

**YAPI VE KREDİ BANKASI A.Ş.**

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

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

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

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

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

*Disclosure for the responsibility of the Bank's Board of Directors:*

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

*Disclosure for the Responsibility of the Authorized Audit Firm:*

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

*Independent Auditors' Opinion:*

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

*Additional Paragraph for Convenience Translation:*

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM

Istanbul, 12 March 2008

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

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

Yapı ve Kredi Bankası A.Ş.  
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The unconsolidated financial report includes the following sections in accordance with the “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 INDEPENDENT AUDITOR'S REPORT**

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

Rüşdü SARAÇOĞLU  
Chairman of the  
Board of Directors

Tayfun BAYAZIT  
Chief Executive Officer

Marco CRAVARIO  
Chief Financial Officer

Duygu DÖNMEZ  
Head of Financial  
Reporting Unit

Ranieri De MARCHIS  
President of Audit Committee

Herbert HANGEL  
Member of Audit Committee

Ahmet F. ASHABOĞLU  
Member of Audit Committee

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

**Name-Surname / Title:** Aysel GÜRSOY / Head of Regulatory Reporting Section  
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**Fax Number** : 0212 339 61 05

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**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

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

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

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 incorporation.

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

The Bank's shares have been traded on the Istanbul Stock Exchange ("ISE") since 1987. As of 31 December 2007, 18,21% shares of the Bank are publicly traded (2006: 19,54%).

As of 28 September 2005, 57,4% of the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank A.Ş. ("Koçbank"). Besides, during April 2006 Koçbank purchased 9,1% of the shares of the Bank which were publicly traded on the ISE and 0,8% of the shares of an investment fund owned by the Bank by 100%, which were in the available-for-sale portfolio of the Bank. As a result, Koçbank increased its participation ratio to 67,3%. As explained in detail in Note VII. of Section Five; all rights, receivables, debts and liabilities of Koçbank have been transferred to the Bank thereby the merger of the two banks has been registered as at 2 October 2006. After the merger, 80,18% of the direct and indirect control of the Bank's shares was transferred to the Koç Finansal Hizmetler A.Ş. ("KFH").

With and in scope of the Share Exchange Agreement signed with KFH and approved by the Banking Regulatory and Supervisory Agency ("BRSA") and the Capital Markets Board ("CMB"), allowing the transfer of 59,47% of the capital of Yapı Kredi Faktoring A.Ş. with a nominal value of YTL9.992.000, 73,10% of the capital of Yapı Kredi Finansal Kiralama A.O. with a nominal value of YTL285.048.428 and 99,80% of the capital of Yapı Kredi Bank Azerbaijan Joint Stock Company with a nominal value of AZN6.336.200 (Azerbaijani Manats) from KFH, the increase in capital by YTL277,601,284.00 from YTL3.149.450.000 to YTL3.427.051.284 giving the share to KFH has been approved in the Extraordinary General Assembly meeting held on 30 September 2007 and the decisions of the meeting have been registered as of 18 October 2007. The share transfer transactions in the framework of the agreement have been finalised as of 31 October 2007 and after the transaction, the share of KFH in YKB has increased to 81,79%.

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

As of 31 December 2007, the Bank's Board of Directors, Members of the Audit Committee and Executive President and Vice Presidents are listed below:

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 31 DECEMBER 2007

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

GENERAL INFORMATION ABOUT THE BANK (CONTINUED)

<b><u>Title</u></b>	<b><u>Name</u></b>	<b><u>Responsibility</u></b>
<b>Chairman of the Board of Directors:</b>	Dr. Rüşdü SARAÇOĞLU	Chairman
<b>Board of Directors Members:</b>	Federico GHIZZONI	Vice Chairman
	Tayfun BAYAZIT	Chief Executive Officer
	Alessandro M. DECIO	Chief Operating Officer
	Seyit Kemal KAYA	Member
	Fusun Akkal BOZOK	Member
	Ranieri De MARCHIS	Member
	Ahmet Fadıl ASHABOĞLU	Member
	Herbert HANGEL(*)	Member
	Thomas GROSS	Member
<b>General Manager :</b>	Tayfun BAYAZIT	Chief Executive Officer
<b>Vice General Managers:</b>	Süleyman Cihangir KAVUNCU	Human Resources Management
	Alpar ERGUN	Legal Activities Management
	Mehmet Gani SÖNMEZ	Retail Banking Management
	Erhan ÖZÇELİK	Private Banking and Foreign Operations Management
	Hamit AYDOĞAN	Corporate Banking Management
	Mert GÜVENEN	Commercial Banking Management
	Mert YAZICIOĞLU	Treasury Management
	Tülay GÜNGEN	Corporate Identity and Communication
	Zeynep Nazan SOMER	Credit Cards and Consumer Lending
	Marco CRAVARIO(**)	Financial Planning, Administration and Control/CFO
	Mehmet Güray ALPKAYA	Credit Management
	Marco ARNABOLDI	Risk Management
	Mahmut Tevfik ÇELİKEL	Logistics and Cost Management
	Fahri ÖBEK (***)	Information Technology Management
	Muzaffer ÖZTÜRK	Retail Sales Management
	Kemal SEMERCİLER	Compliance Officer
	Stefano PERAZZINI	Internal Audit
	Luca RUBAGA	Organisation Management
<b>Audit Committee Members:</b>	Ranieri De MARCHIS	Chairman
	Herbert HANGEL(*)	Member
	Ahmet Fadıl ASHABOĞLU	Member
<b>Statutory auditors:</b>	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

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

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

(\*\*) As of 1 October 2007, Carlo Vivaldi has resigned and as of the same date it is resolved that Alessandro M. Decio to be responsible for the aforementioned area temporarily and as of 7 January 2008 officially.

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

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**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

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

**GENERAL INFORMATION ABOUT THE BANK (CONTINUED)**

**IV. INFORMATION ON QUALIFIED SHAREHOLDERS:**

<b>Name/Commercial title</b>	<b>Share Amounts (nominal)</b>	<b>Share percentage</b>	<b>Paid-in Capital(nominal)</b>	<b>Unpaid portion</b>
Koç Finansal Hizmetler A.Ş.	2.802.933.461,57	%81,79	2.802.933.461,57	-

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

The Bank's core business activities include retail banking, corporate banking, private banking, foreign exchange, money markets and securities transactions (treasury transactions) and international banking. As of 31 December 2007, the Bank has 675 branches operating in Turkey, 1 branch in off-shore region and 1 representative office operating abroad (2006: 607 branches operating in Turkey, 1 branch in off-shore region and 4 representative offices operating abroad) and 14.249 employees (2006: 13.478 employees).



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

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

**SECTION TWO  
UNCONSOLIDATED FINANCIAL STATEMENTS**

<b>I. BALANCE SHEET</b>		<b>Note (Section Five)</b>						
			<b>(31/12/2007)</b>			<b>(31/12/2006)</b>		
			<b>YTL</b>	<b>FC</b>	<b>Total</b>	<b>YTL</b>	<b>FC</b>	<b>Total</b>
<b>ASSETS</b>								
<b>I. CASH BALANCES WITH CENTRAL BANK</b>		<b>I-a</b>	<b>1.640.591</b>	<b>2.048.074</b>	<b>3.688.665</b>	<b>1.857.176</b>	<b>2.223.509</b>	<b>4.080.685</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>		<b>I-b</b>	<b>38.724</b>	<b>190.218</b>	<b>228.942</b>	<b>85.613</b>	<b>347.828</b>	<b>433.441</b>
2.1 Trading Financial Assets			3.317	179.823	183.140	13.513	342.773	356.286
2.1.1 Government Debt Securities			3.317	179.823	183.140	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			35.407	10.395	45.802	72.100	5.055	77.155
<b>III. BANKS</b>		<b>I-c</b>	<b>47.846</b>	<b>683.129</b>	<b>730.975</b>	<b>7.397</b>	<b>1.955.988</b>	<b>1.963.385</b>
<b>IV. MONEY MARKETS</b>			-	-	-	-	-	-
4.1 Interbank Money Market Placements			-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market			-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements			-	-	-	-	-	-
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>		<b>I-d</b>	<b>207.958</b>	<b>71.906</b>	<b>279.864</b>	<b>78.803</b>	<b>33.035</b>	<b>111.838</b>
5.1 Share Certificates			2.063	26.873	28.936	1.814	15.206	17.020
5.2 Government Debt Securities			159.064	36.314	195.378	31.457	17.258	48.715
5.3 Other Marketable Securities			46.831	8.719	55.550	45.532	571	46.103
<b>VI. LOANS</b>		<b>I-e</b>	<b>19.575.498</b>	<b>8.933.383</b>	<b>28.508.881</b>	<b>15.348.542</b>	<b>7.155.604</b>	<b>22.504.146</b>
6.1 Loans			19.228.559	8.933.326	28.161.885	15.036.519	7.155.604	22.192.123
6.1.1 Bank's risk group			208.630	190.931	399.561	118.953	192.352	311.305
6.1.2 Other			19.019.929	8.742.395	27.762.324	14.917.566	6.963.252	21.880.818
6.2 Loans under Follow-up			1.736.839	2.416	1.739.255	1.714.040	-	1.714.040
6.3 Specific Provisions (-)			(1.389.900)	(2.359)	(1.392.259)	(1.402.017)	-	(1.402.017)
<b>VII. FACTORING RECEIVABLES</b>			-	-	-	-	-	-
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>		<b>I-f</b>	<b>6.205.305</b>	<b>5.837.681</b>	<b>12.042.986</b>	<b>6.416.628</b>	<b>9.463.271</b>	<b>15.879.899</b>
8.1 Government Debt Securities			6.205.305	5.837.681	12.042.986	6.416.628	9.463.271	15.879.899
8.2 Other Marketable Securities			-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>		<b>I-g</b>	<b>2.658</b>	<b>43.404</b>	<b>46.062</b>	<b>3.528</b>	<b>43.404</b>	<b>46.932</b>
9.1 Consolidated Based on Equity Method			-	-	-	-	-	-
9.2 Unconsolidated			2.658	43.404	46.062	3.528	43.404	46.932
9.2.1 Financial Investments in Associates			2.658	43.404	46.062	3.528	43.404	46.932
9.2.2 Non-financial Investments in Associates			-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>		<b>I-h</b>	<b>1.255.591</b>	<b>166.251</b>	<b>1.421.842</b>	<b>533.288</b>	<b>257.931</b>	<b>791.219</b>
10.1 Unconsolidated Financial Subsidiaries			1.253.291	166.251	1.419.542	452.853	233.431	686.284
10.2 Unconsolidated Non-financial Subsidiaries			2.300	-	2.300	80.435	24.500	104.935
<b>XI. JOINT VENTURES (Net)</b>			-	-	-	-	-	-
11.1 Accounted Based on Equity Method			-	-	-	-	-	-
11.2 Unconsolidated			-	-	-	-	-	-
11.2.1 Financial Joint Ventures			-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures			-	-	-	-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>			-	-	-	-	-	-
12.1 Financial Lease Receivables			-	-	-	-	-	-
12.2 Operating Lease Receivables			-	-	-	-	-	-
12.3 Other			-	-	-	-	-	-
12.4 Unearned Income (-)			-	-	-	-	-	-
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>		<b>I-i</b>	<b>1.018</b>	<b>666</b>	<b>1.684</b>	-	-	-
13.1 Fair Value Hedge			1.018	666	1.684	-	-	-
13.2 Cash Flow Hedge			-	-	-	-	-	-
13.3 Foreign Net Investment Hedge			-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		<b>I-j</b>	<b>1.068.086</b>	-	<b>1.068.086</b>	<b>1.159.432</b>	-	<b>1.159.432</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>I-k</b>	<b>1.187.125</b>	-	<b>1.187.125</b>	<b>1.152.548</b>	-	<b>1.152.548</b>
15.1 Goodwill			979.493	-	979.493	979.493	-	979.493
15.2 Other			207.632	-	207.632	173.055	-	173.055
<b>XVI. INVESTMENT PROPERTY (Net)</b>			-	-	-	-	-	-
<b>XVII. TAX ASSET</b>			<b>420.118</b>	-	<b>420.118</b>	<b>275.664</b>	-	<b>275.664</b>
17.1 Current Tax Asset			212.319	-	212.319	118.070	-	118.070
17.2 Deferred Tax Asset			207.799	-	207.799	157.594	-	157.594
<b>XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		<b>I-m</b>	<b>59.629</b>	<b>48.734</b>	<b>108.363</b>	<b>180.447</b>	-	<b>180.447</b>
18.1 Held for sale Purposes			59.629	48.734	108.363	180.447	-	180.447
18.2 Related to Discontinued Operations			-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		<b>I-n</b>	<b>269.159</b>	<b>350.157</b>	<b>619.316</b>	<b>219.010</b>	<b>217.992</b>	<b>437.002</b>
<b>TOTAL ASSETS</b>			<b>31.979.306</b>	<b>18.373.603</b>	<b>50.352.909</b>	<b>27.318.076</b>	<b>21.698.562</b>	<b>49.016.638</b>

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

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

**YAPI VE KREDİ BANKASI A.Ş.**

**UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006**

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

I. BALANCE SHEET	LIABILITIES	Note (Section Five)	(31/12/2007)			(31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
<b>I. DEPOSITS</b>	<b>II-a</b>		<b>18.864.312</b>	<b>13.302.621</b>	<b>32.166.933</b>	<b>16.166.969</b>	<b>14.960.302</b>	<b>31.127.271</b>
1.1. Deposits of Bank's risk group			1.386.568	1.444.162	2.830.730	1.445.701	1.619.475	3.065.176
1.2. Other			17.477.744	11.858.459	29.336.203	14.721.268	13.340.827	28.062.095
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>		<b>185.086</b>	<b>6.501</b>	<b>191.587</b>	<b>21.061</b>	<b>2.603</b>	<b>23.664</b>
<b>III. BORROWINGS</b>	<b>II-c</b>		<b>179.267</b>	<b>4.056.734</b>	<b>4.236.001</b>	<b>192.385</b>	<b>4.407.358</b>	<b>4.599.743</b>
<b>IV. MONEY MARKETS</b>			<b>1.571.744</b>	<b>204.890</b>	<b>1.776.634</b>	<b>2.957.463</b>	<b>399.088</b>	<b>3.356.551</b>
4.1 Funds from Interbank Money Market			-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market			150.000	-	150.000	-	-	-
4.3 Funds Provided Under Repurchase Agreements			1.421.744	204.890	1.626.634	2.957.463	399.088	3.356.551
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			<b>2.058.983</b>	<b>149.909</b>	<b>2.208.892</b>	<b>1.844.442</b>	<b>467.460</b>	<b>2.311.902</b>
<b>VIII. OTHER LIABILITIES</b>	<b>II-d</b>		<b>440.584</b>	<b>497.434</b>	<b>938.018</b>	<b>363.516</b>	<b>482.291</b>	<b>845.807</b>
<b>IX. FACTORING PAYABLES</b>			-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>			-	<b>23.594</b>	<b>23.594</b>	-	<b>18.789</b>	<b>18.789</b>
10.1 Financial Lease Payables	<b>II-e</b>		-	24.540	24.540	2	19.455	19.457
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses ( - )			-	(946)	(946)	(2)	(666)	(668)
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-f</b>		<b>27.786</b>	-	<b>27.786</b>	-	-	-
11.1 Fair Value Hedge			27.786	-	27.786	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Foreign Net Investment Hedge			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>II-g</b>		<b>1.495.813</b>	<b>261.611</b>	<b>1.757.424</b>	<b>1.334.285</b>	<b>270.066</b>	<b>1.604.351</b>
12.1 General Loan Loss Provision			433.346	232.548	665.894	410.912	236.070	646.982
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Rights			126.225	-	126.225	148.292	-	148.292
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			936.242	29.063	965.305	775.081	33.996	809.077
<b>XIII. TAX LIABILITY</b>	<b>II-h</b>		<b>349.377</b>	-	<b>349.377</b>	<b>144.139</b>	-	<b>144.139</b>
13.1 Current Tax Liability			349.377	-	349.377	144.139	-	144.139
13.2 Deferred Tax Liability			-	-	-	-	-	-
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>			-	-	-	-	-	-
14.1 Held for sale purpose			-	-	-	-	-	-
14.2 Related to discontinued operations			-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>II-i</b>		-	<b>1.772.914</b>	<b>1.772.914</b>	-	<b>1.559.258</b>	<b>1.559.258</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-j</b>		<b>4.860.522</b>	<b>43.227</b>	<b>4.903.749</b>	<b>3.382.604</b>	<b>42.559</b>	<b>3.425.163</b>
16.1 Paid-in Capital			3.427.051	-	3.427.051	3.142.818	-	3.142.818
16.2 Capital Reserves			551.679	43.227	594.906	53.239	42.559	95.798
16.2.1 Share Premium			541.633	-	541.633	45.781	-	45.781
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences	<b>II-k</b>		4.748	43.227	47.975	7.458	42.559	50.017
16.2.4 Property and Equipment Revaluation Differences			-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences			-	-	-	-	-	-
16.2.6 Revaluation differences of investment property			-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)			-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)			-	-	-	-	-	-
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			5.298	-	5.298	-	-	-
16.3 Profit Reserves			343.184	-	343.184	343.184	-	343.184
16.3.1 Legal Reserves			17.159	-	17.159	17.159	-	17.159
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			326.025	-	326.025	326.025	-	326.025
16.3.4 Other Profit Reserves			-	-	-	-	-	-
16.4 Income or (Loss)			538.608	-	538.608	(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)			709.185	-	709.185	513.908	-	513.908
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>30.033.474</b>	<b>20.319.435</b>	<b>50.352.909</b>	<b>26.406.864</b>	<b>22.609.774</b>	<b>49.016.638</b>

