	712.454	1.160.146	156.630	593.680	750.310
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		971.651	2.869.249	3.840.900	579.009	1.439.889	2.018.898
3.2.2.1. Foreign Currency Swap-Buy		8.000	1.099.933	1.107.933	112.788	449.948	562.736
3.2.2.2. Foreign Currency Swap-Sell		239.829	897.829	1.137.658	159.236	395.911	555.147
3.2.2.3. Interest Rate Swap-Buy		33.375	746.038	779.413	-	450.968	450.968
3.2.2.4. Interest Rate Swap-Sell		690.447	125.449	815.896	306.985	143.062	450.047
3.2.3. Foreign Currency, Interest rate and Securities Options		774.396	784.127	1.558.523	546.180	606.424	1.152.604
3.2.3.1. Foreign Currency Options-Buy		383.987	392.109	776.096	273.090	303.212	576.302
3.2.3.2. Foreign Currency Options-Sell		384.023	392.018	776.041	273.090	303.212	576.302
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		5.426	-	5.426	-	-	-
3.2.3.6. Securities Options-Sell		960	-	960	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		1.025	-	1.025	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		57.374.801	3.257.854	60.632.655	60.536.429	2.527.949	63.064.378
IV. ITEMS HELD IN CUSTODY		42.137.756	1.425.811	43.563.567	47.296.282	1.500.439	48.796.721
4.1. Customer Fund and Portfolio Balances		-	2.113	2.113	-	2.267	2.267
4.2. Investment Securities Held in Custody		34.193.484	1.100.828	35.294.312	39.229.872	1.154.620	40.384.492
4.3. Checks Received for Collection		4.760.044	52.591	4.812.635	4.669.933	49.098	4.719.031
4.4. Commercial Notes Received for Collection		3.183.063	216.187	3.399.250	3.395.301	235.461	3.630.762
4.5. Other Assets Received for Collection		-	54.092	54.092	-	58.993	58.993
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	11	-	11
4.8. Custodians		1.165	-	1.165	1.165	-	1.165
V. PLEDGES RECEIVED		14.967.153	1.797.585	16.764.738	13.240.147	1.027.510	14.267.657
5.1. Marketable Securities		361.900	489	362.389	362.711	580	363.291
5.2. Guarantee Notes		1.085.472	1.214.726	2.300.198	291.104	363.967	655.071
5.3. Commodity		20.698	-	20.698	-	-	20.617
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		10.620.236	456.973	11.077.209	9.682.256	499.324	10.181.580
5.6. Other Pledged Items		2.878.598	9.643	2.888.241	2.883.210	39.853	2.923.063
5.7. Pledged Items-Depository		249	115.754	116.003	249	123.786	124.035
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		269.892	34.458	304.350	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		77.842.640	16.845.124	94.687.764	78.009.026	15.669.721	93.678.747

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

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

YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT AT 30 JUNE 2006

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

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																
30 June 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. Period Opening Balance (31 December 2005) (*)		752.345	2.672.886	10.781	-	-	-	-	-	(2.996.274)	(58.871)	1.144.318	-	152.116	1.677.301	
II. Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	1.453.264	(260.410)	(1.144.318)	-	(51.356)	(2.820)	
2.1 Effects of Adjustments of Mistakes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	1.453.264	(260.410)	(1.144.318)	-	(51.356)	(2.820)	
III. New Balance (I+II)		752.345	2.672.886	10.781	-	-	-	-	-	(1.543.010)	(319.281)	-	-	100.760	1.674.481	
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Available-for-sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	4.365	4.365	
VI. Hedging from Risky Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Hedging from the Cash Flow risk		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Hedging from the Direct Investment Risk Abroad		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Available-for-sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Hedging from Risky Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.1 Hedging from the Cash Flow risk		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.2 Hedging from the Foreign Net Investment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Net Current Period Income/Loss		-	-	-	-	-	-	-	-	(83.816)	-	-	-	-	(83.816)	
X. Profit Distribution		-	-	-	-	-	-	-	-	1.543.010	(1.543.010)	-	-	-	-	
10.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10.2 Transfers to Reserves		-	-	-	-	-	-	-	-	1.543.010	(1.543.010)	-	-	-	-	
10.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Capital Increase		1.144.318	-	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	
11.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Value Increase due to Revaluation of Property and Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3 Investments, Subsidiaries and Joint Ventures Free 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		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-	
XII. Gains and Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. First Capital Subordinated Borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Secondary Capital Subordinated Borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Effects of the Investments Equity on the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Elimination of Accumulated Deficit		-	(2.672.886)	-	-	-	-	-	-	-	2.672.886	-	-	-	-	
Period End Balance (III+IV+.....+XIV+XV+XVII)		1.896.663	-	10.781	-	-	-	-	-	(83.816)	(333.723)	-	-	105.125	1.595.030	

(*) The unconsolidated financial statements as of 30 June 2007 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 30 June 2006.

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

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YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT AT 30 JUNE 2007

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

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY															
30 June 2007	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		3.142.818		45.781	-	17.159	-	326.025	-	512.239	(745.500)	-	-	45.334	3.343.856
II. Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	1.669	74.955	-	-	4.683	81.307
2.1 Effects of Adjustments of Mistakes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	1.669	74.955	-	-	4.683	81.307
III. New Balance (I+II)		3.142.818		45.781		17.159		326.025		513.908	(670.545)			50.017	3.425.163
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Investments in Associates, Subsidiaries and Available-for-sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	568	568
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Available-for-Sale Investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Hedging from Risky Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Net Current Period Income		-	-	-	-	-	-	-	-	400.535	-	-	-	-	400.535
X. Profit Distribution		-	-	-	-	-	-	-	7.308	(513.908)	506.600	-	-	-	-
10.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.2 Transfers to Reserves		-	-	-	-	-	-	-	7.308	(513.908)	506.600	-	-	-	-
10.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital Increase		6.632		-	-	-	-	-	-	-	-	-	-	(6.632)	-
11.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Value Increase due to Revaluation of the Plant and Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Investments in Associates, Subsidiaries and Joint Ventures Bonus Shares Obtained		6.632	-	-	-	-	-	-	-	-	-	-	-	(6.632)	-
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 the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Primary Subordinated Borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Secondary Subordinated Borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)		3.149.450		45.781		17.159		326.025	7.308	400.535	(170.577)			50.585	3.826.266

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

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YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007 AND 2006

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

V. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(30/06/2007)	(30/06/2006) (*)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		926.547	37.372
1.1.1 Interest received		3.025.583	1.347.653
1.1.2 Interest paid		(1.956.040)	(907.216)
1.1.3 Dividend received		38.595	37.067
1.1.4 Fees and commissions received		575.119	402.686
1.1.5 Other income		250.355	742.523
1.1.6 Collections from previously written-off loans and other receivables		222.254	102.609
1.1.7 Payments to personnel and service suppliers		(381.039)	(224.910)
1.1.8 Taxes paid		(135.832)	(11.400)
1.1.9 Extraordinary Items		-	-
1.1.10 Other		(712.448)	(1.451.640)
1.2 Changes in operating assets and liabilities		(2.697.810)	582.301
1.2.1 Net decrease in trading securities		141.105	650.537
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net decrease/(increase) in due from banks and other financial institutions		3.685	(2.999)
1.2.4 Net (increase) in loans		(1.447.822)	(3.334.215)
1.2.5 Net decrease/(increase) in other assets		235.613	(532.299)
1.2.6 Net (decrease)/increase in bank deposits		(2.584.635)	1.935.946
1.2.7 Net increase in other deposits		859.482	720.786
1.2.8 Net increase/(decrease) in funds borrowed		109.145	(365.371)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net (decrease)/increase in other liabilities		(14.383)	1.509.916
I. Net cash provided from banking operations		(1.771.263)	619.673
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		2.030.494	(2.033.215)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	(697)
2.2 Cash obtained from disposal of investments, associates and subsidiaries		28.685	-
2.3 Purchases of property and equipment		(55.632)	(25.787)
2.4 Disposals of property and equipments		17.905	1.103
2.5 Cash paid for purchase of investments available-for-sale		(76.920)	(24.119)
2.6 Cash obtained from sale of investments available-for-sale		546	197.136
2.7 Cash paid for purchase of investment securities		(2.534.572)	(2.180.851)
2.8 Cash obtained from sale of investment securities		4.642.277	-
2.9 Other		8.205	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(1.439)	(114)
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		(1.439)	(114)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		257.792	(1.413.656)
VI. Cash and cash equivalents at beginning of the period	V-a	2.962.345	2.949.505
VII. Cash and cash equivalents at end of the period	V-a	3.220.137	1.535.849

(*) The unconsolidated financial statements as of 30 June 2007 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 30 June 2006.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION:

The 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 and explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 26430 dated 10 February 2007.

