

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

**YAPI VE KREDİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH REVIEW REPORT  
AT 31 MARCH 2007**

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

**YAPI VE KREDİ BANKASI A.Ş.**

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

We have reviewed the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi") at 31 March 2007 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at 31 March 2007 and the unconsolidated results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting standards.

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

- (i) As explained in detail in Note VI. of Section Five, the approval of the BRSA with regard to the merger of Koçbank A.Ş. ("Koçbank") and Yapı Kredi through the transfer of Koçbank with all of its rights, receivables, liabilities and obligations to Yapı Kredi and the consequential dissolution of Koçbank without liquidation; and the transfer of all Koçbank's rights, receivables, liabilities and obligations to Yapı Kredi in accordance with article 19 of the Banking Act No.5411 and other relevant legislation was published in the Official Gazette dated 1 October 2006. Due to the merger and the consequential dissolution of Koçbank without liquidation, the record of Koçbank was erased from the trade registry as of 2 October 2006.

As explained in detail in Note XXII. of Section Three, the legal merger has been accounted by applying the pooling of interest method since both Koçbank and Yapı Kredi were banks under common control of Koç Finansal Hizmetler A.Ş. The unconsolidated income statement, statement of cash flow and statement of changes in shareholders' equity as of 31 March 2007 are presented comparatively with the publicly announced unconsolidated income statement, statement of cash flow and statement of changes in shareholders' equity of Yapı Kredi before the legal merger as of 31 March 2006. On the other hand, the selected major income statement items derived from the publicly announced unconsolidated financial statements of Koçbank and Yapı Kredi (after the adoption of TAS) as of 31 March 2006 have been combined and presented as pro-forma information in Note VI. of Section Five.

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

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

Zeynep Uras, SMMM

Istanbul, 11 May 2007

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

E-mail : [financialreports@yapikredi.com.tr](mailto:financialreports@yapikredi.com.tr)

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

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

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

Rüşdü SARAÇOĞLU  
Chairman of the  
Board of Directors

Federico GHIZZONI  
Member of the Board  
of Directors and the  
Acting General  
Manager

Carlo VIVALDI  
Executive Vice President

Duygu DÖNMEZ  
Head of Financial  
Reporting Unit

Andrea MONETA  
President of Audit Committee

Ranieri De MARCHIS  
Member of Audit Committee

F.Füsun AKKAL BOZOK  
Member of Audit Committee

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

**Name-Surname / Title:** H. Yeşim BİNAY / Head of Regulatory Reporting Section

**Telephone Number** : 0212 339 70 49

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YAPI VE KREDİ BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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. BANK’S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE :

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

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

The Bank’s shares have been traded on the Istanbul Stock Exchange (“ISE”) since 1987. As of 31 March 2007, 19,55% shares of the Bank are publicly traded (31 December 2006: 19,54%).

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

KFS, 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 KFS. Therefore, the Bank is a joint venture of UCI and Koç Group.

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

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>
<b>Chairman of the Board of Directors:</b>	Dr. Rüşdü SARAÇOĞLU	Chairman
<b>Board of Directors Members:</b>	Andrea MONETA (1)	Chairman Representative
	Seyit Kemal KAYA (2)	Member/CEO
	Federico GHIZZONI (1)	Member/COO
	Ranieri De MARCHIS	Member
	Ahmet Fadil ASHABOĞLU	Member
	Füsun Akkal BOZOK	Member
	Thomas GROSS (3)	Member
	Halil Sedat ERGÜR (4)	Member
	Robert ZADRAZIL (3)	Member
<b>General Manager :</b>	Seyit Kemal KAYA (2)	Member and General Manager

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**CONVENIENCE TRANSLATION OF PUBLICLY  
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**YAPI VE KREDİ BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2007  
(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise stated.)**

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>
<b>Vice General Managers:</b>	Süleyman Cihangir KAVUNCU	Human Resources Management
	Alpar ERGUN	Legal Activities Management
	Mehmet Gani SÖNMEZ	Retail Banking Management
	Erhan ÖZÇELİK	Foreign Relations Management
	Hamit AYDOĞAN	Corporate and Commercial Management
	Mert YAZICIOĞLU	Treasury Management
	Tülay GÜNGEN	Corporate Identity and Communication
	Zeynep Nazan SOMER	Credit Cards and Consumer Lendings
	Carlo VIVALDI	Financial Planning, Administration and Control/CFO
	Mehmet Güray ALPKAYA	Credit Management
	Marco ARNABOLDI	Risk Management
	Mahmut Tefvik ÇEVİKEL	Central Purchasing and Insurance Management
	Mohammed Hishem LAROUSI	Information Technology Management
	Mert GÜVENEN	Commercial Banking Management
	Muzaffer ÖZTÜRK	Retail Sales Management
	Kemal SEMERCİLER	Compliance Officer
	Stefano PERAZZINI	Internal Audit
Luca RUBAGA	Organisation Management	
<b>Audit Committee Members (5):</b>	Andrea MONETA	Chairman
	Ranieri De MARCHIS	Member
	Fusun Akkal BOZOK	Member
<b>Statutory auditors:</b>	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