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**UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006**

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

<b>II. INCOME STATEMENTS</b>				
<b>INCOME AND EXPENSE ITEMS</b>		<b>Note (Section Five)</b>	<b>01/01-31/12/2007</b>	<b>01/01-31/12/2006</b>
<b>I. INTEREST INCOME</b>		<b>III-a</b>	<b>6.059.185</b>	<b>5.045.202</b>
1.1 Interest on Loans		III-a-1	4.070.672	3.480.960
1.2 Interest Received from Reserve Requirements			189.066	145.627
1.3 Interest Received from Banks		III-a-2	85.958	90.320
1.4 Interest Received from Money Market Transactions			10.271	18.131
1.5 Interest Received from Marketable Securities Portfolio		III-a-3	1.631.977	1.295.244
1.5.1 Trading Financial Assets			20.230	72.695
1.5.2 Financial Assets at Fair Value through Profit or (Loss)			-	-
1.5.3 Available-for-sale Financial Assets			28.579	40.962
1.5.4 Held to Maturity Investments			1.583.168	1.181.587
1.6 Financial Lease Income			-	-
1.7 Other Interest Income			71.241	14.920
<b>II. INTEREST EXPENSE</b>		<b>III-b</b>	<b>(3.936.467)</b>	<b>(3.233.785)</b>
2.1 Interest on Deposits		III-b-3	(3.303.943)	(2.698.187)
2.2 Interest on Funds Borrowed		III-b-1	(390.007)	(286.447)
2.3 Interest Expense on Money Market Transactions			(236.430)	(235.644)
2.4 Interest on Securities Issued			-	-
2.5 Other Interest Expenses			(6.087)	(13.507)
<b>III. NET INTEREST INCOME (I + II)</b>			<b>2.122.718</b>	<b>1.811.417</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>973.785</b>	<b>799.696</b>
4.1 Fees and Commissions Received			1.230.032	1.047.782
4.1.1 Non-cash Loans			129.827	128.398
4.1.2 Other			1.100.205	919.384
4.2 Fees and Commissions Paid			(256.247)	(248.086)
4.2.1 Non-cash Loans			(70)	(177)
4.2.2 Other			(256.177)	(247.909)
<b>V. DIVIDEND INCOME</b>		<b>III-c</b>	<b>38.617</b>	<b>41.758</b>
<b>VI. TRADING INCOME/(LOSS) (Net)</b>		<b>III-d</b>	<b>73.083</b>	<b>50.029</b>
6.1 Trading Gains/(Losses) on Securities			(200.876)	257.675
6.2 Foreign Exchange Gains/(Losses)			273.959	(207.646)
<b>VII. OTHER OPERATING INCOME</b>		<b>III-e</b>	<b>802.708</b>	<b>344.644</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>			<b>4.010.911</b>	<b>3.047.544</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>		<b>III-f</b>	<b>(425.682)</b>	<b>(338.296)</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>		<b>III-g</b>	<b>(2.732.364)</b>	<b>(1.998.077)</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>			<b>852.865</b>	<b>711.171</b>
<b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>			-	-
<b>XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>			-	-
<b>XIV. INCOME/(LOSS) ON NET MONETARY POSITION</b>			-	-
<b>XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)</b>		<b>III-h</b>	<b>852.865</b>	<b>711.171</b>
<b>XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>		<b>III-i</b>	<b>(143.680)</b>	<b>(197.263)</b>
16.1 Current Tax Provision			(217.406)	(58.536)
16.2 Deferred Tax Provision			73.726	(138.727)
<b>XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>			<b>709.185</b>	<b>513.908</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
18.1 Income from Non-current Assets Held for Resale			-	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)			-	-
18.3 Other Income From Discontinued Operations			-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-
19.1 Expenses for Non-current Assets Held for Resale			-	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)			-	-
19.3 Other Expenses From Discontinued Operations			-	-
<b>XX. PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>			-	-
<b>XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>			-	-
21.1 Current tax provision			-	-
21.2 Deferred tax provision			-	-
<b>XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>			-	-
<b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>		<b>III-j</b>	<b>709.185</b>	<b>513.908</b>
Earnings/(Loss) per share (in YTL full)			0,0022	0,0016

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III.	OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(31/12/2007)			(31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
<b>A</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>22.155.591</b>	<b>14.192.776</b>	<b>36.348.367</b>	<b>17.472.598</b>	<b>13.979.771</b>	<b>31.452.369</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>IV-a-2,3</b>	<b>5.797.524</b>	<b>7.953.203</b>	<b>13.750.727</b>	<b>5.572.857</b>	<b>9.044.405</b>	<b>14.617.262</b>
I.1.	Letters of Guarantee		5.772.747	5.062.683	10.835.430	5.571.632	5.534.958	11.106.590
I.1.1.	Guarantees Subject to State Tender Law		437.494	409.529	847.023	431.794	647.471	1.079.265
I.1.2.	Guarantees Given for Foreign Trade Operations		650.971	4.653.154	5.304.125	1.032.791	4.887.487	5.920.278
I.1.3.	Other Letters of Guarantee		4.684.282	-	4.684.282	4.107.047	-	4.107.047
I.2.	Bank Acceptances		-	184.493	184.493	-	216.649	216.649
I.2.1.	Import Letter of Acceptance		-	184.493	184.493	-	216.649	216.649
I.2.2.	Other Bank Acceptances		-	-	-	-	-	-
I.3.	Letters of Credit		787	2.009.776	2.010.563	325	2.535.477	2.535.802
I.3.1.	Documentary Letters of Credit		787	2.009.776	2.010.563	325	2.535.477	2.535.802
I.3.2.	Other Letters of Credit		-	-	-	-	-	-
I.4.	Prefinancing Given as Guarantee		143	1.553	1.696	143	1.884	2.027
I.5.	Endorsements		-	-	-	-	-	-
I.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
I.5.2.	Other Endorsements		-	-	-	-	-	-
I.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
I.7.	Factoring Guarantees		-	-	-	-	-	-
I.8.	Other Guarantees		23.847	548.393	572.240	757	583.506	584.263
I.9.	Other Collaterals		-	146.305	146.305	-	171.931	171.931
<b>II.</b>	<b>COMMITMENTS</b>	<b>IV-a-1</b>	<b>13.330.953</b>	<b>852.372</b>	<b>14.183.325</b>	<b>10.238.783</b>	<b>1.894.425</b>	<b>12.133.208</b>
2.1.	Irrevocable Commitments		13.330.953	852.372	14.183.325	10.238.783	1.894.425	12.133.208
2.1.1.	Asset Purchase and Sale Commitments		-	431.565	431.565	-	470.055	470.055
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	569.144	569.144
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		1.482.180	420.760	1.902.940	724.547	837.999	1.562.546
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		1.359.423	-	1.359.423	1.310.760	-	1.310.760
2.1.8.	Tax and Fund Liabilities from Export Commitments		39.945	-	39.945	39.365	-	39.365
2.1.9.	Commitments for Credit Card Limits		10.449.281	-	10.449.281	8.163.986	-	8.163.986
2.1.10.	Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11.	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		124	47	171	125	17.227	17.352
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>IV-b</b>	<b>3.027.114</b>	<b>5.387.201</b>	<b>8.414.315</b>	<b>1.660.958</b>	<b>3.040.941</b>	<b>4.701.899</b>
3.1.	Hedging Derivative Financial Instruments		119.763	102.004	221.767	-	-	-
3.1.1.	Transactions for Fair Value Hedge		119.763	102.004	221.767	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Transactions		2.907.351	5.285.197	8.192.548	1.660.958	3.040.941	4.701.899
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		955.130	1.235.526	2.190.656	535.769	994.628	1.530.397
3.2.1.1.	Forward Foreign Currency Transactions-Buy		375.653	713.805	1.089.458	379.139	400.948	780.087
3.2.1.2.	Forward Foreign Currency Transactions-Sell		579.477	521.721	1.101.198	156.630	593.680	750.310
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		1.069.229	2.923.019	3.992.248	579.009	1.439.889	2.018.898
3.2.2.1.	Foreign Currency Swap-Buy		305.407	956.634	1.262.041	112.788	449.948	562.736
3.2.2.2.	Foreign Currency Swap-Sell		40.000	1.222.741	1.262.741	159.236	395.911	555.147
3.2.2.3.	Interest Rate Swap-Buy		33.375	646.700	680.075	-	450.968	450.968
3.2.2.4.	Interest Rate Swap-Sell		690.447	96.944	787.391	306.985	143.062	450.047
3.2.3.	Foreign Currency, Interest rate and Securities Options		882.981	1.124.248	2.007.229	546.180	606.424	1.152.604
3.2.3.1.	Foreign Currency Options-Buy		431.680	568.325	1.000.005	273.090	303.212	576.302
3.2.3.2.	Foreign Currency Options-Sell		445.729	555.923	1.001.652	273.090	303.212	576.302
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5.	Securities Options-Buy		3.240	-	3.240	-	-	-
3.2.3.6.	Securities Options-Sell		2.332	-	2.332	-	-	-
3.2.4.	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5.	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		11	2.404	2.415	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>71.401.397</b>	<b>9.219.570</b>	<b>80.620.967</b>	<b>60.536.429</b>	<b>2.527.949</b>	<b>63.064.378</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>53.411.780</b>	<b>999.643</b>	<b>54.411.423</b>	<b>47.296.282</b>	<b>1.500.439</b>	<b>48.796.721</b>
4.1.	Customer Fund and Portfolio Balances		-	2.603	2.603	-	2.267	2.267
4.2.	Investment Securities Held in Custody		45.505.901	791.271	46.297.172	39.229.872	1.154.620	40.384.492
4.3.	Checks Received for Collection		4.797.997	26.350	4.824.347	4.669.933	49.098	4.719.031
4.4.	Commercial Notes Received for Collection		3.106.718	154.172	3.260.890	3.395.301	235.461	3.630.762
4.5.	Other Assets Received for Collection		-	25.247	25.247	-	58.993	58.993
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		1.164	-	1.164	11	-	11
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>16.985.999</b>	<b>7.413.664</b>	<b>24.399.663</b>	<b>13.240.147</b>	<b>1.027.510</b>	<b>14.267.657</b>
5.1.	Marketable Securities		342.775	434	343.209	362.711	580	363.291
5.2.	Guarantee Notes		304.997	223.708	528.705	291.104	363.967	655.071
5.3.	Commodity		7.609	-	7.609	20.617	-	20.617
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		10.769.129	5.275.952	16.045.081	9.682.256	499.324	10.181.580
5.6.	Other Pledged Items		5.561.240	1.911.476	7.472.716	2.883.210	39.853	2.923.063
5.7.	Pledged Items-Depository		249	2.094	2.343	249	123.786	124.035
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>1.003.618</b>	<b>806.263</b>	<b>1.809.881</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>93.556.988</b>	<b>23.412.346</b>	<b>116.969.334</b>	<b>78.009.027</b>	<b>16.507.720</b>	<b>94.516.747</b>

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 31 DECEMBER 2007 AND 2006**  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

<b>IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>		
<b>INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>(31/12/2007)</b>	<b>(31/12/2006)</b>
<b>I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>14.082</b>	<b>9.811</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	<b>(7.101)</b>	<b>736</b>
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)</b>	-	-
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	-	-
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	<b>(2.010)</b>	-
<b>IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES</b>	<b>(660)</b>	<b>2.878</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>4.311</b>	<b>13.425</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>8.363</b>	<b>64.168</b>
1.1 Net change in fair value of marketable securities (transfer to profit-loss)	8.363	64.168
1.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
1.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
1.4 Other	-	-
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)</b>	<b>(4.052)</b>	<b>(50.743)</b>

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

**YAPI VE KREDİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordina- ry Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
31 December 2006																		
I.	Period Opening Balance (31 December 2005) (*)		752.345	2.672.886	10.781	-	-	-	-	-	(1.543.010)	(379.263)	73.876	-	-	-	-	1.587.615
II.	Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	-	74.955	26.884	-	-	-	-	101.839
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	74.955	26.884	-	-	-	-	101.839
III.	New Balance (I+II)		752.345	2.672.886	10.781	-	-	-	-	-	(1.543.010)	(304.308)	100.760	-	-	-	-	1.689.454
Changes in the Period																		
IV.	Increase/Decrease due to the Merger	VII.	1.246.155	-	35.000	-	17.159	-	326.025	-	-	(351.795)	1.053	-	-	-	-	1.273.597
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(51.796)	-	-	-	-	(51.796)
VI.	Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII	Other		-	(2.672.886)	-	-	-	-	-	-	-	2.672.886	-	-	-	-	-	-
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	513.908	-	-	-	-	-	-	513.908
XX.	Profit Distribution		-	-	-	-	-	-	-	-	1.543.010	(1.543.010)	-	-	-	-	-	-
20.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	-	-	-	-	-	1.543.010	(1.543.010)	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+V+.....+XVIII+XIX+XX)			3.142.818	-	45.781	-	17.159	-	326.025	-	513.908	(670.545)	50.017	-	-	-	-	3.425.163

(\*) The unconsolidated publicly announced financial statement information of YKB as of 31 December 2005 before the merger.