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

The 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 effects of these corrections are reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXVIII. 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

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 the adoption of TAS are reflected to the financial statements as of 1 January 2005 and also to financial statements as of the 30 June 2006 that are presented comparative to 30 June 2007 financial statements.

Effects of adoption of TAS:

Reconciliation of the unconsolidated shareholders’ equity reported under previous accounting principles to the unconsolidated shareholders’ equity under 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 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 and valuation differences of subsidiaries and associates	(51.356)	-	293.339	(287.607)	(45.624)
Adjustment on currency differences of foreign subsidiaries and investments	-	-	26.884	59.982	86.866
Adjustment on sales income of investments in associates	-	(1.144.318)	1.144.318	-	-
Effect of adjustments on deferred tax	-	-	4.833	14.051	18.884
Total effect of TAS adjustments	(51.356)	(1.144.318)	1.453.264	(260.410)	(2.820)
Adjusted balances as of 31 December 2005	100.760	-	(1.543.010)	(319.281)	1.674.481

Reconciliation of the net income reported under previous accounting principles in the financial statements to profit under TAS for the same period:

	30 June 2006
Loss for the period before TAS applications	(33.528)
Reserve for employee rights	(7.852)
Correction of the impairment on subsidiaries	4.610
Correction of the currency differences of foreign subsidiaries and investments	(42.322)
Deferred tax effect	(4.724)
Total effect on the profit of the period before the application of TAS	(50.288)
Loss for the period after TAS applications	(83.816)

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND
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 the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking 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”. Since the foreign currency investments and subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore there are no foreign exchange differences realised.

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

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

Foreign currency denominated investments in associates and subsidiaries are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rate prevailing at the transaction date and are reflected to the financial statements after deducting the provision for impairment; if exists. In the financial statements of previous period, 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. To comply with the current period evaluation policies, the effect of the related change has been reflected to the previous period’s financial statements.

The Bank has no joint ventures as of 30 June 2007 and 31 December 2006.

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

The fair values of the derivative financial instruments are calculated 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 an 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 income is 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 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

There are no financial assets that were previously classified as held-to-maturity but 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 the “effective interest method”. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 26333 dated 1 November 2006. In this context, the 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. The general loan loss provision provided by this methodology is greater than the minimum amount required by the related regulations.

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 have been finalised.

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 it 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

XI. INFORMATION ON ASSETS HELD FOR RESALE:

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS :

a. Goodwill

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

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

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 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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XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT :

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

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

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

(*) Special costs include the expenditures for the leased immovables and are 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 the useful life.

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

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

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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 the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

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

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, foundations like the Fund will be transferred to the Social Security Institution (“SSI”) within three years beginning from the published date of this article without the need for 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 the deficit reported in the actuarial report by 31 December 2007 and the calculated provision is accounted under the “Other provisions” account as of the balance sheet date.

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

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION :

a. Current tax:

“Corporate Tax Law”(“New Tax Law”) No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. Many clauses of the “New Tax Law” are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006 (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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON BORROWINGS :

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES :

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity 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 30 June 2007 and 31 December 2006, the Bank has no government grants.

XXII. LEGAL MERGER :

As both the Koçbank and Yapı Kredi were the banks under the common control of KFH 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,
- As of 31 December 2006, all the transactions between Koçbank and Yapı Kredi 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).
- As of the acquisition date, the valuation of the intangible assets of Yapı Kredi has been performed and the 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.
- The income statement, equity movement and the statement of cash flow as of 30 June 2007 are presented comparatively with the unconsolidated publicly announced financial statements (after TAS corrections) of Yapı Kredi as of 30 June 2006.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. PROFIT RESERVES AND PROFIT DISTRIBUTION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code (“TCC”) ,the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application.

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

XXIV. EARNINGS PER SHARE:

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

	30 June 2007	30 June 2006
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	400.535	(83.816)
Weighted Average Number of Issued Ordinary Shares(Thousand)	314.945.000	189.666.249
Earnings Per Share (Disclosed in full YTL)	0,0013	(0,0004)

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 30 June 2007, the total number bonus shares issued is 663.154.590. (30 June 2006: 114.431.780.062).

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.

XXVI. CASH AND CASH EQUIVALENTS:

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

XXVII. OPERATING SEGMENTS:

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

XXVIII. 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 2006 and 30 June 2006, to conform to changes in presentation in the 30 June 2007 financials.

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SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Bank is 12,30% (31 December 2006: 12,31%).
- 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)	18.963.428	2.470.727	3.692.835	21.078.716
Cash	348.565	2.875	-	-
Matured marketable securities	-	-	-	-
The Central Bank of the Republic of Turkey	534.909	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	2.320.655	-	11.412
Interbank money market placements	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	2.751.643	-	-	-
Loans	1.528.537	9.354	3.649.267	18.229.525
Non-performing receivables (Net)	-	-	-	337.514
Lease receivables	-	-	-	-
Available-for-sale financial assets	211.485	-	-	26.144
Held-to-maturity investments	12.692.436	-	-	-
Receivables from the disposal of assets	-	-	-	18.039
Miscellaneous receivables	-	119.146	-	136.701
Interest and income accruals	650.523	3.014	43.568	217.641
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	748.280
Fixed assets	-	-	-	1.271.538
Other assets	245.330	15.683	-	81.922
Off-balance sheet items	253.618	3.962.989	2.279.861	8.141.388
Non-cash loans and commitments	253.618	3.923.643	2.279.861	8.130.318
Derivative financial instruments	-	39.346	-	11.070
Non-risk weighted accounts	-	-	-	-
Total Risk Weighted Assets	19.217.046	6.433.716	5.972.696	29.257.838

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

	30 June 2007	31 December 2006
Amount subject to credit risk “ASCR”	33.493.195	32.474.602
Amount subject to market risk “ASMR”	360.325	309.900
Amount subject to operational risk “ASOR” (*)	4.665.604	-
Shareholders’ equity	4.737.124	4.037.076
Shareholders’ equity /(ASCR+ASMR+ASOR) *100	12,30	12,31

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

e. Information about shareholders’ equity items:

	30 June 2007	31 December 2006
CORE CAPITAL		
Paid-in capital	3.149.450	3.142.818
Nominal capital	3.149.450	3.142.818
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	45.781	45.781
Share cancellation profits	-	-
Legal reserves	17.159	17.159
First legal reserve (Turkish Commercial Code 466/1)	17.159	17.159
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	326.025	326.025
Reserves allocated by the General Assembly	326.025	326.025
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	400.535	512.239
Current period profit (net)	400.535	512.239
Prior period profit	-	-
Provisions for possible risks (up to 25% of core capital)	52.299	76.138
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	7.308	-
Primary subordinated loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	(170.577)	(745.500)
Current period loss (net)	-	-
Prior period loss	(170.577)	(745.500)
Special costs (-) (*)	(25.176)	(25.771)
Prepaid expenses (-) (*)	(96.583)	(68.711)
Intangible assets (-) (*)	(1.143.522)	(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	3.827.980	3.374.660

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SUPPLEMENTARY CAPITAL		
General provisions	423.169	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	1.803.024	1.540.285
45 % of Marketable Securities valuation fund	22.764	20.400
From investments in associates and subsidiaries	-	(2.108)
Available-for-Sale financial assets	22.764	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	2.248.957	1.970.491
TIER III CAPITAL	-	-
CAPITAL	6.076.937	5.345.151
DEDUCTIONS FROM THE CAPITAL (*)	1.340.284	1.308.075
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	74.234	60.217
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	769	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 are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date.	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	4.736.653	4.037.076

(*) According to the temporary article 1. of the “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.