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

- (1) With the decision of the Board of Directors on 26 April 2007, Federico Ghizzoni has been elected as Vice Chairman of the Board to replace Andrea Moneta who has resigned and Alessandro M. Decio has been appointed as a Director to fill the vacancy occurred due to the resignation of Andrea Moneta.
- (2) On 10 April 2007, he resigned his duty as the General Manager/CEO and Tayfun Bayazit has been appointed as the General Manager/CEO.
- (3) They have completed their oath process for the Board membership on 26 April 2007.
- (4) He resigned from his duty as Director in the Board on 19 April 2007 and Tayfun Bayazit has been appointed as Director (Executive Director) to fill the vacancy in the Board occurred due to the resignation of Halil Ergür.
- (5) In accordance with the changes in the Board of Directors, as of 26 April 2007 with the decision of the Board of Directors;
  - i.) Ranieri de Marchis has been appointed as the Chairman of the Audit Committee to replace Andrea Moneta whose Board membership has ended
  - ii.) Robert Zadrazil and Ahmet F. Ashaboğlu have been appointed as Member of Audit Committee to fill the vacancies occurred due to the resignations of Andrea Moneta and Fusun Akkal Bozok.

**IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:**

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

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

The Bank’s core business activities include retail banking, corporate banking, private banking, foreign exchange, money markets and securities transactions (treasury transactions) and international banking. As of 31 March 2007, the Bank has 614 branches operating in Turkey, 1 branch and 4 representative offices operating abroad (31 December 2006: 607 branches operating in Turkey, 1 branch and 4 representative offices operating abroad) and 13.373 employees. (31 December 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 MARCH 2007 AND 31 DECEMBER 2006  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

**SECTION TWO  
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five)						
		(31/03/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
<b>ASSETS</b>							
<b>I. CASH BALANCES WITH CENTRAL BANK</b>	<b>I-a</b>	<b>1.637.144</b>	<b>2.027.441</b>	<b>3.664.585</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>56.348</b>	<b>299.736</b>	<b>356.084</b>	<b>85.613</b>	<b>347.828</b>	<b>433.441</b>
2.1 Trading Financial Assets		6.941	295.089	302.030	13.513	342.773	356.286
2.1.1 Government Debt Securities		6.941	295.089	302.030	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		49.407	4.647	54.054	72.100	5.055	77.155
<b>III. BANKS AND OTHER FINANCIAL INSTITUTIONS</b>	<b>I-c</b>	<b>73.744</b>	<b>2.221.501</b>	<b>2.295.245</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>298.076</b>	<b>44.190</b>	<b>342.266</b>	<b>78.803</b>	<b>33.035</b>	<b>111.838</b>
5.1 Share Certificates		1.814	16.240	18.054	1.814	15.206	17.020
5.2 Government Debt Securities		255.565	27.390	282.955	31.457	17.258	48.715
5.3 Other Marketable Securities		40.697	560	41.257	45.532	571	46.103
<b>VI. LOANS</b>	<b>I-e</b>	<b>15.050.005</b>	<b>7.281.266</b>	<b>22.331.271</b>	<b>15.348.542</b>	<b>7.155.604</b>	<b>22.504.146</b>
6.1 Loans		14.709.515	7.281.266	21.990.781	15.036.519	7.155.604	22.192.123
6.2 Loans under Follow-up		1.782.570	-	1.782.570	1.714.040	-	1.714.040
6.3 Specific Provisions (-)		(1.442.080)	-	(1.442.080)	(1.402.017)	-	(1.402.017)
<b>VII. FACTORING RECEIVABLES</b>							
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>I-f</b>	<b>6.737.083</b>	<b>7.218.977</b>	<b>13.956.060</b>	<b>6.416.628</b>	<b>9.463.271</b>	<b>15.879.899</b>
8.1 Government Debt Securities		6.737.083	7.218.977	13.956.060	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>3.528</b>	<b>31.645</b>	<b>35.173</b>	<b>3.528</b>	<b>32.075</b>	<b>35.603</b>
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		3.528	31.645	35.173	3.528	32.075	35.603
9.2.1 Financial Investments in Associates		3.528	31.645	35.173	3.528	32.075	35.603
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	<b>I-h</b>	<b>494.578</b>	<b>186.211</b>	<b>680.789</b>	<b>533.288</b>	<b>187.981</b>	<b>721.269</b>
10.1 Financial Subsidiaries		452.853	162.178	615.031	452.853	163.481	616.334
10.2 Non-financial Subsidiaries		41.725	24.033	65.758	80.435	24.500	104.935
<b>XI. JOINT VENTURES (Net)</b>							
11.1 Consolidated 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>262</b>	<b>449</b>	<b>711</b>			
13.1 Fair Value Hedge		262	449	711			
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		<b>1.150.788</b>		<b>1.150.788</b>	<b>1.159.432</b>		<b>1.159.432</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>I-j</b>	<b>1.149.024</b>		<b>1.149.024</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		169.531		169.531	173.055		173.055
<b>XVI. TAX ASSET</b>		<b>193.843</b>		<b>193.843</b>	<b>275.664</b>		<b>275.664</b>
16.1 Current Tax Asset		37.489		37.489	118.070		118.070
16.2 Deferred Tax Asset	<b>I-k</b>	156.354		156.354	157.594		157.594
<b>XVII. ASSETS HELD FOR RESALE (Net)</b>		<b>171.477</b>		<b>171.477</b>	<b>180.447</b>		<b>180.447</b>
<b>XVIII. OTHER ASSETS</b>	<b>I-l</b>	<b>200.712</b>	<b>216.052</b>	<b>416.764</b>	<b>170.969</b>	<b>217.962</b>	<b>388.931</b>
<b>TOTAL ASSETS</b>		<b>27.216.612</b>	<b>19.527.468</b>	<b>46.744.080</b>	<b>27.270.035</b>	<b>21.617.253</b>	<b>48.887.288</b>