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

**YAPI VE KREDİ BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2007**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordina- ry Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	PPE and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
31 December 2007																		
I.	Prior Period End Balance		3.142.818		45.781	-	17.159	-	326.025	-	513.908	(670.545)	50.017	-	-	-	-	3.425.163
II.	Changes in the Period																	
III.	Increase/Decrease due to the Merger		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Marketable Securities Valuation Differences		-		-	-	-	-	-	-	-	-	(2.042)	-	-	-	-	(2.042)
IV.	Hedging Transactions Funds (Effective Parts)		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Differences due to Revaluation of Property and Equipment		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation Differences due to Revaluation of Intangible Assets		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	II-j-3	284.233		-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	277.601
12.1	Cash increase		277.601		-	-	-	-	-	-	-	-	-	-	-	-	-	277.601
12.2	Internal Resources		6.632		-	-	-	-	-	-	-	(6.632)	-	-	-	-	-	-
XIII.	Share Premium	II-j-3			495.852	-	-	-	-	-	-	-	-	-	-	-	-	495.852
XIV.	Share Cancellation Profits		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital Adjustment Difference		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-		-	-	-	-	-	(2.010)	-	-	-	-	-	-	-	(2.010)
XVII.	Current Year Income or Loss		-		-	-	-	-	-	-	709.185	-	-	-	-	-	-	709.185
XVIII.	Profit Distribution		-		-	-	-	-	-	7.308	(513.908)	506.600	-	-	-	-	-	-
18.1	Dividend Paid		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-		-	-	-	-	-	7.308	(513.908)	506.600	-	-	-	-	-	-
18.3	Other		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+.....+XVI+XVII+XVIII)			3.427.051		541.633	-	17.159	-	326.025	5.298	709.185	(170.577)	47.975	-	-	-	-	4.903.749

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

**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOWS AT 31 DECEMBER 2007 AND 2006**

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

VI. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(31/12/2007)	(31/12/2006) (*)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating profit before changes in operating assets and liabilities		1.996.307	748.580
1.1.1 Interest received		6.141.326	4.577.433
1.1.2 Interest paid		(3.913.935)	(3.256.099)
1.1.3 Dividend received		38.617	41.061
1.1.4 Fees and commissions received		1.230.032	1.047.783
1.1.5 Other income		558.919	448.334
1.1.6 Collections from previously written-off loans and other receivables		510.580	226.763
1.1.7 Payments to personnel and service suppliers		(788.348)	(636.863)
1.1.8 Taxes paid		(179.846)	31.214
1.1.9 Other		(1.601.038)	(1.731.046)
1.2 Changes in operating assets and liabilities		(6.380.346)	6.492.493
1.2.1 Net decrease in trading securities		170.211	831.901
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase) in banks		(2.315)	5.314
1.2.4 Net (increase) in loans		(5.951.026)	(3.441.332)
1.2.5 Net decrease/(increase) in other assets		8.660	(1.851.976)
1.2.6 Net (decrease)/increase in bank deposits		(1.496.936)	2.433.831
1.2.7 Net increase in other deposits		940.486	4.810.750
1.2.8 Net (decrease)/increase in funds borrowed		(156.422)	2.800.000
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase in other liabilities		106.996	904.005
<b>I. Net cash provided from banking operations</b>		<b>(4.384.039)</b>	<b>7.241.073</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>3.101.177</b>	<b>(7.996.479)</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries(Business Partnerships)		(26.985)	(97.910)
2.2 Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships)		24.500	7.400
2.3 Purchases of property and equipment		(169.242)	(85.449)
2.4 Disposals of property and equipment		512.624	56.116
2.5 Cash paid for purchase of investments available-for-sale		(122.431)	(180.656)
2.6 Cash obtained from sale of investments available-for -sale		-	759.606
2.7 Cash paid for purchase of investment securities		(2.668.918)	(9.564.840)
2.8 Cash obtained from sale of investment securities		5.409.464	1.632.061
2.9 Other		142.165	(522.807)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>4.805</b>	<b>2.289</b>
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		4.805	2.289
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>(1.278.057)</b>	<b>(753.117)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>VI-a</b>	<b>2.962.345</b>	<b>3.715.462</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>VI-a</b>	<b>1.684.288</b>	<b>2.962.345</b>

(\*) YTL765.957 thousand of the period beginning balance of cash and cash equivalents as at 31 December 2006 resulted from the transfer of Koçbank to Yapı Kredi due to the legal merger.

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



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

**PROFIT APPROPRIATION STATEMENTS AT 31 DECEMBER 2007 AND 2006**

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

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY  
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**SECTION THREE  
EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION:**

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

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No:26333 dated 1 November 2006 by the 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 and "Draft Communiqués Regarding the Change in the Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published as of 22 September 2007.

The 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, the BRSA announced a decree that the inflation accounting application in the banking sector had been terminated. Therefore, the application of inflation accounting has been terminated in the preparation of the financial statements as of 1 January 2005.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgement 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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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**Explanations on first-time adoption of Turkish Accounting Standards:**

The accounting principles and valuation methods used in the preparation of the prior period financial statements are revised in compliance with Turkish Accounting Standards and Turkish Financial Reporting Standards as per the communiqué no.1 "Frame for Preparation and Presentation of Financial Statements" of the Turkish Accounting Standards Board published on the Official Gazette no.25702 dated 16 January 2005. In compliance with the Turkish Accounting Standard 8 (TAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors", the adjustments net of deferred tax effects made to the financial statements of the prior period are summarized below:

	<b>Marketable Securities Value Increase Fund</b>	<b>Prior Years' Income or Losses</b>	<b>Total Shareholders' Equity</b>
<b>Balances Reported as at 31 December 2005</b>	<b>73.876</b>	<b>(379.263)</b>	<b>1.587.615</b>
Adjustment on currency differences of foreign subsidiaries and investments	26.884	74.955	101.839
<b>Adjusted balances as of 31 December 2005</b>	<b>100.760</b>	<b>(304.308)</b>	<b>1.689.454</b>

The reconciliation of the net income reported under previous accounting principles in the financial statements to profit under TAS for the same period is as follows:

	<b>31 December 2006</b>
<b>Income for the period before TAS applications</b>	<b>512.239</b>
Adjustment on currency differences of foreign subsidiaries and investments	1.669
<b>Income for the period after TAS applications</b>	<b>513.908</b>

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

The general strategy of the Bank in 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 are 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" except foreign currency investments and subsidiaries valuation differences. 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 no foreign exchange differences are 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 one 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 one 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 31 December 2007 and 31 December 2006.

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

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-valued at their fair values. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

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**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 assets" and if the fair value difference is negative, it is disclosed under "trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement. Differences in the fair value of fair value hedge derivative instruments are accounted under "trading income/loss" in the income statement.

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

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

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

The Bank ceases accrued interest income on non-performing loans and any interest income accruals from such loans are 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 commission income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commission expenses paid to the other institutions are recognised as operational costs and recorded 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

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

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

Financial assets, which are classified as "financial assets at fair value through profit or loss", are trading financial assets and 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 instruments. The principles regarding the accounting of derivative financial instruments are explained in detail 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 are 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 value. 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 cannot be subject to this classification for two years due to the contradiction of classification principles.

**c. Loans and receivables:**

Loans and receivables are financial assets which are created by providing money, service or goods to debtors. 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.

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

**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 the accounting of provisions for loans are explained in detail 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Securities subject to repurchase agreements ("repos") are classified as "fair value difference through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the 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 the repurchase agreements using the "effective interest method". Interest expense on repo transactions are recorded under "interest expense on money market transactions" in the income statement.

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

The Bank has no securities lending transactions.

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

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

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

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

The Bank has no discontinued operations.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS :**

**a. Goodwill:**

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

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

Intangibles are amortised over their estimated useful lives 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 intangible assets	5 years

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT :**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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 immovable and are amortised over the lease period if the lease period is less than the useful life and over the useful life (five years) if the lease period is greater than 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 or 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.

**XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES :**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.

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

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employee Termination Benefit**

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

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

**b. Pension Rights**

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

Banking Law No.5411 temporary article 23 paragraph one states that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the published date of the article. However, on 2 November 2005 the President applied to the Constitutional Court for abrogation of the concerned article of Banking Law and with the decision of the Constitutional Court dated 22 March 2007 numbered E. 2005/39, K. 2007/33 published in the Official Gazette dated 31 March 2007 numbered 26479, the article has been abrogated as of the publication date of the decision. The reasoning of the Constitutional Court regarding the abrogation of the corresponding article has been published in the Official Gazette dated 15 December 2007, numbered 26732. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") has started to work on a new law regarding the transfer of the funds to SSI. The draft legislation on the change in the Social Security and General Health Security Law and respective laws and decrees have been discussed and adopted on the meeting of the GNAT Plan and Budget Commission held on 6 March 2008. In that respect, the Article adopted by GNAT that revises the temporary article 20 which regulates Funds under the temporary article 20 of the Social Security Law No.506 has been referred to the GNAT for final discussion. As of the reporting date, the legislation process is ongoing.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

BRSA expressed its opinion that in the framework of the abrogation of temporary article 23 of the Banking Law described in corresponding decision of the Council of Ministers, the provision amount calculated as of the end of 2006 should be preserved. Related with the opinion, the Bank has an actuarial report made a registered actuary for the Fund in accordance with the decree. The Bank provided a full provision regarding the deficit reported in the actuarial report by 31 December 2006 and therefore this provision has been accounted under the "Other provisions"

**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 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to 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 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**b. Deferred tax:**

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

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

**XVIII. EXPLANATIONS ON BORROWINGS:**

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

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

**XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity.

No dividend payments were announced after the balance sheet date.

**XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

Avalized drafts and acceptances shown as liabilities against assets are included in the "off-balance sheet commitments".

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS:**

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

**XXII. LEGAL MERGER:**

As both Koçbank and Yapı Kredi were banks under the common control of KFS and in order to provide the financial statement users with more useful information, the legal merger has been accounted 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 for 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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.k of Section Five).
- As of the acquisition date, a valuation of the intangible assets of Yapı Kredi was performed and the credit card brand value, deposit base and customer portfolio values have been reflected to the unconsolidated financial statements of the Bank in accordance with TFRS 3 (Note I.k 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.

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

**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.

	<b>31 December 2007</b>	<b>30 December 2006</b>
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	709.185	513.908
Weighted Average Number of Issued Ordinary Shares(Thousand)	320.573.075	314.281.800
<b>Earnings Per Share (Disclosed in full YTL)</b>	<b>0,0022</b>	<b>0,0016</b>

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

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

**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 detail in Note VIII. of Section Five.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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. EXPLANATIONS ON OPERATING SEGMENTS:**

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

**XXVIII. RECLASSIFICATIONS:**

Together with the adjustments made in accordance with 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, to conform to changes in presentation in the 31 December 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 13,67% (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" published as of 1 November 2006 and "Regulation Regarding the Change in the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" published as of 10 October 2007 (together referred as "Regulation Regarding Capital Adequacy"). The following tables show the details of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

c. Information related to capital adequacy ratio :

	Risk Weights(*)			
	% 0	% 20	% 50	% 100
<b>Amount subject to credit risk</b>				
<b>Balance sheet items (Net)</b>	<b>17.665.983</b>	<b>792.311</b>	<b>4.276.866</b>	<b>25.982.862</b>
Cash	572.457	1.079	-	-
Matured marketable securities	-	-	-	-
The Central Bank of the Republic of Turkey	1.815.806	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	715.880	-	12.680
Interbank money market placements	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	1.385.612	-	-	-
Loans	1.147.189	13.056	4.226.213	22.441.437
Non-performing receivables (Net)	-	-	-	346.996
Lease receivables	-	-	-	-
Available-for-sale financial assets	191.202	47.301	-	37.154
Held-to-maturity investments	11.493.366	-	-	-
Receivables from the disposal of assets	-	-	-	9.777
Miscellaneous receivables	-	113	-	238.354
Interest and income accruals	631.280	2.534	50.653	269.012
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	1.442.434
Fixed assets	-	-	-	1.101.498
Other assets	429.071	12.348	-	83.520
<b>Off-balance sheet items</b>	<b>382.712</b>	<b>4.143.917</b>	<b>1.957.642</b>	<b>8.600.638</b>
Non-cash loans and commitments	382.712	4.112.978	1.957.642	8.583.537
Derivative financial instruments	-	30.939	-	17.101
Non-risk weighted accounts	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>18.048.695</b>	<b>4.936.228</b>	<b>6.234.508</b>	<b>34.583.500</b>

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



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**INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Amount subject to credit risk "ASCR"	38.688.000	32.474.602
Amount subject to market risk "ASMR"	331.825	309.900
Amount subject to operational risk "ASOR" (*)	3.640.891	-
<b>Shareholders' equity</b>	<b>5.831.740</b>	<b>4.037.076</b>
<b>Shareholders' equity /(ASCR+ASMR+ASOR) *100</b>	<b>13,67</b>	<b>12,31</b>

(\*) 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:**

	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>CORE CAPITAL</b>		
Paid-in capital	3.427.051	3.142.818
Nominal capital	3.427.051	3.142.818
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	541.633	45.781
Share cancellation profits	-	-
Legal reserves	17.159	17.159
First legal reserve (Turkish Commercial Code 466/1)	17.159	17.159
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	326.025	326.025
Reserves allocated by the General Assembly	326.025	326.025
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	709.185	512.239
Current period net profit	709.185	512.239
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	83.040	76.138
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	5.298	-
Primary subordinated loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	(170.577)	(745.500)
Current period loss (net)	-	-
Prior periods loss	(170.577)	(745.500)
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
<b>Total Core Capital (*)</b>	<b>4.938.814</b>	<b>3.374.660</b>

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**

<b>SUPPLEMENTARY CAPITAL</b>		
General provisions	533.259	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	1.742.336	1.540.285
45 % of Marketable Securities valuation fund	21.589	20.400
From investments in associates and subsidiaries	-	(2.108)
Available-for-Sale financial assets	21.589	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)	-	-
<b>Total Supplementary Capital</b>	<b>2.297.184</b>	<b>1.970.491</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>7.235.998</b>	<b>5.345.151</b>
<b>DEDUCTIONS FROM THE CAPITAL (*)</b>	<b>1.404.258</b>	<b>1.308.075</b>
Investments in Unconsolidated Financial Institutions (Domestic, foreign) and Banks in which 10% or more equity interest exercised	74.204	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	454	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	-	-
Special costs	26.217	25.771
Prepaid expenses	116.258	68.711
Intangible Assets	1.187.125	1.152.548
Deferred tax asset amount exceeding 10% of core capital	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5.831.740</b>	<b>4.037.076</b>

(\*) 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 tables of summary information about capital adequacy ratio and information about shareholders' equity items does not include the effects of the TAS corrections made as of 31 December 2007, on 31 December 2006 financial statements.

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**II. EXPLANATIONS ON CREDIT RISK:**

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

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

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Above average	20,2%	20,8%
Average	53,6%	51,5%
Below Average	26,2%	27,7%

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

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

- e. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.

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- f. 1. The proportion of the Bank's top 100 cash loan balances in total cash loans is 21% (2006: 21%).
2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 43% (2006: 39%).
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 23% of total cash loans and non-cash loans (2006: 23%).
- g. The Bank provided a general loan loss provision amounting to YTL665.894 thousand (2006: YTL646.982 thousand).
- h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to Banks and other financial Institutions		Marketable Securities (*)		Other Loans(**)		Off Balance Sheet	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Loans concentration according to the type of borrowers</b>										
Private Sector	16.499.234	13.587.010	520.976	160.649	2.812	602	396.314	276.892	15.679.992	16.792.833
Public Sector	791.487	390.141	-	-	12.421.504	16.284.900	-	-	618.805	854.856
Banks	-	-	34.938	-	52.738	45.501	765.107	2.007.781	1.159.897	918.998
Individual Customers	10.662.246	8.366.346	-	-	-	-	727	174	10.475.358	8.183.783
Share certificates	-	-	-	-	28.936	17.020	1.467.904	838.151	-	-
<b>Total</b>	<b>27.952.967</b>	<b>22.343.497</b>	<b>555.914</b>	<b>160.649</b>	<b>12.505.990</b>	<b>16.348.023</b>	<b>2.630.052</b>	<b>3.122.998</b>	<b>27.934.052</b>	<b>26.750.470</b>
<b>Information according to geographical concentration</b>										
Domestic	27.715.430	21.550.939	536.072	159.821	12.388.872	13.157.774	1.932.787	1.171.834	26.833.938	25.741.202
European Union Countries	2.870	5.434	4.072	-	50.048	2.210.827	426.730	1.766.499	558.471	521.122
OECD Countries (***)	-	-	9.640	-	-	-	20.734	43.646	298.831	174.943
Off-shore banking regions	171.530	767.543	-	-	-	-	85	41	84	-
USA, Canada	6.813	-	-	-	67.070	979.422	237.121	127.543	42.645	6.700
Other Countries	56.324	19.581	6.130	828	-	-	12.595	13.435	200.083	306.503
<b>Total</b>	<b>27.952.967</b>	<b>22.343.497</b>	<b>555.914</b>	<b>160.649</b>	<b>12.505.990</b>	<b>16.348.023</b>	<b>2.630.052</b>	<b>3.122.998</b>	<b>27.934.052</b>	<b>26.750.470</b>

- (\*) Contains Financial Assets Designated at Fair Value, Available-for-sale Financial Assets and Held-to-maturity Investments.
- (\*\*) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts.
- (\*\*\*) OECD countries other than EU countries, USA and Canada.