Previous period's information disclosed in the notes “Summary information about capital adequacy ratio” and “Information about shareholders' equity items” does not include the effects of the TAS corrections made as of 30 June 2007, on 31 December 2006 financial statements.

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II. EXPLANATIONS ON MARKET RISK:

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

a. Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	17.629
(II) Capital to be Employed for Specific Risk -Standard Method	485
(III) Capital to be Employed for Currency Risk - Standard Method	10.712
(IV)Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(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)	28.826
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	360.325

III. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on “Basic Indicator Method” by using 2006, 2005 and 2004 year-end gross income balances of the Bank, in accordance with the Section 4 of the “ Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No. 26333 dated 1 November 2006, namely “The Calculation of the Amount Subject to Operational Risk”. As of 30 June 2007, the total amount subject to operational risk is YTL 4.665.604 thousand and the amount of the related capital requirement is YTL 373.248 thousand.

IV. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in “Net Foreign Currency Position” (Cross Currency Risk). 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:	1,28180 YTL	1,72530 YTL	0,01039 YTL
1. Day bid rate	1,29180 YTL	1,73590 YTL	0,01052 YTL
2. Day bid rate	1,28670 YTL	1,73090 YTL	0,01043 YTL
3. Day bid rate	1,27640 YTL	1,71740 YTL	0,01031 YTL
4. Day bid rate	1,27010 YTL	1,70540 YTL	0,01021 YTL
5. Day bid rate	1,27200 YTL	1,70270 YTL	0,01026 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 below:

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

As of 31 December 2006;

	USD	EUR	Yen
Balance Sheet Evaluation Rate:	1,37770 YTL	1,81210 YTL	0,01157 YTL

Information on currency risk of the Bank:

The foreign currency position of the Bank is disclosed in terms of the material currencies in the following table. Foreign currency indexed assets, classified as Turkish Lira assets according to Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of 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
30 June 2007					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.841.971	214.968	210	8.968	2.066.117
Due From Banks and Other Financial Institutions	1.408.519	580.811	15.745	184.794	2.189.869
Financial Assets at Fair Value Through Profit or Loss	71.099	118.237	-	-	189.336
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	135	41.891	-	-	42.026
Loans (**)	2.546.634	5.566.655	21.755	155.722	8.290.766
Investments in Associates, Subsidiaries and Joint Ventures	178.088	79.847	-	43.434	301.369
Held-to-Maturity Investments	389.028	6.359.504	-	-	6.748.532
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	82.312	67.108	52	94.446	243.918
Total Assets	6.517.786	13.029.021	37.762	487.364	20.071.933
Liabilities					
Bank Deposits	9.380	20.959	86	107.637	138.062
Foreign Currency Deposits	3.853.543	9.264.554	30.685	336.700	13.485.482
Funds From Interbank Money Market	35.942	191.613	-	-	227.555
Funds Borrowed From Other Financial Institutions	1.113.487	3.146.314	915	1.295	4.262.011
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	32.928	61.691	2.858	3.604	101.081
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.262.990	300.850	1.219	33.681	2.598.740
Total Liabilities	7.308.270	12.985.981	35.763	482.917	20.812.931
Net On-balance Sheet Position	(790.484)	43.040	1.999	4.447	(740.998)
Net Off-balance Sheet Position	883.848	(17.968)	(2.597)	19.087	882.370
Financial Derivative Assets	1.217.467	1.768.557	1.559	22.537	3.010.120
Financial Derivative Liabilities	333.619	1.786.525	4.156	3.450	2.127.750
Non-Cash Loans	2.650.790	5.125.465	292.710	164.482	8.233.447
31 December 2006					
Total Assets	7.223.801	14.585.069	24.597	427.899	22.261.366
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

(*) Of the “Other FC” total assets amounting to YTL487.364 thousand (31 December 2006: YTL427.899 thousand); YTL219.974 thousand is in Gold (31 December 2006: YTL243.728 thousand); YTL183.372 thousand is in British Pounds (31 December 2006: YTL97.765 thousand); YTL64.549 thousand is in Swiss Francs (31 December 2006: YTL59.599 thousand) and YTL19.469 thousand is in other currencies (31 December 2006: YTL26.807 thousand). Of the total liabilities amounting to YTL482.917 thousand (31 December 2006: YTL538.285 thousand); YTL223.800 thousand is in Gold (31 December 2006: YTL254.771 thousand); YTL193.068 thousand is in British Pounds (31 December 2006: YTL202.839 thousand), YTL50.849 thousand is in Swiss Francs (31 December 2006: YTL60.367 thousand) and YTL15.200 thousand is in other currencies (31 December 2006: YTL20.308 thousand).

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

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V. EXPLANATIONS ON INTEREST RATE RISK:

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

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

30 June 2007	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.797.490	-	-	-	-	879.528	3.677.018
Due From Banks and Other Financial Institutions	1.694.447	95.630	-	-	-	553.433	2.343.510
Financial Assets at Fair Value Through Profit/Loss	17.630	16.186	34.464	33.573	146.116	-	247.969
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	8.155	12.983	55	138.855	16.171	63.878	240.097
Loans	6.056.483	2.884.024	3.551.607	3.981.469	7.223.437	337.514	24.034.534
Held-to-Maturity Investments	1.124.583	4.229.798	1.368.377	552.048	5.990.827	-	13.265.633
Other Assets	-	-	544	403	-	3.993.740	3.994.687
Total Assets	11.698.788	7.238.621	4.955.047	4.706.348	13.376.551	5.828.093	47.803.448
Liabilities							
Bank Deposits	30.153	96.986	4.661	1.013	-	57.003	189.816
Other Deposits	21.664.708	3.572.382	589.379	591.016	48.052	5.085.269	31.550.806
Funds From Interbank Money Market	890.589	12.862	108.865	-	-	-	1.012.316
Miscellaneous Payables	2.052.883	8.430	2.892	2.198	-	44.287	2.110.690
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	36.630	2.749.581	1.012.113	587.413	58.654	-	4.444.391
Other Liabilities and Shareholders' Equity	13.763	886.040	1.013.662	38.400	408	6.543.156	8.495.429
Total Liabilities	24.688.726	7.326.281	2.731.572	1.220.040	107.114	11.729.715	47.803.448
Balance Sheet Long Position	-	-	2.223.475	3.486.308	13.269.437	-	18.979.220
Balance Sheet Short Position	(12.989.938)	(87.660)	-	-	-	(5.901.622)	(18.979.220)
Off-balance Sheet Long Position	5.718	8.702	-	-	4.143	-	18.563
Off-balance Sheet Short Position	-	-	(45.933)	(22.314)	-	-	(68.247)
Total Position	(12.984.220)	(78.958)	2.177.542	3.463.994	13.273.580	(5.901.622)	(49.684)

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31 December 2006	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of 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	63.123	111.838
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	-	-	-	-	-	4.043.244	4.043.244
Total Assets	13.150.840	7.743.840	6.747.514	4.404.325	11.157.114	5.813.005	49.016.638
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	6.043.124	7.621.171
Total Liabilities	26.431.113	6.043.899	842.316	1.518.978	2.846.637	11.333.695	49.016.638
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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b. Average interest rates for monetary financial instruments:

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

30 June 2007	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,94	2,18	-	11,28
Due From Banks and Other Financial Institutions	4,18	5,44	0,72	19,86
Financial Assets at Fair Value Through Profit/Loss	6,42	8,71	-	18,74
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	6,20	-	18,88
Loans	5,85	7,03	2,81	22,09
Held-to-maturity Investments	5,73	7,53	-	19,89
Liabilities				
Bank Deposits	-	3,81	-	19,21
Other Deposits	2,64	4,74	0,30	20,03
Funds From Interbank Money Market	5,87	7,76	-	19,39
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,64	5,34	1,49	16,04

31 December 2006	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,71	2,26	-	11,07
Due From Banks and Other Financial Institutions	3,63	5,39	-	19,06
Financial Assets at Fair Value Through Profit/Loss	9,06	8,44	-	19,08
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	7,43	-	16,94
Loans	5,55	5,48	2,17	21,38
Held-to-maturity Investments	3,85	7,25	-	19,25
Liabilities				
Bank Deposits	1,00	5,66	-	20,70
Other Deposits	2,69	4,97	0,29	21,14
Funds From Interbank Money Market	4,02	6,97	-	20,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,19	5,35	1,28	15,62

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 payments, asset and liabilities with interest rates has been followed via daily and monthly liquidity gap reports and it has been worked on the effects of any incompliance.

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

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Unclassified (*)	Total
30 June 2007								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	879.528	2.797.490	-	-	-	-	-	3.677.018
Due From Banks and Other Financial Institutions	553.433	1.694.447	95.630	-	-	-	-	2.343.510
Financial Assets at Fair Value Through Profit or Loss	-	16.466	13.053	19.618	34.386	164.446	-	247.969
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	38.265	3	1.611	55	138.855	35.695	25.613	240.097
Loans	-	5.344.375	3.031.620	3.672.412	3.144.731	8.503.882	337.514	24.034.534
Held-to-maturity Investments	-	-	474.157	352.159	954.066	11.485.251	-	13.265.633
Other Assets (*)	104.395	268.144	3.007	4.757	49.165	201.420	3.363.799	3.994.687
Total Assets	1.575.621	10.120.925	3.619.078	4.049.001	4.321.203	20.390.694	3.726.926	47.803.448
Liabilities								
Bank Deposits	57.003	30.153	96.986	4.661	1.013	-	-	189.816
Other Deposits	5.085.269	21.664.708	3.572.382	589.379	591.016	48.052	-	31.550.806
Funds Borrowed From Other Financial Institutions	-	36.630	898.704	114.284	587.414	2.807.359	-	4.444.391
Funds From Interbank Money Market	-	890.589	12.862	108.865	-	-	-	1.012.316
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	44.287	2.049.554	-	-	16.849	-	-	2.110.690
Other Liabilities (**)	1.534.258	1.196.394	9.817	32.239	13.049	1.883.406	3.826.266	8.495.429
Total Liabilities	6.720.817	25.868.028	4.590.751	849.428	1.209.341	4.738.817	3.826.266	47.803.448
Net Liquidity Gap	(5.145.196)	(15.747.103)	(971.673)	3.199.573	3.111.862	15.651.877	(99.340)	-
31 December 2006								
Total Assets	1.601.855	12.094.728	4.798.936	5.244.586	3.447.386	18.096.213	3.732.934	49.016.638
Total Liabilities	6.966.628	27.365.853	4.376.718	835.747	1.521.344	4.525.185	3.425.163	49.016.638
Net Liquidity Gap	(5.364.773)	(15.271.125)	422.218	4.408.839	1.926.042	13.571.028	307.771	-

(*) 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 and 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. EXPLANATIONS ON OPERATING SEGMENTS:

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

Retail banking provides products and services to individual and small business customers. Products and services include general purpose loans, car loans, mortgage, deposits, investment accounts, life and non-life insurance products, payroll services, ATMs, telephone banking, internet banking and mobile banking.

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

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

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

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

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

30 June 2007	Retail Banking	Corporate Banking	Private Banking and Wealth Management	Credit Cards	Other	Total Operations of the Bank
Segment revenue	466.198	342.075	44.375	455.554	354.295	1.662.497
Unallocated costs	-	-	-	-	(1.208.579)	(1.208.579)
Net Operating Profit	466.198	342.075	44.375	455.554	(854.284)	453.918
Dividend income	-	-	-	-	-	38.595
Profit before tax	-	-	-	-	-	492.513
Tax Expense	-	-	-	-	-	(91.978)
Net Profit	-	-	-	-	-	400.535
Segment assets	5.049.875	11.641.282	151.244	5.894.972	21.541.802	44.279.175
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	822.520
Unallocated assets	-	-	-	-	2.701.753	2.701.753
Total Assets	5.049.875	11.641.282	151.244	5.894.972	24.243.555	47.803.448
Segment liabilities	13.138.688	10.204.405	7.644.715	1.558.589	14.101.171	46.647.568
Unallocated liabilities	-	-	-	-	1.155.880	1.155.880
Total liabilities	13.138.688	10.204.405	7.644.715	1.558.589	15.257.051	47.803.448

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SECTION FIVE
EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL
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I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Cash/Foreign currency	239.034	102.710	307.316	125.231
CBRT	1.371.867	1.960.532	1.549.860	2.095.114
Other	-	2.875	-	3.164
Total	1.610.901	2.066.117	1.857.176	2.223.509

2. Information on the account of the CBRT:

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

3. Information on reserve requirements:

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

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

1. As of 30 June 2007, financial assets at fair value through profit or loss subject to repo transactions amount to YTL101.765 thousand (31 December 2006:YTL195.994 thousand), and given as collateral/blocked amount to YTL9.281 thousand (31 December 2006:YTL14.358 thousand).

2. Positive differences related to trading derivative financial assets:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	28.709	2.395	34.413	3.311
Swap Transactions	7.943	4.901	37.687	1.744
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	36.652	7.296	72.100	5.055

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c. Information on banks and other financial institutions:

1. Information on banks and other financial institutions:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	153.641	2.189.869	7.306	1.955.988
Domestic	17.860	134.776	7.298	226
Foreign	135.781	2.055.093	8	1.955.762
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	91	-
Total	153.641	2.189.869	7.397	1.955.988

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

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

As of 30 June 2007, available-for-sale financial assets given as collateral/blocked amount to YTL5.998 thousand (31 December 2006: YTL21.113 thousand). There are no available-for-sale financial assets subject to repo transactions (31 December 2006: None).

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

	30 June 2007	31 December 2006
Debt Securities	176.500	49.660
Quoted to Stock Exchange (*)	176.500	49.660
Not Quoted	-	-
Share Certificates	67.413	58.822
Quoted to Stock Exchange	-	-
Not Quoted	67.413	58.822
Impairment Provision (-)	(42.081)	(42.747)
Other	38.265	46.103
Total	240.097	111.838

(*) As of 30 June 2007, even though Eurobonds amounting to YTL7.650 thousand (31 December 2006: YTL15.104 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 of 30 June 2007, other available-for-sale financial assets include B type liquid funds.

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e. Explanations on loans:

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

	30 June 2007		31 December 2006	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	-	89	224
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	89	224
Indirect Loans Granted To Shareholders	302.304	535.733	379.531	731.251
Loans Granted To Employees	44.026	-	45.343	-
Total	346.330	535.733	424.963	731.475

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	21.933.761	972.494	773.716	17.049
Discount and Purchase Notes	219.055	-	920	-
Export Loans	2.038.056	427	60.413	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	278.212	-	-	-
Foreign Loans	29.115	673.182	-	-
Consumer Loans	2.791.566	-	174.653	-
Credit Cards	5.623.518	-	359.222	-
Precious Metal Loans	136.734	-	53	-
Other	10.817.505	298.885	178.455	17.049
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	21.933.761	972.494	773.716	17.049

The Bank’s cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement (“FRA”) amounted to USD738.710.506 (YTL946.879.127 thousand) (31 December 2006: USD752.945.836 (YTL1.037.333 thousand)) as of 30 June 2007, which is classified under “Standard Loans and Other Receivables that have been restructured or rescheduled”. The annual interest rate for the remaining portion of the Çukurova Group risk per “FRA Modification Agreement” is identified as Libor+2,5% and the maturity of the last payment is 30 September 2015. According to the “Pledge Agreement” signed between the Bank, Çukurova Holding A.Ş. (“Çukurova Holding”) and Çukurova Investments N.V. (“Çukurova Investments”) on 28 September 2005, the Bank has a continuous pledge on 6.743% of Turkcell İletişim Hizmetleri A.Ş. (“Turkcell”) shares of Çukurova Holding and Çukurova Investments in relation to the Çukurova Group loans repayment liability. The fair value of those Turkcell collaterals amounts to approximately YTL1.235.706 thousand as of 30 June 2007. As explained in Note VIII. of Section Five., Çukurova Holding made an early repayment at 13 July 2007, amounting to around USD480 million and the loan amount regarding the FRA decreased to USD257.858.006.