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

	31 December 2007	31 December 2006
<b>Balance sheet items that are exposed to credit risk:</b>		
Bank placements	730.975	1.963.385
Loans and advances to customers	28.508.881	22.504.146
-Credit Cards	6.700.602	5.802.512
-Consumer	4.113.140	2.766.875
-Corporate	17.695.139	13.934.759
Trading Securities	228.942	433.441
-Government Securities	183.140	356.286
-Share certificates	-	-
-Other marketable securities	-	-
-Derivative financial instruments	45.802	77.155
Investment Securities	12.322.850	15.991.737
-Government Debt Securities	12.238.364	15.928.614
-Share certificates	28.936	17.020
-Other marketable securities	55.550	46.103
Receivables from financial leasing	-	-
Other assets	619.316	437.002
<b>Credit risk exposures relating to off-balance sheet items:</b>		
Financial guarantees	12.845.993	13.642.392
Loan commitments and other credit related liabilities	904.734	974.870
<b>Total</b>	<b>56.161.691</b>	<b>55.946.973</b>

j. Loans and other receivables past due:

31 December 2007	Corporate	Consumer	Credit Cards	Total	31 December 2006
Past due up to 30 days	88.162	120.931	252.597	461.690	399.294
Past due 30-60 days	60.934	70.995	101.323	233.252	188.111
Past due 60-90 days	53.486	24.223	8.316	86.025	87.438
<b>Total</b>	<b>202.582</b>	<b>216.149</b>	<b>362.236</b>	<b>780.967</b>	<b>674.843</b>

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

31 December 2007	Financial Assets At Fair Value Through Profit Or Loss (Net)	Available-for- sale Financial Assets (Net)	Held to Maturity Investments (Net)	Total
Moody's Rating				
Aaa	-	11.875	40.327	52.202
Aa	-	-	49.917	49.917
A	-	-	-	-
Baa	-	-	-	-
Ba3 (*)	183.140	183.503	11.952.742	12.319.385
<b>Total</b>	<b>183.140</b>	<b>195.378</b>	<b>12.042.986</b>	<b>12.421.504</b>

31 December 2006	Financial Assets At Fair Value Through Profit Or Loss (Net)	Available-for- sale Financial Assets (Net)	Held to Maturity Investments (Net)	Total
Moody's Rating				
Aaa	-	-	2.740.779	2.740.779
Aa	-	-	433.566	433.566
A	-	-	-	-
Baa	-	-	-	-
Ba3 (*)	356.286	48.715	12.705.554	13.110.555
<b>Total</b>	<b>356.286</b>	<b>48.715</b>	<b>15.879.899</b>	<b>16.284.900</b>

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

**l. Information according to geographical concentration:**

	Assets	Liabilities (***)	Non-Cash Loans	Capital Expenditures	Net profit (****)
<b>31 December 2007</b>					
Domestic	46.656.229	40.580.106	12.650.613	169.242	709.185
European Union Countries	499.866	3.375.393	558.471	-	-
OECD Countries (*)	37.025	804.722	298.831	-	-
Off-shore banking regions	152.235	1.195	84	-	-
USA, Canada	389.904	5.558	42.645	-	-
Other Countries	138.217	90.077	200.083	-	-
Subsidiaries, Investments and Joint Ventures	1.467.901	-	-	-	-
Unallocated Assets/Liabilities (**)	1.011.532	592.109	-	-	-
<b>Total</b>	<b>50.352.909</b>	<b>45.449.160</b>	<b>13.750.727</b>	<b>169.242</b>	<b>709.185</b>
<b>31 December 2006</b>					
Domestic	41.013.477	38.253.530	13.607.994	85.449	513.908
European Union Countries	4.047.040	5.076.408	521.122	-	-
OECD Countries (*)	89.983	1.236.628	174.943	-	-
Off-shore banking regions	723.240	-	-	-	-
USA, Canada	1.085.571	632.438	6.700	-	-
Other Countries	108.872	57.693	306.503	-	-
Investments in associates, subsidiaries and joint ventures	838.151	-	-	-	-
Unallocated Assets/Liabilities (**)	1.110.304	334.778	-	-	-
<b>Total</b>	<b>49.016.638</b>	<b>45.591.475</b>	<b>14.617.262</b>	<b>85.449</b>	<b>513.908</b>

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

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

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

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

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**m. Sectoral concentrations for cash loans:**

	31 December 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>401.405</b>	<b>2,09</b>	<b>129.134</b>	<b>1,45</b>	<b>219.166</b>	<b>1,47</b>	<b>119.609</b>	<b>1,70</b>
Farming and Raising Livestock	314.365	1,63	107.944	1,21	168.685	1,13	100.707	1,44
Forestry	64.769	0,34	4.534	0,05	41.427	0,28	3.839	0,05
Fishing	22.271	0,12	16.656	0,19	9.054	0,06	15.063	0,21
<b>Manufacturing</b>	<b>4.083.455</b>	<b>21,24</b>	<b>4.603.713</b>	<b>51,53</b>	<b>3.356.278</b>	<b>22,55</b>	<b>3.940.602</b>	<b>56,15</b>
Mining	109.069	0,57	151.717	1,69	90.571	0,61	135.275	1,93
Production	3.928.481	20,43	4.116.548	46,08	3.238.156	21,75	3.602.620	51,33
Electric, Gas and Water	45.905	0,24	335.448	3,76	27.551	0,19	202.707	2,89
<b>Construction</b>	<b>887.036</b>	<b>4,61</b>	<b>434.725</b>	<b>4,87</b>	<b>630.463</b>	<b>4,24</b>	<b>357.799</b>	<b>5,10</b>
<b>Services</b>	<b>2.890.028</b>	<b>15,03</b>	<b>2.314.070</b>	<b>25,90</b>	<b>2.231.491</b>	<b>14,99</b>	<b>2.260.643</b>	<b>32,21</b>
Wholesale and Retail Trade	1.384.656	7,20	305.236	3,41	1.025.908	6,89	345.196	4,92
Hotel Food and Beverage Services	187.475	0,97	397.406	4,45	152.410	1,02	312.266	4,45
Transportation and Telecommunication	542.016	2,82	1.267.028	14,18	407.536	2,74	229.653	3,27
Financial Institutions	398.008	2,07	157.906	1,77	391.529	2,63	1.127.313	16,06
Real Estate and Leasing Services	117.193	0,61	108.631	1,22	89.434	0,60	63.817	0,91
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	27.683	0,14	163	0,00	20.373	0,14	3.444	0,05
Health and Social Services	232.997	1,22	77.700	0,87	144.301	0,97	178.954	2,55
<b>Other</b>	<b>10.966.635</b>	<b>57,03</b>	<b>1.451.684</b>	<b>16,25</b>	<b>8.445.251</b>	<b>56,75</b>	<b>338.745</b>	<b>4,83</b>
<b>Loan Interest and Income Accruals</b>	-	-	-	-	<b>153.870</b>	-	<b>138.206</b>	-
<b>Total</b>	<b>19.228.559</b>	<b>100,00</b>	<b>8.933.326</b>	<b>100,00</b>	<b>15.036.519</b>	<b>100,00</b>	<b>7.155.604</b>	<b>100,00</b>

**III. EXPLANATIONS ON MARKET RISK:**

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio including the Bank's currency risk. The below table represents the details of market risk calculation as of 31 December 2007 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006, namely the "Calculation of Market Risk with Standard Method".

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**a. Information on Market Risk:**

	31 December 2007	31 December 2006
(I) Capital to be Employed for General Market Risk - Standard Method	16.277	11.311
(II) Capital to be Employed for Specific Risk -Standard Method	397	-
(III) Capital to be Employed for Currency Risk - Standard Method	3.802	13.481
(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	6.070	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	26.546	24.792
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	331.825	309.900

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

	31 December 2007			31 December 2006		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	14.332	16.856	7.253	35.176	78.693	11.311
Share Premium Risk	343	1.600	-	3.177	4.102	-
Currency Risk	8.588	21.739	3.475	20.039	19.275	13.481
Commodity Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Operational Risk	-	-	-	-	-	-
<b>Total Amount Subject to Risk</b>	<b>23.263</b>	<b>40.195</b>	<b>10.728</b>	<b>58.392</b>	<b>102.070</b>	<b>24.792</b>

**IV. EXPLANATIONS ON OPERATIONAL RISK:**

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2006, 2005 and 2004 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of 31 December 2007, the total amount subject to operational risk is YTL 3.640.891 thousand and the amount of the related capital requirement is YTL 291.271 thousand.

**V. 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. When necessary, derivatives like forward foreign exchange contracts and currency swaps are used as part of 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 are as follows:

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>YTL1,13550</b>	<b>YTL1,66740</b>	<b>YTL0,01002</b>
28 December 2007 bid rate	YTL1,14150	YTL1,65510	YTL0,00996
27 December 2007 bid rate	YTL1,14220	YTL1,64890	YTL0,00998
26 December 2007 bid rate	YTL1,14520	YTL1,64940	YTL0,01001
25 December 2007 bid rate	YTL1,15040	YTL1,65610	YTL0,01005
24 December 2007 bid rate	YTL1,15310	YTL1,65990	YTL0,01015

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

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

As of 31 December 2006;

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>1,37770 YTL</b>	<b>1,81210 YTL</b>	<b>0,01157YTL</b>

**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 the Net Foreign Currency Position. In addition, foreign currency general provisions in the balance sheet, the specific provision for non cash loans, derivative financial instruments and prepaid expenses are considered as Turkish Lira in the calculation of the Net Currency Position regarding the related regulation. Therefore, there is a difference between the sum of the foreign currency assets and the sum of liabilities 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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	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>Other FC</b>	<b>Total</b>
<b>31 December 2007</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.963.321	80.069	119	4.565	2.048.074
Banks	198.145	469.233	735	15.016	683.129
Financial Assets at Fair Value Through Profit or Loss	59.457	120.366	-	-	179.823
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	10.012	61.894	-	-	71.906
Loans (*)	3.385.112	6.424.711	29.513	178.941	10.018.277
Investments in Associates, Subsidiaries and Joint Ventures	110.904	55.347	-	43.404	209.655
Held-to-Maturity Investments	392.169	5.445.512	-	-	5.837.681
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	133.945	129.012	96	134.245	397.298
<b>Total Assets</b>	<b>6.253.065</b>	<b>12.786.144</b>	<b>30.463</b>	<b>376.171</b>	<b>19.445.843</b>
<b>Liabilities</b>					
Bank Deposits	15.259	291.326	186	138.161	444.932
Foreign Currency Deposits	3.916.693	8.656.368	9.478	275.150	12.857.689
Funds From Interbank Money Market	34.948	169.942	-	-	204.890
Funds Borrowed From Other Financial Institutions	911.037	3.144.630	454	613	4.056.734
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	45.290	93.070	200	11.349	149.909
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	1.998.179	264.204	278	31.281	2.293.942
<b>Total Liabilities</b>	<b>6.921.406</b>	<b>12.619.540</b>	<b>10.596</b>	<b>456.554</b>	<b>20.008.096</b>
<b>Net On-balance Sheet Position</b>	<b>(668.341)</b>	<b>166.604</b>	<b>19.867</b>	<b>(80.383)</b>	<b>(562.253)</b>
<b>Net Off-balance Sheet Position</b>	<b>703.468</b>	<b>(196.072)</b>	<b>(21.878)</b>	<b>104.612</b>	<b>590.130</b>
Financial Derivative Assets	985.773	1.761.524	5.794	235.573	2.988.664
Financial Derivative Liabilities	282.305	1.957.596	27.672	130.961	2.398.534
<b>Non-Cash Loans</b>	<b>2.614.748</b>	<b>4.918.273</b>	<b>270.066</b>	<b>150.115</b>	<b>7.953.202</b>
<b>31 December 2006</b>					
Total Assets	7.271.108	14.607.714	24.597	439.258	22.342.677
Total Liabilities	7.169.852	14.567.230	19.179	538.285	22.294.546
<b>Net On-balance Sheet Position</b>	<b>101.256</b>	<b>40.484</b>	<b>5.418</b>	<b>(99.027)</b>	<b>48.131</b>
<b>Net Off-balance Sheet Position</b>	<b>(61.148)</b>	<b>92.896</b>	<b>(5.304)</b>	<b>142.767</b>	<b>169.211</b>
Financial Derivative Assets	374.573	1.032.918	2.537	195.048	1.605.076
Financial Derivative Liabilities	435.721	940.022	7.841	52.281	1.435.865
<b>Non-Cash Loans</b>	<b>2.747.217</b>	<b>5.813.378</b>	<b>347.800</b>	<b>136.010</b>	<b>9.044.405</b>

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

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**VI. EXPLANATIONS ON INTEREST RATE RISK:**

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

<b>31 December 2007</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.433.091	-	-	-	-	2.255.574	3.688.665
Banks	253.199	102.572	6.273	-	-	368.931	730.975
Financial Assets at Fair Value Through Profit/Loss	33.184	32.985	34.449	101.655	26.669	-	228.942
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	211	3.816	5.840	166.656	27.103	76.238	279.864
Loans	7.063.232	3.365.101	7.923.353	6.485.701	3.324.498	346.996	28.508.881
Held-to-Maturity Investments	1.150.245	4.021.609	1.783.185	1.213.323	3.874.624	-	12.042.986
Other Assets	209	72	529	874	-	4.870.912	4.872.596
<b>Total Assets</b>	<b>9.933.371</b>	<b>7.526.155</b>	<b>9.753.629</b>	<b>7.968.209</b>	<b>7.252.894</b>	<b>7.918.651</b>	<b>50.352.909</b>
<b>Liabilities</b>							
Bank Deposits	306.927	109.257	12.063	-	-	101.162	529.409
Other Deposits	22.765.554	2.090.180	1.575.450	21.977	-	5.184.363	31.637.524
Funds From Interbank Money Market	1.609.630	70.613	96.391	-	-	-	1.776.634
Miscellaneous Payables	2.139.396	7.703	2.546	-	-	59.247	2.208.892
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	35.517	4.009.529	143.099	47.856	-	-	4.236.001
Other Liabilities and Shareholders' Equity	48.263	898.443	1.068.190	984	-	7.948.569	9.964.449
<b>Total Liabilities</b>	<b>26.905.287</b>	<b>7.185.725</b>	<b>2.897.739</b>	<b>70.817</b>	<b>-</b>	<b>13.293.341</b>	<b>50.352.909</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>340.430</b>	<b>6.855.890</b>	<b>7.897.392</b>	<b>7.252.894</b>	<b>-</b>	<b>22.346.606</b>
<b>Balance Sheet Short Position</b>	<b>(16.971.916)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.374.690)</b>	<b>(22.346.606)</b>
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	(11.797)	(33.902)	(86.037)	(6.517)	-	-	(138.253)
<b>Total Position</b>	<b>(16.983.713)</b>	<b>306.528</b>	<b>6.769.853</b>	<b>7.890.875</b>	<b>7.252.894</b>	<b>(5.374.690)</b>	<b>(138.253)</b>

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<b>31 December 2006</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
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
Banks	1.476.745	94.274	4.009	-	-	388.357	1.963.385
Financial Assets at Fair Value Through Profit/Loss	16.233	56.472	133.690	157.069	69.977	-	433.441
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	1.275	2.688	21.708	7.939	15.105	63.123	111.838
Loans	5.162.457	3.960.928	7.851.189	4.492.792	724.757	312.023	22.504.146
Held-to-Maturity Investments	3.419.703	3.629.478	3.141.243	2.062.270	3.627.205	-	15.879.899
Other Assets	-	-	-	-	-	4.043.244	4.043.244
<b>Total Assets</b>	<b>13.150.840</b>	<b>7.743.840</b>	<b>11.151.839</b>	<b>6.720.070</b>	<b>4.437.044</b>	<b>5.813.005</b>	<b>49.016.638</b>
<b>Liabilities</b>							
Bank Deposits	273.903	6.836	-	-	-	72.059	352.798
Other Deposits	21.051.890	3.721.781	865.961	38.255	516	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	1.122.394	-	1.248.493	-	4.599.743
Other Liabilities and Shareholders' Equity	1.995	2.587	14.092	115	1.559.258	6.043.124	7.621.171
<b>Total Liabilities</b>	<b>26.431.113</b>	<b>6.043.899</b>	<b>2.361.294</b>	<b>38.370</b>	<b>2.808.267</b>	<b>11.333.695</b>	<b>49.016.638</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>1.699.941</b>	<b>8.790.545</b>	<b>6.681.700</b>	<b>1.628.777</b>	<b>-</b>	<b>18.800.963</b>
<b>Balance Sheet Short Position</b>	<b>(13.280.273)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.520.690)</b>	<b>(18.800.963)</b>
Off-balance Sheet Long Position	6.550	23.882	12.229	86	-	-	42.747
Off-balance Sheet Short Position	-	-	(4.375)	-	-	-	(4.375)
<b>Total Position</b>	<b>(13.273.723)</b>	<b>1.723.823</b>	<b>8.798.399</b>	<b>6.681.786</b>	<b>1.628.777</b>	<b>(5.520.690)</b>	<b>38.372</b>

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**b. Average interest rates for monetary financial instruments:**

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

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

<b>31 December 2006</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,71	2,26	-	11,07
Banks	0,67	4,88	-	16,70
Financial Assets at Fair Value Through Profit/Loss	9,06	8,44	-	19,08
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	7,43	-	16,94
Loans	5,55	5,48	2,17	21,70
Held-to-maturity Investments	3,85	7,25	-	19,25
<b>Liabilities</b>				
Bank Deposits	0,04	1,66	-	18,79
Other Deposits	1,86	4,14	0,11	18,67
Funds From Interbank Money Market	4,02	6,97	-	20,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,19	5,35	1,28	15,62

**VII. EXPLANATIONS ON LIQUIDITY RISK:**

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy 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 ALCO, 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 is followed via daily and monthly liquidity gap reports and any effects of incompliance investigated.