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

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

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

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

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

	30 June 2007	31 December 2006
Domestic loans	22.994.723	21.398.737
Foreign loans	702.297	793.386
Total	23.697.020	22.192.123

6. Loans granted to investments in associates and subsidiaries:

	30 June 2007	31 December 2006
Direct loans granted to investments in associates and subsidiaries	78.718	73.407
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	78.718	73.407

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7. Specific provisions provided against loans:

	30 June 2007	31 December 2006
Loans and other receivables with limited collection ability	26.638	25.098
Loans and other receivables with doubtful collection ability	129.426	87.664
Uncollectible loans and other receivables	1.234.477	1.289.255
Total	1.390.541	1.402.017

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collection ability	Loans and other receivables with doubtful collection ability	Uncollectible loans and other receivables
31 December 2006	138.198	139.901	1.435.941
Additions (+)	295.500	19.945	25.651
Transfers from other categories of non-performing loans (+)		258.889	152.421
Transfers to other categories of non-performing loans (-)	258.889	152.421	
Collections (-)	36.547	35.691	150.016
Write-offs (-)	-	4	104.823
30 June 2007	138.262	230.619	1.359.174
Special Provision (-)	26.638	129.426	1.234.477
Net Balance on balance sheet	111.624	101.193	124.697

8(iii). Information on non-performing loans granted as foreign currency loans: None.

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f. Information on held-to-maturity investments:

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

	30 June 2007	31 December 2006
Government Bond	13.265.633	12.705.554
Treasury Bill	-	-
Other debt securities(*)	-	3.174.345
Total	13.265.633	15.879.899

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

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

	30 June 2007	31 December 2006
Debt Securities	13.277.879	15.883.387
Quoted to Stock Exchange (*)	13.120.095	15.737.531
Not Quoted	157.784	145.856
Impairment Provision (-)	(12.246)	(3.488)
Total	13.265.633	15.879.899

(*) 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.

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

	30 June 2007	31 December 2006
Beginning balance	15.879.899	4.162.401
FC differences on monetary assets	(428.926)	(831.228)
Transfers from Koçbank due to legal merger	-	5.038.780
Purchases during year	2.705.178	7.949.578
Disposals through sales and redemptions	(4.880.196)	(437.708)
Impairment provision	(10.322)	(1.924)
Period end balance	13.265.633	15.879.899

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

As of 30 June 2007, held-to-maturity investments given as collateral amount to YTL1.333.834 thousand (31 December 2006: YTL1.254.568 thousand). Held-to-maturity investments subject to repo transactions amount to YTL1.004.520 thousand (31 December 2006: YTL3.497.368 thousand).

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g. Information on investments in associates (Net):

1. General information on unconsolidated investments in associates:

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

(*) Financial statement information in Note-II. below are disclosed in thousands of 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	Market value
1	2.391.639	125.797	4.139	43.854	2.904	11.493	9.439	-
2	18.031	14.614	1.950	1.351	-	2.345	2.114	-

3. Movement of unconsolidated investments in associates :

	30 June 2007	31 December 2006
Balance at the beginning of the period	46.962	55.714
Movements during the period	(870)	(8.752)
Purchases	-	-
Transfers from Koçbank due to legal merger	-	2.003
Transfers	-	(2.657)
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales	-	(7.400)
Revaluation (decrease)/increase	-	-
Impairment provision	(870)	(698)
Balance at the end of the period	46.092	46.962
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

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

	30 June 2007	31 December 2006
Banks	43.434	43.434
Insurance Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	2.658	3.528
Total Financial Investments	46.092	46.962

5. Valuation of unconsolidated investments in associates:

	30 June 2007	31 December 2006
Valuation with cost	46.092	46.962
Valuation with fair value	-	-
Valuation with equity method	-	-
Total	46.092	46.962

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

h. Information on subsidiaries (Net):

1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V. (**)	Amsterdam/Holland	100,00	100,00
3	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	64,70	100,00
4	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/ Turkey	99,99	100,00
5	Yapı Kredi Faktoring A.Ş.	Istanbul/ Turkey	40,48	100,00
6	Yapı Kredi Moscow (*)	Moscow/Russia	99,84	100,00
7	Yapı Kredi Bank Deutschland AG (**)	Frankfurt/Germany	62,92	97,50
8	Yapı Kredi Sigorta A.Ş. (***)	Istanbul/Turkey	74,01	93,94
9	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	25,74	99,58
10	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş. (****)	Istanbul/ Turkey	30,45	30,45
11	Yapı Kredi Yatırım Ortaklığı A.Ş. (****)	Istanbul/ Turkey	11,09	56,00
12	Enternasyonal Turizm Yatırım A.Ş. (***)	Istanbul/ Turkey	99,96	100,00
13	Azur Tourism Investment NV (*)	Caracua/ Netherlands Antilles	100,00	100,00

(*) Financial statement information is expressed in USD thousands in Note-II.

(**) Financial statement information is expressed in EURO thousands in Note-II.

(***) 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. was held on 5 February 2007 and the merger is registered on 8 February 2007.

(****) Information of financial figures on Note-II below has been obtained from the financial statements at 31 March 2007.

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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	Market value(*)
1	47.828	38.924	470	3.917	1.618	20.567	949	-
2	49.786	49.755	-	11	-	1.298	3.307	-
3	295.457	214.221	16.733	14.544	1.723	38.457	12.843	-
4	7.126	6.085	137	62	-	46	266	-
5	1.035.936	97.690	496	50.488	-	10.262	1.141	-
6	188.342	54.655	7.332	6.730	1.372	3.205	2.245	-
7	58.177	45.452	131	1.305	403	(479)	(9.188)	-
8	570.237	206.175	32.193	6.457	4.860	3.083	(3.380)	803.200
9	2.167.911	483.393	871	118.314	-	62.321	55.031	1.407.639
10	306.396	101.312	4.344	265	228	2.397	(107)	162.000
11	52.863	52.507	16	517	514	4.211	2.065	28.283
12	48.047	17.075	25.421	1.558	866	(19.157)	3.004	-
13	18.154	18.154	-	-	-	65	-	-

(*) Calculated with the ISE market prices as of 30 June 2007 considering the total number of shares.

3. Movement schedules of subsidiaries:

	30 June 2007	31 December 2006
Balance at the beginning of the period	791.219	693.764
Movements during the period	(14.797)	97.455
Purchases (*)	26.985	97.910
Transfers	-	4.470
Bonus shares obtained	1.700	697
Dividends from current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	(43.482)	(5.622)
Balance at the end of the period	776.422	791.219
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The 18.345.746 shares of Yapı Kredi Portföy Yönetimi o a nominal value of YTL183 thousand with a value of USD19.521.380 and the 289.468,32 shares of Yapı Kredi Finansal Kiralama corresponding to a nominal value of YTL289,468.32 with a total amount of YTL1.088.562.64, that were in the Yapı Kredi Emeklilik's portfolio has been purchased by the Bank at 1 May 2007.

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

Subsidiaries	30 June 2007	31 December 2006
Banks	107.679	107.679
Insurance Companies	148.016	148.016
Factoring Companies	38.782	38.782
Leasing Companies	115.411	114.321
Finance Companies	-	-
Other Financial Subsidiaries	303.380	277.486
Total Financial Subsidiaries	713.268	686.284

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5. Subsidiaries quoted to stock exchange:

	30 June 2007	31 December 2006
Quoted to domestic stock exchanges	297.157	296.069
Quoted to foreign stock exchanges	-	-

i. Information on hedging derivative financial assets:

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

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

j. Information on intangible assets:

31 December 2006	1.152.548
Additions due to Mergers, Transfers and Acquisitions	-
Amounts due to Cost Distribution of Merger (*)	-
Additions during the Period	5.174
Unused and Disposed Items (-)	-
Impairment Charges on Income Statement (-)	-
Amortisation Expenses (-)	(14.200)
30 June 2007	1.143.522

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

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

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

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

	28 September 2005
Cash and the CBRT, Banks and Money Market	3.659.118
Marketable Securities	7.658.504
Loans	10.914.241
Property, Equipment and Intangible Assets	1.454.959
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. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 30 June 2007, the net book value of these intangible assets amounts to YTL134.545 thousand.

k. Information on deferred tax asset:

	30 June 2007		31 December 2006	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserves for employment termination benefit	125.227	25.045	148.292	29.658
Fund deficit provision	543.780	108.756	483.281	96.656
Trading derivative financial liabilities	102.811	20.562	23.231	4.646
Impairment on immovables	570.941	114.188	576.027	115.205
Subsidiaries, investment in associates and share certificates	78.563	15.713	76.333	15.267
Other	162.825	32.565	138.221	27.645
Total deferred tax asset	1.584.147	316.829	1.445.385	289.077
Trading derivative financial assets	44.766	8.953	66.167	13.233
Valuation difference of securities portfolio	58.437	14.467	110.981	24.061
Property, equipment and intangibles , net	582.245	92.284	591.768	94.189
Total deferred tax liability	685.448	115.704	768.916	131.483
Deferred Tax Asset, net	898.699	201.125	676.469	157.594

l. Information on other assets :

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

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

1(i). 30 June 2007:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over
Saving Deposits	900.456	-	1.942.528	8.025.324	209.895	24.902	68.864
Foreign Currency Deposits	3.072.969	-	3.272.693	5.157.306	803.259	249.884	798.214
Residents in Turkey	2.967.583	-	3.220.248	4.759.112	759.238	233.853	725.111
Residents Abroad	105.386	-	52.445	398.194	44.021	16.031	73.103
Public Sector Deposits	59.978	-	35.041	191.921	2	-	3
Commercial Deposits	918.862	-	2.282.521	2.956.419	207.209	6.343	64.725
Other Institutions Deposits	13.350	-	55.894	101.355	447	80	230
Gold Vault	119.654	-	1.493	610	324	855	7.196
Bank Deposits	57.003	-	28.994	348	6.923	95.535	1.013
The CBRT	181	-	-	-	-	-	-
Domestic Banks	6.336	-	18.062	-	-	1.095	-
Foreign Banks	40.066	-	10.932	348	6.923	94.440	1.013
Special Financial Institutions	10.420	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5.142.272	-	7.619.164	16.433.283	1.228.059	377.599	940.245

1(ii). 31 December 2006:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over
Saving Deposits	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	-	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 Deposits	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

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Saving Deposits				
Saving Deposits	5.416.867	4.970.931	5.722.310	4.749.385
Foreign Currency Savings Deposit	2.910.148	3.058.148	5.167.248	5.209.910
Other Deposits in the Form of Savings deposits	6.128	5.893	59.653	90.317
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

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

	30 June 2007	31 December 2006
Saving Deposits in Foreign Branches	-	-
Saving Deposits in Off-shore Banking Regions	127.379	158.746
Total	127.379	158.746

b. Information on trading derivative financial liabilities :

Schedule of negative differences concerning trading derivative financial liabilities:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	16.282	2.346	11.542	2.154
Swap Agreements	62.976	5	9.519	449
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	79.258	2.351	21.061	2.603

c. Information on borrowings:

1. Information on banks and other financial institutions :

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	181.086	127.450	176.640	188.672
From Foreign Banks, Institutions and Funds	1.294	4.134.561	8.584	4.183.889
Accrued Interest Expense of Banks and Other Financial Institutions	-	-	7.161	34.797
Total	182.380	4.262.011	192.385	4.407.358

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2. Information on maturity structure of borrowings :

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-term	182.380	2.178.394	185.224	2.447.116
Medium and Long-term	-	2.083.617	-	1.925.445
Accrued Interest on Borrowings	-	-	7.161	34.797
Total	182.380	4.262.011	192.385	4.407.358

3. Repayment schedule of securitisation credits:

The Bank finalised a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.664.533 thousand by using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guarantee, MBIA and Radian ve Ambac as the guarantors. The interest rate of this borrowing ranges between 5,08% and 6,41%, and the maturity ranges between 6 and 8 years; the repayments will begin in the last period of 2010.

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

d. Information on other foreign liabilities:

As of 30 June 2007, 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.

	30 June 2007		31 December 2006	
	Gross	Net	Gross	Net
Less than 1 year	17.857	17.324	19.338	18.674
Between 1-4 years	65	26	119	115
More than 4 years	-	-	-	-
Total	17.922	17.350	19.457	18.789

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f. Information on hedging derivative financial liabilities:

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

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

g. Information on provisions:

1. Information on general provisions:

	30 June 2007	31 December 2006
Provisions for Group I loans and receivables	419.583	430.929
Provisions for Group II loans and receivables	88.880	97.214
Provisions for non cash loans	99.823	102.806
Other	17.001	16.033
Total	625.287	646.982

2. Information on reserve for employment termination benefit:

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

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

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

The principal actuarial assumption is that the maximum liability of YTL2.030,19 will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.030,19 (31 December 2006:YTL1.857,44) effective from 1 June 2007 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	30 June 2007	31 December 2006
Prior Period Ending Balance	94.345	72.230
Transfer from Koçbank due to Legal Merger	-	9.923
Provisions Recognised During the Period	(1.515)	21.146
Paid During the Period	(9.084)	(8.954)
Balance at the end of the period	83.746	94.345

In addition, the Bank has accounted for vacation rights provision amounting to YTL41.481 thousand as of 30 June 2007 (31 December 2006 : YTL53.947 thousand).

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3. Other provisions:

	30 June 2007	31 December 2006
Pension fund provision (*)	543.780	483.281
Tax risk provision (**)	39.276	63.662
Non-cash loan provision	51.318	57.666
Provisions on credit cards and promotion campaigns related to banking services	32.231	53.441
Tax and fund liability provisions on possible export commitments	41.541	39.365
Legal risk provision (**)	13.023	12.476
Other	62.578	99.186
Total	783.747	809.077

(*) 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 YTL543.780 thousand (31 December 2006: YTL483.281 thousand) in the financial statements as of 30 June 2007.

(**) Considered as provisions for possible risks.