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:**

	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unclassified (*)</b>	<b>Total</b>
<b>31 December 2007</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.255.574	1.433.091	-	-	-	-	-	3.688.665
Banks	368.931	253.199	102.572	6.273	-	-	-	730.975
Financial Assets at Fair Value Through Profit or Loss	-	30.912	25.004	35.801	110.464	26.761	-	228.942
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	47.302	1	2	6.049	168.658	28.916	28.936	279.864
Loans	-	6.141.349	3.208.205	8.091.487	7.038.276	3.682.568	346.996	28.508.881
Held-to-maturity Investments	-	56.468	316.291	1.390.814	4.753.993	5.525.420	-	12.042.986
Other Assets (*)	229.635	255.716	1.664	216.203	4.889	207.799	3.956.690	4.872.596
<b>Total Assets</b>	<b>2.901.442</b>	<b>8.170.736</b>	<b>3.653.738</b>	<b>9.746.627</b>	<b>12.076.280</b>	<b>9.471.464</b>	<b>4.332.622</b>	<b>50.352.909</b>
<b>Liabilities</b>								
Bank Deposits	101.162	306.927	109.257	12.063	-	-	-	529.409
Other Deposits	5.184.363	22.765.554	2.090.180	1.575.450	21.977	-	-	31.637.524
Funds Borrowed From Other Financial Institutions	-	35.517	580.374	1.860.195	1.138.649	621.266	-	4.236.001
Funds From Interbank Money Market	-	1.609.630	70.613	96.391	-	-	-	1.776.634
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	59.247	2.139.396	7.703	2.546	-	-	-	2.208.892
Other Liabilities (**)	1.757.424	1.317.925	18.341	72.657	121.437	1.772.916	4.903.749	9.964.449
<b>Total Liabilities</b>	<b>7.102.196</b>	<b>28.174.949</b>	<b>2.876.468</b>	<b>3.619.302</b>	<b>1.282.063</b>	<b>2.394.182</b>	<b>4.903.749</b>	<b>50.352.909</b>
<b>Net Liquidity Gap</b>	<b>(4.200.754)</b>	<b>(20.004.213)</b>	<b>777.270</b>	<b>6.127.325</b>	<b>10.794.217</b>	<b>7.077.282</b>	<b>(571.127)</b>	<b>-</b>
<b>31 December 2006</b>								
Total Assets	1.601.855	12.094.728	4.798.936	8.691.972	4.652.288	13.443.925	3.732.934	49.016.638
Total Liabilities	6.966.628	27.365.853	4.376.718	2.357.091	38.369	4.486.816	3.425.163	49.016.638
<b>Net Liquidity Gap</b>	<b>(5.364.773)</b>	<b>(15.271.125)</b>	<b>422.218</b>	<b>6.334.881</b>	<b>4.613.919</b>	<b>8.957.109</b>	<b>307.771</b>	<b>-</b>

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**

**Breakdown of financial liabilities according to their remaining contractual maturities:**

<b>31 December 2007</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Above 5 years</b>
<b>Liabilities</b>					
Deposit	28.550.548	2.294.738	1.623.396	37.563	-
Funds Borrowed From Other Financial Institutions	37.127	636.396	1.997.137	1.379.594	856.069
Funds From Interbank Money Market	1.616.616	73.166	99.295	-	-
<b>Total</b>	<b>30.204.291</b>	<b>3.004.300</b>	<b>3.719.828</b>	<b>1.417.157</b>	<b>856.069</b>

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

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

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>Financial Assets</b>	<b>41.562.706</b>	<b>40.459.268</b>	<b>41.801.296</b>	<b>40.685.558</b>
Due From Interbank Money Market	-	-	-	-
Banks	730.975	1.963.385	731.022	1.963.991
Available-for-sale Financial Assets	279.864	111.838	279.864	111.838
Held-to-maturity Investments	12.042.986	15.879.899	12.228.769	15.921.444
Loans	28.508.881	22.504.146	28.561.641	22.688.285
<b>Financial Liabilities</b>	<b>38.611.826</b>	<b>38.038.916</b>	<b>38.626.754</b>	<b>38.044.113</b>
Bank deposits	529.409	352.798	529.431	352.630
Other deposits	31.637.524	30.774.473	31.638.088	30.772.789
Funds Borrowed From Other Financial Institutions	4.236.001	4.599.743	4.250.343	4.606.792
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	2.208.892	2.311.902	2.208.892	2.311.902

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**

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

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

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

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

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

**X. EXPLANATIONS ON OPERATING SEGMENTS:**

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

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

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**

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

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Private Banking</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
<b>31 December 2007</b>						
Operating revenue	1.040.771	712.866	92.605	959.579	1.166.473	3.972.294
Unallocated costs	-	-	-	-	(3.158.046)	(3.158.046)
<b>Net Operating Profit</b>	<b>1.040.771</b>	<b>712.866</b>	<b>92.605</b>	<b>959.579</b>	<b>(1.991.573)</b>	<b>814.248</b>
Dividend income	-	-	-	-	-	38.617
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>852.865</b>
Tax Expense	-	-	-	-	-	143.680
<b>Net Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>709.185</b>
Segment assets	6.989.098	14.144.367	186.856	6.436.115	17.725.561	45.481.997
Investments in associates, subsidiaries and joint ventures	-	-	-	-	1.467.904	1.467.904
Unallocated assets	-	-	-	-	3.403.008	3.403.008
<b>Total Assets</b>	<b>6.989.098</b>	<b>14.144.367</b>	<b>186.856</b>	<b>6.436.115</b>	<b>22.596.473</b>	<b>50.352.909</b>
Segment liabilities	14.022.927	10.943.966	6.874.275	1.662.613	9.838.578	43.342.359
Shareholders' Equity	-	-	-	-	4.903.749	4.903.749
Unallocated liabilities	-	-	-	-	2.106.801	2.106.801
<b>Total liabilities</b>	<b>14.022.927</b>	<b>10.943.966</b>	<b>6.874.275</b>	<b>1.662.613</b>	<b>16.849.128</b>	<b>50.352.909</b>

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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:**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Cash	307.931	130.758	307.316	125.231
The CBRT	1.332.660	1.916.237	1.549.860	2.095.114
Other	-	1.079	-	3.164
<b>Total</b>	<b>1.640.591</b>	<b>2.048.074</b>	<b>1.857.176</b>	<b>2.223.509</b>

**2. Information on the account of the CBRT:**

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

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

**3. Information on reserve requirements:**

In accordance with 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 for their YTL liabilities by 6% and for their foreign currency liabilities by 11% as USD and/or EUR. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 31 December 2007 the corresponding interest rates are 11,81% for YTL, 1,95% for USD and 1,80% for EUR reserves.

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

1. As of 31 December 2007, financial assets at fair value through profit or loss subject to repo transactions amount to YTL102.027 thousand (2006: YTL195.994 thousand), and those given as collateral/blocked amount to YTL1 thousand (2006: YTL14.358 thousand).

**2. Positive differences related to trading derivative financial assets:**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	18.806	4.854	34.413	3.311
Swap Transactions	16.601	4.480	37.687	1.744
Futures Transactions	-	-	-	-
Options	-	1.061	-	-
Other	-	-	-	-
<b>Total</b>	<b>35.407</b>	<b>10.395</b>	<b>72.100</b>	<b>5.055</b>

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**c. Information on banks:**

1. Information on banks :

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	47.846	683.129	7.306	1.955.988
Domestic	31.277	11.751	7.298	226
Foreign	16.569	671.378	8	1.955.762
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	91	-
<b>Total</b>	<b>47.846</b>	<b>683.129</b>	<b>7.397</b>	<b>1.955.988</b>

2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
EU Countries	417.227	1.767.385	-	-
USA, Canada	237.126	131.274	-	-
OECD Countries (*)	15.736	43.634	-	-
Off-shore Banking Regions	85	41	-	-
Other	17.773	13.436	-	-
<b>Total</b>	<b>687.947</b>	<b>1.955.770</b>	<b>-</b>	<b>-</b>

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

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

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

As of 31 December 2007, available-for-sale financial assets given as collateral/blocked amount to YTL12.767 thousand (2006: YTL21.113 thousand). There are no available-for-sale financial assets subject to repo transactions (2006: None).

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

	31 December 2007	31 December 2006
Debt Securities	196.067	49.660
Quoted to Stock Exchange (*)	196.067	49.660
Not Quoted	-	-
Share Certificates	70.738	58.822
Quoted to Stock Exchange	-	-
Not Quoted	70.738	58.822
Impairment Provision (-)	(42.491)	(42.747)
Other (**)	55.550	46.103
<b>Total</b>	<b>279.864</b>	<b>111.838</b>

(\*) As of 31 December 2007, even though Eurobonds amounting to YTL35.448 thousand (2006: YTL15.104 thousand) are not quoted on stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

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

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(Continued)

e. Explanations on loans:

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

	31 December 2007		31 December 2006	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted to Shareholders</b>	-	-	89	224
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	89	224
<b>Indirect Loans Granted to Shareholders</b>	358.699	679.098	379.531	731.251
<b>Loans Granted to Employees</b>	56.355	-	45.343	-
<b>Total</b>	<b>415.054</b>	<b>679.098</b>	<b>424.963</b>	<b>731.475</b>

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
<b>Cash Loans</b>				
<b>Non-Specialised Loans</b>	<b>27.179.628</b>	<b>249.898</b>	<b>717.690</b>	<b>14.669</b>
Discount and Purchase Notes	287.292	-	39	-
Export Loans	2.337.231	5.028	32.406	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	555.914	-	-	-
Foreign Loans	85.848	171.530	-	-
Consumer Loans	3.837.318	-	227.691	-
Credit Cards	6.234.999	-	362.236	-
Precious Metal Loans	135.527	-	-	-
Other	13.705.499	73.340	95.318	14.669
<b>Specialised Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>27.179.628</b>	<b>249.898</b>	<b>717.690</b>	<b>14.669</b>

The Bank's cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement ("FRA") amounted to USD193.969.222 (YTL220.252 thousand) (2006: USD752.945.836 (YTL1.037.333 thousand)) as of 31 December 2007, which is classified under "Standard Loans and Other Receivables that have been restructured or rescheduled". The annual interest rate for the remaining portion of the Çukurova Group risk per the "FRA Modification Agreement" is identified as Libor+2,5 and the maturity of the last payment is 30 September 2015. According to the "Pledge Agreement" signed between the Bank, Çukurova Holding A.Ş. ("Çukurova Holding") and Çukurova Investments N.V. ("Çukurova Investments") on 28 September 2005, the Bank has a continuous pledge on 2,73% of Turkcell İletişim Hizmetleri A.Ş. ("Turkcell") shares of Çukurova Holding and Çukurova Investments in relation to the Çukurova Group loans repayment liability. The fair value of those Turkcell collaterals amounts to approximately YTL771.222 thousand as of 31 December 2007.

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3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other receivables	Restructured or Rescheduled	Loans and Other receivables	Restructured or Rescheduled
<b>Short-term Loans and Other Receivables</b>	<b>15.749.230</b>	-	<b>663.481</b>	-
Non-specialised Loans	15.749.230	-	663.481	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium And Long-Term Loans and Other Receivables</b>	<b>11.430.398</b>	<b>249.898</b>	<b>54.209</b>	<b>14.669</b>
Non-Specialised Loans	11.430.398	249.898	54.209	14.669
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-

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

<b>31 December 2007</b>	<b>Corporate Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>	<b>31 December 2006</b>
Standart loans	17.357.209	3.837.318	6.234.999	27.429.526	21.315.366
Watch listed	142.432	227.691	362.236	732.359	876.757
Loans under legal follow-up	1.233.126	100.893	405.236	1.739.255	1.714.040
Specific Provisions (-)	(1.037.628)	(52.762)	(301.869)	(1.392.259)	(1.402.017)
<b>Total</b>	<b>17.695.139</b>	<b>4.113.140</b>	<b>6.700.602</b>	<b>28.508.881</b>	<b>22.504.146</b>

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

<b>31 December 2007</b>	<b>Corporate Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Watch listed	39.634	114.244	-	153.878
Loans under legal follow-up	246.077	25.993	-	272.070
<b>Total</b>	<b>285.711</b>	<b>140.237</b>	<b>-</b>	<b>425.948</b>
<b>31 December 2006</b>	<b>Corporate Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Watch Listed	137.765	123.670	-	261.435
Loans under legal follow-up	289.513	11.555	-	301.068
<b>Total</b>	<b>427.278</b>	<b>135.225</b>	<b>-</b>	<b>562.503</b>

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

	Short- term	Medium and Long-term	Total
<b>Consumer Loans-YTL</b>	<b>170.322</b>	<b>3.596.773</b>	<b>3.767.095</b>
Real estate loans	7.530	2.069.460	2.076.990
Automotive loans	16.158	472.533	488.691
Consumer loans	31.463	135.059	166.522
Other	115.171	919.721	1.034.892
<b>Consumer Loans-FC Indexed</b>	<b>4.800</b>	<b>189.096</b>	<b>193.896</b>
Real estate loans	1.014	144.178	145.192
Automotive loans	1.838	25.033	26.871
Consumer loans	17	1.462	1.479
Other	1.931	18.423	20.354
<b>Consumer Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-YTL</b>	<b>6.211.821</b>	<b>237.121</b>	<b>6.448.942</b>
With installments	2.820.526	237.121	3.057.647
Without installments	3.391.295	-	3.391.295
<b>Individual Credit Cards- FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Personnel Loans-YTL</b>	<b>5.736</b>	<b>17.877</b>	<b>23.613</b>
Real estate loans	27	1.921	1.948
Automotive loans	121	709	830
Consumer loans	138	220	358
Other	5.450	15.027	20.477
<b>Personnel Loans-FC Indexed</b>	<b>16</b>	<b>280</b>	<b>296</b>
Real estate loans	-	239	239
Automotive loans	-	4	4
Consumer loans	-	-	-
Other	16	37	53
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-YTL</b>	<b>30.861</b>	<b>834</b>	<b>31.695</b>
With installments	15.847	834	16.681
Without installments	15.014	-	15.014
<b>Personnel Credit Cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-YTL (Real Person)</b>	<b>80.109</b>	-	<b>80.109</b>
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>6.503.665</b>	<b>4.041.981</b>	<b>10.545.646</b>

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

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

	Short-term	Medium and long-term	Total
<b>Commercial Installments Loans-YTL</b>	<b>240.196</b>	<b>1.974.084</b>	<b>2.214.280</b>
Business Loans	6.038	256.754	262.792
Automotive Loans	65.800	1.168.003	1.233.803
Consumer Loans	-	-	-
Other	168.358	549.327	717.685
<b>Commercial Installments Loans-FC Indexed</b>	<b>25.547</b>	<b>195.625</b>	<b>221.172</b>
Business Loans	41	14.103	14.144
Automotive Loans	3.820	111.919	115.739
Consumer Loans	-	-	-
Other	21.686	69.603	91.289
<b>Commercial Installments Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-YTL</b>	<b>116.530</b>	<b>68</b>	<b>116.598</b>
With installment	18.419	68	18.487
Without installment	98.111	-	98.111
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit Deposit Account-YTL (Legal Person)</b>	<b>107.795</b>	<b>-</b>	<b>107.795</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>490.068</b>	<b>2.169.777</b>	<b>2.659.845</b>

7. Loans according to types of borrowers:

	31 December 2007	31 December 2006
Public	791.487	390.141
Private	27.370.398	21.801.982
<b>Total</b>	<b>28.161.885</b>	<b>22.192.123</b>

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

	31 December 2007	31 December 2006
Domestic loans	27.904.507	21.398.737
Foreign loans	257.378	793.386
<b>Total</b>	<b>28.161.885</b>	<b>22.192.123</b>

9. Loans granted to investments in associates and subsidiaries:

	31 December 2007	31 December 2006
Direct loans granted to investments in associates and subsidiaries	67.986	24.145
Indirect loans granted to investments in associates and subsidiaries	-	-
<b>Total</b>	<b>67.986</b>	<b>24.145</b>

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10. (i) Specific provisions provided against loans:

	31 December 2007	31 December 2006
Loans and other receivables with limited collectibility	30.108	25.098
Loans and other receivables with doubtful collectibility	120.683	87.664
Uncollectible loans and other receivables	1.241.468	1.289.255
<b>Total</b>	<b>1.392.259</b>	<b>1.402.017</b>

(ii) Provisions related to loans :

	Commercial Loans	Consumer Loans	Credit Cards	Total	31.12.2006
<b>1 January</b>	<b>1.065.133</b>	<b>22.044</b>	<b>314.840</b>	<b>1.402.017</b>	<b>823.425</b>
Transfer from Koçbank due to Legal Merger	-	-	-	-	335.740
Allowance for impairment	127.319	66.344	242.630	436.293	327.234
Amount recovered during the period	(62.221)	(34.867)	(75.391)	(172.479)	(52.379)
Loans written off during the period as uncollectible	(92.603)	(759)	(180.210)	(273.572)	(32.003)
Exchange differences	-	-	-	-	-
<b>31 December</b>	<b>1.037.628</b>	<b>52.762</b>	<b>301.869</b>	<b>1.392.259</b>	<b>1.402.017</b>

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

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

	III. Group  Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
<b>31 December 2007</b>			
<b>(Gross amounts before specific reserves)</b>	<b>303</b>	<b>576</b>	<b>185.107</b>
Restructured loans and other receivables	303	576	185.107
Rescheduled loans and other receivables	-	-	-
<b>31 December 2006</b>			
<b>(Gross amounts before the specific reserves)</b>	<b>303</b>	<b>576</b>	<b>185.107</b>
Restructured loans and other receivables	455	1.110	221.192
Rescheduled loans and other receivables	-	-	-



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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2006</b>	<b>138.198</b>	<b>139.901</b>	<b>1.435.941</b>
Additions (+)	664.044	55.273	90.050
Transfers from other categories of non-performing loans (+)	-	554.052	457.495
Transfer to other categories of non-performing loans (-)	(554.052)	(457.495)	-
Collections (-)	(88.213)	(78.891)	(343.476)
Write-offs(-)	-	-	(273.572)
Corporate and Commercial Loans	-	-	(92.547)
Consumer Loans	-	-	(759)
Credit Cards	-	-	(180.210)
Other	-	-	(56)
<b>31 December 2007</b>	<b>159.977</b>	<b>212.840</b>	<b>1.366.438</b>
Special Provision (-)	(30.108)	(120.683)	(1.241.468)
<b>Net Balance on Balance Sheet</b>	<b>129.869</b>	<b>92.157</b>	<b>124.970</b>

11(iii) Information on Non-performing loans granted as foreign currency loans

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2007</b>			
Period end balance	-	-	2.416
Specific provision (-)	-	-	(2.359)
<b>Net Balance on-balance sheet</b>	-	-	57
<b>31 December 2006</b>			
Period end balance	-	-	-
Specific provision (-)	-	-	-
<b>Net Balance on-balance sheet</b>	-	-	-

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2007 (Net)</b>	<b>129.869</b>	<b>92.157</b>	<b>124.970</b>
Loans granted to real persons and corporate entities (Gross)	159.977	212.840	1.281.452
Specific provision amount (-)	(30.108)	(120.683)	(1.156.482)
Loans granted to real persons and corporate entities (Net)	129.869	92.157	124.970
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	84.986
Specific provision amount (-)	-	-	(84.986)
Other loans and receivables (Net)	-	-	-
<b>31 December 2006 (Net)</b>	<b>113.100</b>	<b>52.237</b>	<b>146.686</b>
Loans granted to real persons and corporate entities (Gross)	138.198	139.901	1.311.623
Specific provision amount (-)	(25.098)	(87.664)	(1.164.937)
Loans granted to real persons and corporate entities (Net)	113.100	52.237	146.686
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	124.318
Specific provision amount (-)	-	-	(124.318)
Other loans and receivables (Net)	-	-	-

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

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

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**f. Information on held-to-maturity investments:**

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Government Bond	11.952.742	12.705.554
Treasury Bill	-	-
Other debt securities(*)	90.244	3.174.345
<b>Total</b>	<b>12.042.986</b>	<b>15.879.899</b>

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

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Debt Securities	12.070.661	15.883.387
Quoted to Stock Exchange (*)	11.921.396	15.737.531
Not Quoted	149.265	145.856
Impairment Provision (-)	(27.675)	(3.488)
<b>Total</b>	<b>12.042.986</b>	<b>15.879.899</b>

(\*) Even though Eurobonds are not quoted on 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:**

	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>Beginning balance</b>	<b>15.879.899</b>	<b>4.162.401</b>
FC differences on monetary assets	(981.293)	(831.228)
Transfers from Kocbank due to legal merger	-	5.038.780
Purchases during year	2.886.776	7.949.578
Disposals through sales and redemptions	(5.718.209)	(437.708)
Impairment provision (-)	(24.187)	(1.924)
<b>Period end balance</b>	<b>12.042.986</b>	<b>15.879.899</b>

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

As of 31 December 2007, held-to-maturity investments given as collateral amount to YTL1.324.464 thousand (2006: YTL1.254.568 thousand). Held-to-maturity investments subject to repo transactions amount to YTL1.764.891 thousand (2006: YTL3.497.368 thousand).

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**g. Information on investments in associates (Net):**

**1. 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

**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	2.226.171	124.417	4.208	93.855	6.443	10.113	8.458	-
2	20.524	15.725	1.877	2.373	-	3.457	3.673	-

(\*) Financial statement information is disclosed in thousands of CHF.

**3. Movement of unconsolidated investments in associates :**

	31 December 2007	31 December 2006
<b>Balance at the beginning of the period</b>	<b>46.932</b>	<b>55.684</b>
<b>Movements during the period</b>	<b>(870)</b>	<b>(8.752)</b>
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)
<b>Balance at the end of the period</b>	<b>46.062</b>	<b>46.932</b>
<b>Capital Commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

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

	31 December 2007	31 December 2006
Banks	43.404	43.404
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	2.658	3.528
<b>Total Financial Investments</b>	<b>46.062</b>	<b>46.932</b>

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5. Valuation of unconsolidated investments in associates:

	31 December 2007	31 December 2006
Valuation with cost	46.062	46.932
Valuation with fair value	-	-
Valuation with equity method	-	-
<b>Total</b>	<b>46.062</b>	<b>46.932</b>

6. The Bank has no investments in associates quoted on a 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. (Yapı Kredi Portföy)	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V. (*)	Amsterdam/The Netherlands	100,00	100,00
3	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	64,70	99,99
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	99,95	100,00
6	Yapı Kredi Moscow (**)	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	99,58
9	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	30,45	30,45
10	Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	11,09	56,07
11	Enternasyonal Turizm Yatırım A.Ş. (***)	Istanbul/ Turkey	99,96	99,99
12	Yapı Kredi Azerbaycan (***)	Baku/Azerbaijan	99,80	100,00

(\*) Financial statement information is expressed in EUR thousands in Note 2

(\*\*) Financial statement information is expressed in USD thousands in Note 2

(\*\*\*) Financial statement information is expressed in AZM thousands in Note 2.

(\*\*\*\*) Extraordinary General Assembly related with the taking over of Bayındırık 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 was registered on 8 February 2007.

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2. Main financial figures of the subsidiaries in 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	70.652	63.026	476	8.473	2.571	44.669	27.538	-
2	50.904	50.867	-	14	-	2.410	3.611	-
3	283.341	224.415	17.140	29.503	13.141	48.768	15.270	-
4	8.865	6.845	133	92	-	806	431	-
5	1.192.426	107.193	432	101.978	-	19.766	20.524	-
6	232.402	59.787	7.931	14.692	2.654	5.723	5.504	-
7	650.522	253.598	32.420	30.705	20.392	25.357	19.464	796.000
8	2.460.330	552.947	817	263.173	-	131.876	111.942	1.317.956
9	259.325	106.148	28.396	4.224	727	11.358	6.217	133.600
10	60.193	60.002	34	2.146	2.146	13.341	4.217	30.482
11	35.831	11.526	4.163	-	-	(20.964)	(49.590)	-
12	99.718	12.289	448	6.078	3.411	4.082	2.315	-

(\*) Calculated with the ISE market prices as of 31 December 2007 considering the total number of shares.

3. Movement schedule of subsidiaries:

	31 December 2007	31 December 2006
<b>Balance at the beginning of the period</b>	<b>791.219</b>	<b>693.764</b>
<b>Movements during the period</b>	<b>630.623</b>	<b>97.455</b>
Purchases (*)	804.103	97.910
Transfers (**)	(54.299)	4.470
Bonus shares obtained	-	697
Dividends from current year income	-	-
Sales (***)	(24.500)	-
Revaluation (decrease) / increase	-	-
Impairment provision (****)	(94.681)	(5.622)
<b>Balance at the end of the period</b>	<b>1.421.842</b>	<b>791.219</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

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

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

(\*\*) By the decision of the board of directors at 3 October 2007; shares of Yapı Kredi Bank (Deutschland), which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV, amounting to YTL54.299 thousand is reclassified under assets held for sale according to the commerce agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note X of this section, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

(\*\*\*) The sales are due to liquidation of Azur Tourism Investments N.V.

(\*\*\*\*) Out of the impairment provision, YTL79.831 thousand is the provision for the impairment of the Enternasyonel Turizm Yatırım A.Ş. as one of the subsidiaries of the Bank. This impairment has been realised out of the payments of Enternasyonel Turizm Yatırım A.Ş. regarding its advance and interest payables to the Bank carried from prior years and an income of YTL68.982 thousand has been recognised under the Bank's interest income. Out of the impairment provision, YTL14.850 thousand is the provision for the impairment of Yapı Kredi Holding B.V. as one of the subsidiaries of the Bank.

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

Subsidiaries	31 December 2007	31 December 2006
Banks	77.178	107.679
Insurance Companies	148.019	148.016
Factoring Companies	183.325	38.782
Leasing Companies	722.491	114.321
Finance Companies	-	-
Other Financial Subsidiaries	288.529	277.486
<b>Total Financial Subsidiaries</b>	<b>1.419.542</b>	<b>686.284</b>

5. Subsidiaries quoted to stock exchange:

	31 December 2007	31 December 2006
Quoted to domestic stock exchanges	904.240	296.069
Quoted to foreign stock exchanges	-	-

i. Information on hedging derivative financial assets:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	1.018	666	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1.018</b>	<b>666</b>	-	-

j. Information on property and equipment: (Net)

	Immovables	Leased Fixed Assets	Vehicles	Other Tangible Fixed Assets	Total
<b>31 December 2006</b>					
Cost	2.465.882	210.940	6.963	705.962	3.389.747
Accumulated depreciation (-)	(1.510.977)	(111.336)	(5.989)	(602.013)	(2.230.315)
<b>Net book value</b>	<b>954.905</b>	<b>99.604</b>	<b>974</b>	<b>103.949</b>	<b>1.159.432</b>
<b>31 December 2007</b>					
Net book value at beginning of the Period	954.905	99.604	974	103.949	1.159.432
Additions	7.767	69.698	72	25.724	103.261
Disposals (-), net	(160.109)	(6.473)	(265)	(3.868)	(170.715)
Reversal of impairment, net	126.812	-	-	-	126.812
Impairment (-)	(27.820)	-	-	-	(27.820)
Depreciation (-)	(49.685)	(30.559)	(438)	(42.202)	(122.884)
<b>Net book value at the end of the period</b>	<b>851.870</b>	<b>132.270</b>	<b>343</b>	<b>83.603</b>	<b>1.068.086</b>
Cost at the end of the period	2.238.581	270.231	4.788	576.578	3.090.178
Accumulated depreciation at the period end (-)	(1.386.711)	(137.961)	(4.445)	(492.975)	(2.022.092)
<b>31 December 2007</b>	<b>851.870</b>	<b>132.270</b>	<b>343</b>	<b>83.603</b>	<b>1.068.086</b>

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

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**k. Information on intangible assets:**

	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>Balance at the beginning of the period</b>	<b>1.152.548</b>	<b>27.172</b>
Additions due to Mergers, Transfers and Acquisitions	-	979.493
Transfers From Koçbank due to Legal Merger	-	10.862
Amounts due to Cost Distribution of Merger		159.007
Additions during the Period	65.981	12.388
Unused and Disposed Items (-)	(707)	(254)
Impairment Charges on Income Statement (-)	-	(4.015)
Amortisation Expenses (-)	(30.697)	(32.105)
<b>Balance at the end of the period</b>	<b>1.187.125</b>	<b>1.152.548</b>

Koçbank acquired 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 and the related information on the goodwill calculation is as follows:

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

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

	<b>28 September 2005</b>
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
Purchase Price Allocation (*)	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)
<b>Addition to Net Assets</b>	<b>1.721.576</b>

(\*) Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as a credit card trademark, customer base and relationship that can be measured reliably and for which the future economic benefit is embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 December 2007, the net book value of these intangible assets amounts to YTL126.391 thousand.