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

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

h. Information on taxes payable:

(i) Information on taxes payable:

	30 June 2007	31 December 2006
Corporate Tax Payable	134.440	58.536
Taxation of Marketable Securities	47.532	41.971
Property Tax	649	651
Banking Insurance Transaction Tax (BITT)	23.718	25.584
Foreign Exchange Transaction Tax	3.092	3.122
Value Added Tax Payable	1.191	1.432
Other	13.302	11.818
Total	223.924	143.114

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(ii) Information on premium payables:

	30 June 2007	31 December 2006
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	-	-
Bank Pension Fund Premiums – Employee	-	-
Bank Pension Fund Premiums – Employer	-	-
Pension Fund Deposit and Provisions – Employee	5.313	-
Pension Fund Deposit and Provisions – Employer	6.309	-
Unemployment Insurance – Employee	377	341
Unemployment Insurance – Employer	755	684
Other	-	-
Total	12.754	1.025

i. Information on subordinated loans:

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

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

j. Information on shareholders’ equity:

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

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

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

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

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

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

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

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

7. Privilege on the corporate stock: None

k. Information on marketable securities value increase fund:

	30 June 2007		31 December 2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	6.425	44.160	7.458	42.559
Foreign Currency Difference	-	-	-	-
Total	6.425	44.160	7.458	42.559

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III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	30 June 2007		30 June 2006	
	YTL	FC	YTL	FC
Short term Loans	1.240.421	80.226	759.978	30.254
Medium/Long term Loans	364.247	162.195	167.608	109.331
Interest on Loans Under Follow-up	44.041	59	29.920	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	1.648.709	242.480	957.506	139.585

2. Information on interest income on banks:

	30 June 2007		30 June 2006	
	YTL	FC	YTL	FC
From the CBRT	-	-	-	1.479
From Domestic Banks	1.545	1.153	790	3.166
From Foreign Banks	2.413	40.978	743	12.298
Headquarters and Branches Abroad	-	-	-	163
Total	3.958	42.131	1.533	17.106

3. Information on interest income on marketable securities:

	30 June 2007		30 June 2006	
	YTL	FC	YTL	FC
From Trading Financial Assets	1.360	10.905	23.026	19.430
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	10.491	4.379	14.387	4.368
From Held-to-maturity investments	557.027	254.585	166.358	72.755
Total	568.878	269.869	203.771	96.553

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

	30 June 2007	30 June 2006
Interests Received From Investments in Associates and Subsidiaries	4.792	274

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b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2007		30 June 2006	
	YTL	FC	YTL	FC
Banks	14.608	112.707	12.047	59.507
The CBRT	-	-	-	-
Domestic Banks	13.850	4.580	3.857	4.196
Foreign Banks	758	108.127	1.402	55.311
Headquarters and Branches Abroad	-	-	6.788	-
Other Institutions	-	59.372	-	-
Total	14.608	172.079	12.047	59.507

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

	30 June 2007	30 June 2006
Interests paid to Investments in Associates and Subsidiaries	9.332	2.535

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	1.175	6.501	63	259	-	-	-	7.998
Saving Deposits	852	184.471	664.262	18.693	1.408	5.203	-	874.889
Public Sector Deposits	-	7.583	4.027	487	-	3	-	12.100
Commercial Deposits	12.079	233.718	203.186	19.702	119	612	-	469.416
Other Deposits	-	5.876	6.999	169	7	17	-	13.068
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-
Total	14.106	438.149	878.537	39.310	1.534	5.835	-	1.377.471
FC								
Foreign Currency Deposits	5.291	81.031	98.824	17.137	5.132	12.571	-	219.986
Bank Deposits	-	54	51	1.418	-	-	-	1.523
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	20	2	2	4	50	-	78
Total	5.291	81.105	98.877	18.557	5.136	12.621	-	221.587
Grand Total	19.397	519.254	977.414	57.867	6.670	18.456	-	1.599.058

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

	30 June 2007	30 June 2006
Income	2.934.471	884.983
Income from Capital Market Transactions	1.108.156	689.975
Derivative Financial Transactions	1.092.276	652.809
Other	15.880	37.166
Foreign Exchange Gains	1.826.315	195.008
Loss(-)	(2.878.678)	(902.825)
Loss from Capital Market Transactions	(1.137.442)	(632.249)
Derivative Financial Transactions	(1.115.068)	(611.736)
Other	(22.374)	(20.513)
Foreign Exchange Loss	(1.741.236)	(270.576)
Net Gain/Loss	55.793	(17.842)

d. Information on other operating income:

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

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

	30 June 2007	30 June 2006
Specific provisions for loans and other receivables	64.312	85.673
III. Group Loans and Receivables	1.139	6.742
IV. Group Loans and Receivables	31.967	10.498
V. Group Loans and Receivables	31.206	68.433
General Provision Expenses	9.073	78.526
Provision Expense for Possible Risks	4.386	-
Marketable Securities Impairment Expenses	-	9.224
Financial Assets at Fair Value Through Profit or Loss	-	7.666
Available-for-Sale Financial Assets	-	1.558
Investments in Associates, Subsidiaries and Held-to-maturity Securities:		
Value Decrease	44.349	12.903
Investments in Associates	870	408
Subsidiaries	43.479	5.622
Joint Ventures	-	-
Held-to-maturity Investments	-	6.873
Other	-	3.906
Total	122.120	190.232

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f. Information related to other operational expenses:

	30 June 2007	30 June 2006
Personnel Expenses	381.039	224.910
Reserve For Employee Termination Benefits	-	631
Bank Social Aid Provision Fund Deficit Provision	60.498	86.409
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	67.023	53.894
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	14.200	5.214
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	8.114	4.877
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	334.302	228.216
Operational Lease Expenses	25.532	9.703
Maintenance Expenses	10.142	10.219
Advertising Expenses	52.178	43.989
Other Expense	246.450	164.305
Loss on Sales of Assets	28.854	66
Other	192.427	116.122
Total	1.086.457	720.339

g. Information on tax provision:

As of 30 June 2007, the Bank has current tax expense amounting to YTL136.424 thousand (30 June 2006: YTL9.681 thousand) and deferred tax income amounting to YTL44.446 thousand (30 June 2006: YTL169.456 thousand deferred tax expense).

As of 30 June 2006, YTL122.762 thousand of the deferred tax is due to the decrease of the corporate tax rate from 30% to 20% based on the new Corporate Tax Law.

h. 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, and the dimension and recurrence of these transactions are not required.

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

a. Information on off balance sheet commitments :

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

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

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

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

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

	30 June 2007	31 December 2006
Bank acceptance loans	214.521	216.649
Letter of credits	2.186.347	2.535.802
Other guarantees	1.484.411	1.482.767
Total	3.885.279	4.235.218

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

	30 June 2007	31 December 2006
Temporary letter of guarantees	604.102	645.865
Definite letter of guarantees	7.534.400	7.529.880
Advance letter of guarantees	1.612.449	1.564.355
Letter of guarantees given to customs	736.953	1.073.683
Other letter of guarantees	347.765	292.807
Total	10.835.669	11.106.590

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

	30 June 2007	31 December 2006
Non-cash Loans Given Against Cash Loans	223.432	291.750
With Original Maturity of 1 Year or Less Than 1 Year	53.836	75.127
With Original Maturity of More Than 1 Year	169.596	216.623
Other Non-cash Loans	14.497.516	15.050.058
Total	14.720.948	15.341.808

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

	30 June 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	60.482	0,93	64.444	0,78	76.530	1,22	48.383	0,53
Farming and Raising Livestock	45.603	0,70	60.349	0,73	59.239	0,95	43.824	0,48
Forestry	11.016	0,17	3.425	0,04	13.439	0,21	3.949	0,04
Fishing	3.863	0,06	670	0,01	3.852	0,06	610	0,01
Manufacturing	2.558.425	39,44	3.713.936	45,11	2.355.731	37,41	4.048.609	44,78
Mining	52.517	0,81	98.973	1,20	29.417	0,47	94.787	1,05
Production	2.411.541	37,17	3.326.518	40,40	2.278.549	36,18	3.617.516	40,00
Electric, Gas and Water	94.367	1,45	288.445	3,50	47.765	0,76	336.306	3,73
Construction	1.463.491	22,56	1.697.074	20,61	1.461.235	23,20	1.773.148	19,60
Services	2.352.053	36,26	2.217.896	26,94	2.351.550	37,34	2.836.511	31,36
Wholesale and Retail Trade	1.390.681	21,44	352.557	4,28	1.483.733	23,56	366.995	4,06
Hotel, Food and Beverage Services	65.690	1,01	69.466	0,84	70.874	1,13	91.289	1,01
Transportation and Telecommunication	328.302	5,06	464.731	5,64	236.576	3,76	604.485	6,68
Financial Institutions	364.859	5,62	764.201	9,28	328.983	5,22	1.145.333	12,66
Real Estate and Leasing Services	64.532	0,99	98.811	1,20	70.282	1,12	135.389	1,50
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	7.388	0,11	5.463	0,07	7.833	0,12	3.850	0,04
Health and Social Services	130.601	2,01	462.667	5,62	153.269	2,43	489.170	5,41
Other	53.050	0,82	540.097	6,56	52.357	0,83	337.754	3,73
Total	6.487.501	100,00	8.233.447	100,00	6.297.403	100,00	9.044.405	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	5.555.658	5.163.729	60.593	55.689
Bank Acceptances	-	205.928	-	8.593
Letters of Credit	1.117	2.146.113	-	39.117
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	862.027	612.820	8.106	1.458
Total	6.418.802	8.128.590	68.699	104.857

b. Information on contingent liabilities :

In this respect, several outstanding legal cases against the Bank have been considered as contingent liability and YTL13.023 thousand provision against these legal cases has been accounted for in the to financial statements under the “Other Provisions” account.