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**l. Information on deferred tax asset:**

	31 December 2007		31 December 2006	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserves for employment termination benefit	126.225	25.245	148.292	29.658
Provision for pension fund	604.278	120.856	483.281	96.656
Trading derivative financial liabilities	219.373	43.875	23.231	4.646
Impairment on immovables	257.378	51.476	576.027	115.205
Subsidiaries, investment in associates and share certificates	132.472	26.494	76.333	15.267
Other	147.692	29.539	138.221	27.645
<b>Total deferred tax asset</b>	<b>1.487.418</b>	<b>297.485</b>	<b>1.445.385</b>	<b>289.077</b>
Trading derivative financial assets	(47.486)	(9.497)	(66.167)	(13.233)
Valuation difference of securities portfolio	(48.213)	(9.642)	(110.981)	(24.061)
Property, equipment and intangibles , net	(484.369)	(70.145)	(591.768)	(94.189)
Other	(2.010)	(402)	-	-
<b>Total deferred tax liability</b>	<b>(582.078)</b>	<b>(89.686)</b>	<b>(768.916)</b>	<b>(131.483)</b>
<b>Deferred Tax Asset, net</b>	<b>905.340</b>	<b>207.799</b>	<b>676.469</b>	<b>157.594</b>

**m. Movement schedule of assets held for resale and related to discontinued operations:**

	31 December 2007	31 December 2006
<b>Balance at the beginning of the period</b>	<b>180.447</b>	<b>157.549</b>
Transfers from Koçbank due to Legal Merger	-	38.318
Additions (*)	73.884	11.787
Disposals (-), net	(341.202)	(23.488)
Impairment reversal	223.385	12.090
Impairment (-)	(11.204)	(5.602)
Depreciation (-)	(16.947)	(10.207)
<b>Net Book Value at the end of the period</b>	<b>108.363</b>	<b>180.447</b>
Cost at the end of the period	126.922	209.665
Depreciation at the end of the period (-)	(18.559)	(29.218)
<b>Net Book Value at the end of the period</b>	<b>108.363</b>	<b>180.447</b>

(\*) By the decision of the board of directors at 3 October 2007; shares of Yapı Kredi Bank (Deutschland), which is owned 65,42% by the Bank and 34,58% by Yapı Kredi Holding BV, amounting to YTL54.298 thousand is reclassified under assets held for sale according to the commerce agreement with Avenue Europe Investment LP. Moreover, as explained in details in Note X of this section, the sale of Yapı Kredi Bank Deutschland AG finalized as of 29 February 2008.

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

**n. Information on other assets:**

As of 31 December 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). 31 December 2007:**

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months- 1 year</b>	<b>1 year and over</b>	<b>Total</b>
Saving Deposits	930.436	2.913.831	7.136.187	176.172	29.122	63.605	11.249.353
Foreign Currency Deposits	2.773.702	4.843.571	3.143.355	687.897	186.509	1.137.875	12.772.909
Residents in Turkey	2.695.687	4.439.224	3.031.222	660.202	166.576	1.041.101	12.034.012
Residents Abroad	78.015	404.347	112.133	27.695	19.933	96.774	738.897
Public Sector Deposits	221.383	55.564	13.811	3.979	109.652	542	404.931
Commercial Deposits	1.177.592	3.145.445	2.234.202	282.095	12.659	101.394	6.953.387
Other Institutions Deposits	15.872	21.298	139.642	333	107	271	177.523
Gold Vault	65.378	10.126	375	283	624	2.635	79.421
Bank Deposits	101.162	306.623	126	1.848	116.438	3.212	529.409
The CBRT	72	-	-	-	-	-	72
Domestic Banks	6.633	264.702	-	-	3.153	-	274.488
Foreign Banks	53.653	41.921	126	1.848	113.285	3.212	214.045
Special Financial Institutions	40.804	-	-	-	-	-	40.804
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>5.285.525</b>	<b>11.296.458</b>	<b>12.667.698</b>	<b>1.152.607</b>	<b>455.111</b>	<b>1.309.534</b>	<b>32.166.933</b>

**1(ii). 31 December 2006:**

	<b>Demand</b>	<b>Up o 1 Month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months- 1 year</b>	<b>1 year and over</b>	<b>Total</b>
Saving Deposits	832.569	2.501.374	5.984.533	240.647	17.653	68.195	9.644.971
Foreign Currency Deposits	3.099.672	3.478.312	6.234.730	945.431	241.899	597.265	14.597.309
Residents in Turkey	3.014.434	3.340.963	5.838.622	866.036	225.797	529.805	13.815.657
Residents Abroad	85.238	137.349	396.108	79.395	16.102	67.460	781.652
Public Sector Deposits	9.115	44.113	9.710	6.603	-	37	69.578
Commercial Deposits	935.225	2.280.723	2.408.194	54.068	959	1.823	5.680.992
Other Institutions Deposits	63.553	23.694	253.088	5.463	87	204	346.089
Gold Vault	151.312	101.452	456	246	444	590	254.500
Bank Deposits	72.036	253.054	20.121	6.889	-	-	352.100
The CBRT	-	-	-	-	-	-	-
Domestic Banks	6.616	252.508	15.879	2.067	-	-	277.070
Foreign Banks	46.687	546	4.242	4.822	-	-	56.297
Special Financial Institutions	18.733	-	-	-	-	-	18.733
Other	-	-	-	-	-	-	-
Accrued Interest on Deposit	4.647	137.130	30.941	4.128	4.383	503	181.732
<b>Total</b>	<b>5.168.129</b>	<b>8.819.852</b>	<b>14.941.773</b>	<b>1.263.475</b>	<b>265.425</b>	<b>668.617</b>	<b>31.127.271</b>

(\*) The Bank has no cumulative deposits and deposits with 7 days notifications.

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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	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
<b>Saving Deposits</b>				
Saving Deposits	5.996.775	4.970.931	5.228.946	4.749.385
Foreign Currency Savings Deposit	2.837.947	3.058.148	4.712.030	5.209.910
Other Deposits in the Form of Savings deposits	5.793	5.893	64.590	90.317
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

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

	31 December 2007	31 December 2006
Saving Deposits in Foreign Branches	-	-
Saving Deposits in Off-shore Banking Regions	83.319	158.746
<b>Total</b>	<b>83.319</b>	<b>158.746</b>

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

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

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**b. Information on trading derivative financial liabilities :**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	24.528	5.522	11.542	2.154
Swap Transactions	160.558	-	9.519	449
Futures Transactions	-	-	-	-
Options	-	979	-	-
Other	-	-	-	-
<b>Total</b>	<b>185.086</b>	<b>6.501</b>	<b>21.061</b>	<b>2.603</b>

**c. Information on borrowings:**

**1. Information on borrowings:**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	178.941	116.453	176.640	188.672
From Foreign Banks, Institutions and Funds	326	3.940.281	8.584	4.183.889
Accrued Interest Expense of Banks and Other Financial Institutions	-	-	7.161	34.797
<b>Total</b>	<b>179.267</b>	<b>4.056.734</b>	<b>192.385</b>	<b>4.407.358</b>

**2. Information on maturity structure of borrowings :**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-term	179.267	1.376.738	185.224	2.447.116
Medium and Long-term	-	2.679.996	-	1.925.445
Accrued Interest on Borrowings	-	-	7.161	34.797
<b>Total</b>	<b>179.267</b>	<b>4.056.734</b>	<b>192.385</b>	<b>4.407.358</b>

**3. Repayment schedule of securitisation credits:**

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

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

**d. Information on other foreign liabilities:**

As of 31 December 2007, other foreign liabilities do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

**e. Information on financial leasing agreements:**

	31 December 2007		31 December 2006	
	Gross	Net	Gross	Net
Less than 1 year	24.483	23.581	19.338	18.674
Between 1-4 years	57	13	119	115
More than 4 years	-	-	-	-
<b>Total</b>	<b>24.540</b>	<b>23.594</b>	<b>19.457</b>	<b>18.789</b>

**f. Information on hedging derivative financial liabilities:**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	27.786	-	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>27.786</b>	<b>-</b>	<b>-</b>	<b>-</b>

**g. Information on provisions:**

**1. Information on general provisions:**

	31 December 2007	31 December 2006
Provisions for Group I loans and receivables	528.050	430.929
Provisions for Group II loans and receivables	42.466	97.214
Provisions for non cash loans	81.623	102.806
Other	13.755	16.033
<b>Total</b>	<b>665.894</b>	<b>646.982</b>

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**2. Information on reserve for employment termination benefits:**

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 the retirement of employees. TAS 19 necessitates the actuarial valuation methods to calculate the liabilities of enterprises.

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Discount rate (%)	5,71	5,71
The Rate Used Related to Retirement Expectation (%)	95,50	96,50

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

Movement of employment termination benefits liability in the balance sheet:

	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>Prior period ending balance</b>	<b>94.345</b>	<b>72.230</b>
Transfer from Kocbank due to Legal Merger		9.923
Provisions recognised during the period	11.198	21.146
Paid during the period	(16.994)	(8.954)
<b>Balance at the end of the period</b>	<b>88.549</b>	<b>94.345</b>

In addition, the Bank has accounted for vacation rights provision amounting to YTL37.676 thousand as of 31 December 2007 (2006 : YTL53.947 thousand).

**3. Other provisions:**

	<b>31 December 2007</b>	<b>31 December 2006</b>
Pension fund provision (*)	604.278	483.281
Tax risk provision (**)	72.043	63.662
Non-cash loan provision	50.249	57.666
Provisions on credit cards and promotion campaigns related to banking services	36.014	53.441
Provision on export commitment estimated liability	39.945	39.365
Legal risk provision (**)	10.997	12.476
Other	151.779	99.186
<b>Total</b>	<b>965.305</b>	<b>809.077</b>

(\*) The Bank obtained an actuarial report from a registered actuary regarding this Fund in accordance with the decree related to principles and procedures on determining the application of transfer transactions published in the Official Gazette dated 15 December 2006, No 26377 determined by the decision of Council of Ministers No 2006/11345. Based on this decree, the actuarial balance sheet of the Fund has been prepared in accordance with a technical interest rate of 10,24% and CSO 1980 mortality table, and reflects a technical deficit of YTL 604.278 thousand as of 31 December 2006. Indeed, the BRSA expressed its opinion that in the framework of the abrogation of temporary article 23 of the Banking Law described in corresponding decision of the Council of Ministers, the provision amount calculated as of the end of 2006 should be kept.

(\*\*) Considered as provisions for possible risks.

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

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

**h. Information on taxes payable:**

- (i) Information on taxes payable:

	31 December 2007	31 December 2006
Corporate Tax Payable	215.422	58.536
Taxation of Marketable Securities	84.246	41.971
Property Tax	1.051	651
Banking Insurance Transaction Tax (BITT)	28.033	25.584
Foreign Exchange Transaction Tax	3.167	3.122
Value Added Tax Payable	2.738	1.432
Other	13.580	11.818
<b>Total</b>	<b>348.237</b>	<b>143.114</b>

- (ii) Information on premium payables:

	31 December 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	-	-
Pension Fund Deposit and Provisions – Employer	-	-
Unemployment Insurance – Employee	380	341
Unemployment Insurance – Employer	760	684
Other	-	-
<b>Total</b>	<b>1.140</b>	<b>1.025</b>

**i. Information on subordinated loans:**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.772.914	-	1.559.258
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>1.772.914</b>	-	<b>1.559.258</b>

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At 30 March 2006, Yapı Kredi obtained a subordinated loan amounting to EUR500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on 28 April 2006 amounting to EUR350 million, with 10 years maturity and a repayment option at the end of 5 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 with 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 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated 3 April 2006, 2 May 2006 and 19 June 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation.

**j. Information on shareholders' equity:**

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Common Stock	3.427.051	3.142.818
Preferred Stock	-	-

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

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

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

<b>Increase Date</b>	<b>Increase Amount</b>	<b>Cash</b>	<b>Profit Reserve Regarding Increase</b>	<b>Capital Reserve Regarding Increase</b>
29 March 2007	6.632	-	-	-
18 October 2007	277.601	-	-	-

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

As explained in details in Note II. of Section Five, in scope of the transfer of the shares of Yapı Kredi Faktoring A.Ş., Yapı Kredi Finansal Kiralama A.O. and Yapı Kredi Azerbaijan Closed Joint Stock Company from KFH the capital of the Bank has increased by YTL277.601 thousand. The difference between the fair values of the transferred shares and the capital increase amounting to YTL495.852 has been accounted under share premium.

**4. Information on transfers from revaluation funds to capital during the current period: None.**



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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 and legal limits.

7. Privilege on the corporate stock: None.

**k. Information on marketable securities value increase fund:**

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	4.748	43.227	7.458	42.559
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>4.748</b>	<b>43.227</b>	<b>7.458</b>	<b>42.559</b>

**III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:**

**a. Information on interest income:**

1. Information on interest income on loans:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-term Loans	2.649.827	185.840	2.344.840	155.198
Medium/Long-term Loans	834.934	317.110	595.004	324.209
Interest on Loans Under Follow-up	82.655	306	61.653	56
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total (*)</b>	<b>3.567.416</b>	<b>503.256</b>	<b>3.001.497</b>	<b>479.463</b>

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

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2. Information on interest income on banks:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From the CBRT	-	-	-	-
From Domestic Banks	4.900	3.169	10.283	10.089
From Foreign Banks	5.468	72.421	5.403	64.545
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>10.368</b>	<b>75.590</b>	<b>15.686</b>	<b>74.634</b>

3. Information on interest income on marketable securities:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From Trading Financial Assets	2.860	17.370	28.487	44.208
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	21.273	7.306	30.490	10.472
From Held-to-maturity investments	1.102.465	480.703	795.641	385.946
<b>Total</b>	<b>1.126.598</b>	<b>505.379</b>	<b>854.618</b>	<b>440.626</b>

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

	31 December 2007	31 December 2006
Interests Received From Investments in Associates and Subsidiaries	11.108	13.442

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	33.664	257.262	24.043	198.423
The CBRT	1	-	-	-
Domestic Banks	26.080	8.791	19.941	12.273
Foreign Banks	7.583	248.471	4.102	186.150
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	99.081	-	63.981
<b>Total (*)</b>	<b>33.664</b>	<b>356.343</b>	<b>24.043</b>	<b>262.404</b>

(\*) Includes fees and commissions related to cash loans.

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

	31 December 2007	31 December 2006
Interests paid to Investments in Associates and Subsidiaries	18.751	13.675

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		
<b>YTL</b>								
Bank Deposits	2.012	10.783	3	50	840	840	-	14.528
Saving Deposits	3.344	386.859	1.345.272	35.929	3.490	10.238	-	1.785.132
Public Sector Deposits	-	11.378	7.968	580	9.101	24	-	29.051
Commercial Deposits	25.305	479.117	440.094	42.486	925	9.361	-	997.288
Other Deposits	-	10.605	24.685	203	15	36	-	35.544
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>30.661</b>	<b>898.742</b>	<b>1.818.022</b>	<b>79.248</b>	<b>14.371</b>	<b>20.499</b>	<b>-</b>	<b>2.861.543</b>
<b>FC</b>								
Foreign Currency Deposits	9.470	176.628	179.271	31.672	8.752	33.101	-	438.894
Bank Deposits	-	2.364	-	15	996	-	-	3.375
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	49	4	4	8	66	-	131
<b>Total</b>	<b>9.470</b>	<b>179.041</b>	<b>179.275</b>	<b>31.691</b>	<b>9.756</b>	<b>33.167</b>	<b>-</b>	<b>442.400</b>
<b>Grand Total</b>	<b>40.131</b>	<b>1.077.783</b>	<b>1.997.297</b>	<b>110.939</b>	<b>24.127</b>	<b>53.666</b>	<b>-</b>	<b>3.303.943</b>

- c. Information on dividend income :

	31 December 2007	31 December 2006
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	3	-
Available-for-Sale Financial Assets	822	1.208
Subsidiaries and associates	37.792	40.550
<b>Total</b>	<b>38.617</b>	<b>41.758</b>

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>Income</b>	<b>8.220.072</b>	<b>6.511.299</b>
Income from Capital Market Transactions	4.138.547	2.486.312
Derivative Financial Transactions	4.106.289	2.311.459
Other	32.258	174.853
Foreign Exchange Gains	4.081.525	4.024.987
<b>Loss(-)</b>	<b>(8.146.989)</b>	<b>(6.461.270)</b>
Loss from Capital Market Transactions	(4.339.423)	(2.228.637)
Derivative Financial Transactions	(4.305.892)	(2.112.452)
Other	(33.531)	(116.185)
Foreign Exchange Loss	(3.807.566)	(4.232.633)
<b>Net Gain/Loss</b>	<b>73.083</b>	<b>50.029</b>

**e. Information on other operating income:**

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

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Specific provisions for loans and other receivables	238.118	214.260
III. Group Loans and Receivables	10.070	15.033
IV. Group Loans and Receivables	18.969	12.345
V. Group Loans and Receivables	209.079	186.882
General Provision Expenses	44.742	118.500
Provision Expense for Possible Risks	38.673	1.317
Marketable Securities Impairment Expenses	-	3.218
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	-	3.218
Investments in Associates, Subsidiaries and Held-to-maturity Securities		
Value Decrease	95.551	698
Investments in Associates	870	698
Subsidiaries (*)	94.681	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	8.598	303
<b>Total</b>	<b>425.682</b>	<b>338.296</b>

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

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**g. Information related to other operational expenses:**

	<b>31 December 2007</b>	<b>31 December 2006</b>
Personnel Expenses	788.343	636.863
Reserve For Employee Termination Benefits	157	12.192
Provision Expense for Pension Fund	120.996	152.539
Impairment Expenses of Fixed Assets	27.820	30.879
Depreciation Expenses of Fixed Assets	122.884	133.666
Impairment Expenses of Intangible Assets	-	4.015
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	30.697	32.105
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	5.639	5.602
Depreciation Expenses of Assets Held for Resale	16.947	10.207
Impairment Expenses of Fixed Assets Held for Sale	5.565	-
Other Operating Expenses	744.654	630.833
Operational Lease Expenses	59.510	19.190
Maintenance Expenses	25.655	27.407
Advertising Expenses	116.428	119.507
Other Expense	543.061	464.729
Loss on Sales of Assets (*)	344.229	24.291
Other	524.433	324.885
<b>Total</b>	<b>2.732.364</b>	<b>1.998.077</b>

(\*) As of 31 December 2007 YTL35.361 thousand has been realised due to the Real Estate Wholesale Agreement signed by the Bank as of 11 July 2007. In accordance with Uniform Chart of Accounts, regarding the sales profit, YTL310.323 thousand has been accounted under "Other Operating Expenses" and YTL345.684 thousand has been accounted under "Other Operating Income".

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

Profit and loss before tax consists of net interest income amounting to YTL2.122.718 thousand (2006: YTL1.811.417 thousand), net fee and commission income amounting to YTL973.785 thousand (2006: YTL799.696 thousand) and total other operating expense amounting YTL2.732.364 thousand (2006: YTL1.998.077 thousand).

**i Provision for taxes on income from continuing operations:**

As of 31 December 2007, the Bank has current tax expense amounting to YTL217.406 thousand (2006: YTL58.536 thousand) and deferred tax income amounting to YTL73.726 thousand (2006: YTL138.727 thousand deferred tax expense).

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

To understand the Bank's current year performance, the characteristics 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 YTL10.449.281 thousand (2006: YTL8.163.986 thousand), commitments for cheque books are YTL1.359.423 thousand (2006: YTL1.310.760 thousand) and loan granting commitments are YTL1.902.940 thousand (2006: YTL1.562.546 thousand).

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

There are no material 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:

	<b>31 December 2007</b>	<b>31 December 2006</b>
Bank acceptance loans	184.493	216.649
Letter of credits	2.010.563	2.535.802
Other guarantees and collaterals	720.241	758.221
<b>Total</b>	<b>2.915.297</b>	<b>3.510.672</b>

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Temporary letter of guarantees	638.848	645.865
Definite letter of guarantees	7.778.742	7.529.880
Advance letter of guarantees	1.539.381	1.564.355
Letter of guarantees given to customs	579.354	1.073.683
Other letter of guarantees	299.105	292.807
<b>Total</b>	<b>10.835.430</b>	<b>11.106.590</b>

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

	<b>31 December 2007</b>	<b>31 December 2006</b>
Non-cash Loans Given Against Cash Loans	180.627	291.750
With Original Maturity of 1 Year or Less Than 1 Year	28.046	75.127
With Original Maturity of More Than 1 Year	152.581	216.623
Other Non-cash Loans	13.570.100	14.325.512
<b>Total</b>	<b>13.750.727</b>	<b>14.617.262</b>

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

	31 December 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>62.854</b>	<b>1,08</b>	<b>141.387</b>	<b>1,78</b>	<b>73.879</b>	<b>1,33</b>	<b>48.383</b>	<b>0,53</b>
Farming and Raising Livestock	42.028	0,72	131.632	1,66	56.698	1,02	43.824	0,48
Forestry	15.672	0,27	9.298	0,12	13.410	0,24	3.949	0,04
Fishing	5.154	0,09	457	0,01	3.771	0,07	610	0,01
<b>Manufacturing</b>	<b>2.332.805</b>	<b>40,24</b>	<b>3.626.331</b>	<b>45,60</b>	<b>2.156.815</b>	<b>38,70</b>	<b>4.048.609</b>	<b>44,78</b>
Mining	110.087	1,90	86.120	1,08	27.860	0,50	94.787	1,05
Production	2.105.265	36,31	3.253.455	40,91	2.083.670	37,39	3.617.516	40,00
Electric, Gas and Water	117.453	2,03	286.756	3,61	45.285	0,81	336.306	3,73
<b>Construction</b>	<b>1.509.655</b>	<b>26,04</b>	<b>1.752.787</b>	<b>22,04</b>	<b>1.428.154</b>	<b>25,63</b>	<b>1.773.148</b>	<b>19,60</b>
<b>Services</b>	<b>1.823.460</b>	<b>31,45</b>	<b>1.911.885</b>	<b>24,04</b>	<b>1.866.143</b>	<b>33,49</b>	<b>2.836.511</b>	<b>31,36</b>
Wholesale and Retail Trade	898.417	15,50	320.201	4,03	1.028.914	18,46	366.995	4,06
Hotel, Food and Beverage Services	65.138	1,12	73.944	0,93	62.385	1,12	91.289	1,01
Transportation and Telecommunication	272.424	4,70	369.086	4,64	224.476	4,03	604.485	6,68
Financial Institutions	394.968	6,81	727.448	9,15	328.494	5,89	1.145.333	12,66
Real Estate and Leasing Services	67.599	1,17	95.376	1,20	69.386	1,25	135.389	1,50
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	5.946	0,10	1.918	0,02	7.781	0,14	3.850	0,04
Health and Social Services	118.968	2,05	323.912	4,07	144.707	2,60	489.170	5,41
<b>Other</b>	<b>68.750</b>	<b>1,19</b>	<b>520.813</b>	<b>6,55</b>	<b>47.866</b>	<b>0,86</b>	<b>337.754</b>	<b>3,73</b>
<b>Total</b>	<b>5.797.524</b>	<b>100,00</b>	<b>7.953.203</b>	<b>100,00</b>	<b>5.572.857</b>	<b>100,00</b>	<b>9.044.405</b>	<b>100,00</b>

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

	Group I		Group II	
	YTL	FC	YTL	FC
<b>Non-cash Loans</b>				
Letters of Guarantee	5.720.757	5.025.767	51.990	36.916
Bank Acceptances	-	180.488	-	4.005
Letters of Credit	787	2.008.977	-	799
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	15.492	696.251	8.498	-
<b>Total</b>	<b>5.737.036</b>	<b>7.911.483</b>	<b>60.488</b>	<b>41.720</b>

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

31 December 2007 (*)	Indefinite	Up to 1 year	1-5 Years	Above 5 years	Total
Letter of Credit	426	1.849.707	160.430	-	2.010.563
Letter of Guarantee	6.211.978	1.416.866	2.874.887	331.699	10.835.430
Bank Acceptances	184.493	-	-	-	184.493
Other	48.395	200.298	335.950	135.598	720.241
<b>Total</b>	<b>6.445.292</b>	<b>3.466.871</b>	<b>3.371.267</b>	<b>467.297</b>	<b>13.750.727</b>

31 December 2006(*)	Indefinite	Up to 1 year	1-5 Years	Above 5 years	Total
Letter of Credit	-	2.371.089	164.713	-	2.535.802
Letter of Guarantee	6.250.428	3.391.430	1.386.364	78.368	11.106.590
Bank Acceptances	206.059	10.590	-	-	216.649
Other	127.584	275.890	344.334	10.413	758.221
<b>Total</b>	<b>6.584.071</b>	<b>6.048.999</b>	<b>1.895.411</b>	<b>88.781</b>	<b>14.617.262</b>

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

**b. Information on derivative financial instruments :**

	31 December 2007	31 December 2006
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	6.717.095	3.800.884
FC trading forward transactions	2.190.656	1.530.397
Trading swap transactions	2.524.782	1.117.883
Futures transactions	-	-
Trading option transactions	2.001.657	1.152.604
Interest related derivative transactions (II)	1.467.466	901.015
Forward interest rate agreements	-	-
Interest rate swaps	1.467.466	901.015
Interest rate options	-	-
Interest rate futures	-	-
Other trading derivative transactions (III)	7.987	-
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>8.192.548</b>	<b>4.701.899</b>
Types of hedging transactions		
Fair value hedges	221.767	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
<b>B. Total hedging related derivatives</b>	<b>221.767</b>	<b>-</b>
<b>Total derivative transactions (A+B)</b>	<b>8.414.315</b>	<b>4.701.899</b>



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

<b>31 December 2007</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	4.935	208	(12.068)	(6.255)	-	(13.180)
– Inflow	2.316.460	569.921	398.683	70.887	-	3.355.951
– Outflow	(2.311.525)	(569.713)	(410.751)	(77.142)	-	(3.369.131)
Interest rate Derivatives	223.292	136.420	18.969	(485.997)	-	(107.316)
– Inflow	223.292	293.471	104.031	45.955	13.326	680.075
– Outflow	-	(157.051)	(85.062)	(531.952)	(13.326)	(787.391)
<b>Derivatives held for hedging</b>	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate Derivatives	4.708	41.325	(63.790)	-	-	(17.757)
– Inflow	25.926	62.453	13.626	-	-	102.005
– Outflow	(21.218)	(21.128)	(77.416)	-	-	(119.762)
<b>Total inflow</b>	<b>2.565.678</b>	<b>925.845</b>	<b>516.340</b>	<b>116.842</b>	<b>13.326</b>	<b>4.138.031</b>
<b>Total outflow</b>	<b>(2.332.743)</b>	<b>(747.892)</b>	<b>(573.229)</b>	<b>(609.094)</b>	<b>(13.326)</b>	<b>(4.276.284)</b>

**d. Information on contingent liabilities:**

In this respect, several outstanding legal cases against the Bank have been considered as contingent liabilities and an YTL10.997 thousand (2006: YTL11.986 thousand) provision against these legal cases has been accounted for in the financial statements under the "Other provisions" account.

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

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

**V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY**

**a. Information on dividends:**

None.

**b. Information on available for sale financial assets:**

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

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

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

**d. Information on share issue premium:**

Explained in details in Note II.j.3 of Section Five.

**VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**a. Information on cash and cash equivalent assets:**

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

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

2. Effect of a change on the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

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

	31 December 2007	31 December 2006
<b>Cash</b>	<b>1.394.615</b>	<b>537.364</b>
Cash and Effectives	435.711	256.465
Demand Deposits in Banks	958.904	280.899
<b>Cash Equivalents</b>	<b>1.567.730</b>	<b>2.412.141</b>
Interbank Money Market	-	640.000
Deposits in Bank	1.567.730	1.772.141
<b>Total Cash and Cash Equivalents</b>	<b>2.962.345</b>	<b>2.949.505</b>

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

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

	31 December 2007	31 December 2006
<b>Cash</b>	<b>1.330.660</b>	<b>1.394.615</b>
Cash and Effectives	439.766	435.711
Demand Deposits in Banks	890.894	958.904
<b>Cash equivalents</b>	<b>353.628</b>	<b>1.567.730</b>
Interbank Money Market	-	-
Time Deposits in Banks	353.628	1.567.730
<b>Total Cash and Cash Equivalents</b>	<b>1.684.288</b>	<b>2.962.345</b>

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

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

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

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

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

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

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

The effects of the acquisition and legal merger transactions to the unconsolidated financial statements as of 31 December 2007 are explained in detail in Note XXII. of Section Three.

The effects of the related applications on the equity as of 31 December 2006 are disclosed below:

	<b>Paid-in Capital</b>	<b>Capital Reserves</b>	<b>Profit Reserves</b>	<b>Prior Year Income / (Loss)</b>	<b>Total Equity</b>
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)
<b>Total</b>	<b>1.246.155</b>	<b>36.053</b>	<b>343.184</b>	<b>(351.795)</b>	<b>1.273.597</b>

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

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

1. 31 December 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	24.145	85.916	379.620	731.475	-	-
Balance at the End of the Period	67.986	110.549	358.699	679.098	-	-
Interest and Commission Income Received	11.108	857	50.044	2.064	-	-

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

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

2. 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	24.145	85.916	379.620	731.475	-	-
Interest and Commission Income Received (**)	13.442	59	27.578	1.979	-	-

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

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

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	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Deposit						
Beginning of the Period	145.912	180.120	3.134.323	107.017	-	-
End of the Period	156.132	145.912	2.890.090	3.134.323	-	-
Interest Expense on Deposits (**)	18.751	13.675	310.134	231.925	-	-

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

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

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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	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006	31 December 2007	31 December 2006
<b>Transactions at Fair Value Through Profit or Loss (**)</b>						
Beginning of the Period (***)	1.472	10.641	213.997	-	-	-
End of the Period (***)	844.729	1.472	261.295	213.997	-	-
<b>Total Profit / Loss</b>	<b>12.753</b>	<b>(5)</b>	<b>55</b>	<b>1.815</b>	-	-
<b>Transactions for hedging purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

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

(\*\*) The Bank's derivative instruments are classified as "Financial Assets at Fair Value Through Profit or Loss" according to TAS 39.

(\*\*\*) The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments

**b. With respect to the 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:

	<b>Total Risk Group</b>	<b>Total Transaction Volume</b>	<b>%</b>
<b>Loans</b>	399.561	28.508.881	1,40
<b>Banks</b>	27.124	730.975	3,71
<b>Interest Income Received</b>	61.152	4.156.630	1,47
<b>Non-cash Loans</b>	789.647	13.750.727	5,74
<b>Commission Income Received</b>	2.921	129.827	2,25
<b>Deposit</b>	2.830.730	32.166.933	8,80
<b>Borrowings and Money Markets</b>	215.492	5.862.635	3,68
<b>Interest Expense Paid</b>	328.885	3.930.380	8,37
<b>Trading Transactions</b>	1.106.024	8.414.315	13,14
<b>Trading Transactions Profit (net)</b>	12.808	200.876	6,38

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

Salaries paid to the Bank's key management amount to YTL6.897 thousand (2006: YTL8.192 thousand) as of 31 December 2007.

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

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

**X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

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

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

- 3) It has been decided by the Board of Directors at 3 October 2007 to purchase nominal share capital amount of EUR32.672.880 (67.24% of the capital), owned by KFS in Yapı Kredi Bank Nederland N.V. in return for EUR97.502.661,71 in accordance with the value determined in the independent valuation report prepared by Ernst&Young Transaction Advisory Services B.V. and to apply to Dutch authorities in order to assure the approval of the share transfer. The sale of the Yapı Kredi Bank Nederland N.V shares has been approved by the Dutch authorities and the cost of the share purchase as EUR97.502.661,71 has been paid to KFH as YTL165.062.256,01 converted with the TCMB EUR exchange buying rate at 15 January 2008.
- 4) Board of Directors has decided the Bank to switch to the registered capital system as of 4 March 2008 and in this aspect, to amend the related articles in Bank General Agreement and apply to BRSA, CMB and other related bodies to get necessary permissions in order to realise the switch to the registered capital and amend the main agreement, and following the permissions to present the switch to the registered capital system and amendment of the main agreement to the ordinary General Assembly for the approval of the shareholders. the following the permission.
- 5) As of 29 February 2008, the shares of Yapi Kredi Bank (Deutschland), which is owned 65,42% by the bank and 34,58% by Yapi Kredi Holding BV has been sold to Avenue Europe Investments Singapore Pte Ltd. for net assets + EUR250 thousand and EUR4.742 thousand after capital decrease has been deposited to the Bank's account.

**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 31 DECEMBER 2007**

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

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**SECTION SIX  
OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS**

None.

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

**I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT**

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

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR**

None.

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