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V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets :

1. Components of cash and cash equivalents and the accounting policy applied in their determination :

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash”; interbank money market and time deposits in banks with original maturities less than three months are defined as “Cash Equivalents”.

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

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

	30 June 2007	30 June 2006
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
Deposits in Bank	1.567.730	1.772.141
Total Cash and Cash Equivalents	2.962.345	2.949.505

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

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

	30 June 2007	30 June 2006
Cash	1.432.961	545.200
Cash and Effectives	344.620	236.221
Demand Deposits in Banks	1.088.341	308.979
Cash equivalents	1.787.175	990.649
Interbank Money Market	-	30.000
Time Deposits in Banks	1.787.175	960.649
Total Cash and Cash Equivalents	3.220.136	1.535.849

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

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

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

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

Moreover, Koçbank purchased a further 9,09% of Yapı Kredi shares traded on the 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 2006 and as a result, the ownership of the Bank increased to 67,31%. The Bank recognised the difference between the acquisition cost and net asset acquired amount directly in the account of “Prior Years’ Income / Losses” under Equity, as it was considered as a transaction with minorities.

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 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 Ykr1 nominal valued 0,5313538 units of shares in exchange for each Ykr1 nominal valued the Bank share.

After the merger, the share of KFH, 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 30 June 2007 are explained in details in Note XXII. of Section Three.

The effects of the related applications to the equity as of 31 December 2006 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 income statement as of 30 June 2007 is presented comparatively with the unconsolidated publicly announced financial statements of Yapı Kredi as of 30 June 2006. In order to provide further information to the readers of these financial statements, selected income statement items of the unconsolidated publicly announced financial statements of Koçbank and Yapı Kredi as of 30 June 2006 (after the application of TAS); are combined and presented below:

Selected income statement items	30 June 2007	30 June 2006
		Not Reviewed
Interest income	2.907.972	2.216.646
Interest expense	(1.958.683)	(1.325.242)
Net interest income	949.289	891.404
Net fee and commission income	450.406	404.286
Trading income/(loss)	55.793	(3.153)
Other operating income (including dividend income)	245.602	156.451
Total operating income	1.701.090	1.448.988
Provision for loan and other receivables	(122.120)	(206.040)
Other operating expenses	(1.086.457)	(912.904)
Net operating income	492.513	330.044
Tax provision	(91.978)	(229.904)
Net profit / (loss) for the year	400.535	100.140

VII. EXPLANATIONS AND NOTES RELATED TO BANK’S RISK GROUP

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

1. 30 June 2007:

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	73.407	85.916	379.620	731.475	-	-
Balance at the End of the Period	78.718	115.862	302.304	535.733	-	-
Interest and Commission Income Received	4.792	452	20.194	1.134	-	-

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

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2. 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	73.407	85.916	379.620	731.475	-	-
Interest and Commission Income Received (**)	274	264	7.151	241	-	-

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

(**) The amounts show the 30 June 2006 values.

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	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Deposit						
Beginning of the Period	145.912	180.120	3.134.323	107.017	-	-
End of the Period	173.312	145.912	2.740.014	3.134.323	-	-
Interest Expense on Deposits (**)	9.332	2.535	146.793	256	-	-

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

(**) 31 December 2006 column shows the 30 June 2006 values.

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	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Transactions at Fair Value Through Profit or Loss (**)						
Beginning of the Period(***)	1.472	10.641	213.997	-	-	-
End of the Period (***)	9.276	1.472	498.237	213.997	-	-
Total Profit / Loss (***)	(62)	(5)	6.286	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

(****) 31 December 2006 column shows the 30 June 2006 values.

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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	381.022	26.378.044	1
Interest Income Received	24.986	1.937.278	1
Non-cash Loans	651.595	14.720.948	4
Commission Income Received	1.586	65.021	2
Deposit, Borrowings and Money Markets	2.913.326	37.197.329	8
Interest Expense Paid	156.125	1.953.471	8
Trading Transactions	507.513	8.042.634	6
Trading Transactions Expenses (net)	6.224	29.286	21

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

Salaries paid to the Bank’s key management amount to YTL3.587 thousand as of 30 June 2007.

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VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1) The early repayment of the loan in the scope of Çukurova FRA amounting to USD480.000 thousand was made on 13 July 2007 and the amount was charged against loans in the scope of Çukurova FRA by transferring the money to the related Bank accounts by Çukurova Holding. After the early repayment of the loan, the cash loan liability of Çukurova Group to the Bank decreased from USD737.858.006 to USD257.858.006. The remaining portion of the cash loan with interests will be paid by 30 September 2015 in installments. According to the “Pledge Agreement” signed on 28 September 2005, the pledge on the Çukurova Group loan, non-cash risks, additional loans and guarantees corresponding to over 100% of accrued and non-accrued interests was removed. After the payment, according to the “Pledge Agreement” signed between the Bank, Çukurova Holding and Çukurova Investments on 28 September 2005, the Bank has a continuous pledge on 2.73% of Turkcell shares of Çukurova Holding and Çukurova Investments in relation to the Çukurova Group loans.
- 2) In scope of the restructuring process of the foreign subsidiaries of the Bank and KFH, the merger transaction of Yapı Kredi Bank Nederland N.V. that is established in Nederland and fully owned by YKB (via Yapı Kredi Holding B.V. which is a 100% subsidiary) and Koçbank Nederland N.V. that is a 100% subsidiary of KFH was completed on 2 July 2007 under the name of Yapı Kredi Bank Nederland N.V. and YKB’s share percentage in the new shareholding structure has been realised as 32,76% and KFH’s as 67,24%.
- 3) The process that started as of October 2006 regarding the collection of offers via adjudication in order to wholesale some immovables that are under the scope of the “Non-Core Option Agreement” signed between the Bank and Çukurova Holding at 28 September 2005, and some other non-core real estate that are outside the scope of the Option Agreement, has been finalised as of 11 July 2007 with the Real Estate Wholesale Agreement signed with Anadolu Gayrimenkul Yatırımcılığı ve Ticaret A.Ş. which is fully owned by AIM Consortium. The transfer procedures will start when the purchasing party places the collateral of the agreement amounting to EUR34.125.000 in cash and in full within 30 days after the agreement date or the placing of EUR13.650.000 in cash and in addition to granting of a letter of credit to the Bank amounting to EUR27.300.000 within 30 days after the agreement date. The Bank and its subsidiaries will realise EUR134 million of sales proceeds as a result of the transaction. Since each sales transaction will be realised individually, it is foreseen that the process will be completed in four months.

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

YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007

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

**SECTION SIX
OTHER EXPLANATIONS AND NOTES**

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

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

**SECTION SEVEN
EXPLANATIONS ON REVIEW REPORT**

I. EXPLANATIONS ON REVIEW REPORT

The unconsolidated financial statements for the period ended 30 June 2007 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the auditor’s review report dated 3 August 2007 is presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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