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

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

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

I. BALANCE SHEET	Note (Section Five)	(31/03/2007)			(31/12/2006)		
		LIABILITIES			LIABILITIES		
		YTL	FC	Total	YTL	FC	Total
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>15.739.142</b>	<b>13.130.584</b>	<b>28.869.726</b>	<b>16.166.969</b>	<b>14.960.302</b>	<b>31.127.271</b>
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>	<b>20.436</b>	<b>908</b>	<b>21.344</b>	<b>21.061</b>	<b>2.603</b>	<b>23.664</b>
<b>III. BORROWINGS</b>	<b>II-c</b>	<b>183.942</b>	<b>4.476.600</b>	<b>4.660.542</b>	<b>192.385</b>	<b>4.407.358</b>	<b>4.599.743</b>
<b>IV. MONEY MARKETS</b>		<b>3.205.934</b>	<b>395.207</b>	<b>3.601.141</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		6.000	-	6.000	-	-	-
4.3 Funds Provided Under Repurchase Agreements		3.199.934	395.207	3.595.141	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>							
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>1.751.973</b>	<b>213.075</b>	<b>1.965.048</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>282.601</b>	<b>540.963</b>	<b>823.564</b>	<b>315.473</b>	<b>482.291</b>	<b>797.764</b>
<b>IX. FACTORING PAYABLES</b>							
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>			<b>20.505</b>	<b>20.505</b>		<b>18.789</b>	<b>18.789</b>
10.1 Financial Lease Payables	<b>II-e</b>	2	21.232	21.234	2	19.455	19.457
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses ( - )		(2)	(727)	(729)	(2)	(666)	(668)
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-f</b>	<b>4.774</b>	<b>-</b>	<b>4.774</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Fair Value Hedge		4.774	-	4.774	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>II-g</b>	<b>1.296.900</b>	<b>211.837</b>	<b>1.508.737</b>	<b>1.395.764</b>	<b>208.587</b>	<b>1.604.351</b>
12.1 General Loan Loss Provision		427.949	211.837	639.786	438.395	208.587	646.982
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		138.147	-	138.147	148.292	-	148.292
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		730.804	-	730.804	809.077	-	809.077
<b>XIII. TAX LIABILITY</b>	<b>II-h</b>	<b>195.527</b>	<b>-</b>	<b>195.527</b>	<b>144.139</b>	<b>-</b>	<b>144.139</b>
13.1 Current Tax Liability		195.527	-	195.527	144.139	-	144.139
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. PAYABLES FOR ASSET HELD FOR RESALE</b>							
<b>XV. SUBORDINATED LOANS</b>	<b>II-i</b>		<b>1.546.817</b>	<b>1,546.817</b>		<b>1,559.258</b>	<b>1,559.258</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-j</b>	<b>3,486,129</b>	<b>40,226</b>	<b>3,526,355</b>	<b>3,301,297</b>	<b>42,559</b>	<b>3,343,856</b>
16.1 Paid-in Capital		3,149,450	-	3,149,450	3,142,818	-	3,142,818
16.2 Capital Reserves		52,934	40,226	93,160	48,556	42,559	91,115
16.2.1 Share Premium		45,781	-	45,781	45,781	-	45,781
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Value Increase Fund	<b>II-k</b>	(155)	40,226	40,071	2,775	42,559	45,334
16.2.4 Revaluation of Property and Equipment		-	-	-	-	-	-
16.2.5 Revaluation of Intangible Fixed Assets		-	-	-	-	-	-
16.2.6 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.7 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.8 Value Increase of Assets Held for Resale		-	-	-	-	-	-
16.2.9 Other Capital Reserves		7,308	-	7,308	-	-	-
16.3 Profit Reserves		343,184	-	343,184	343,184	-	343,184
16.3.1 Legal Reserves		17,159	-	17,159	17,159	-	17,159
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		326,025	-	326,025	326,025	-	326,025
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		(59,439)	-	(59,439)	(233,261)	-	(233,261)
16.4.1 Prior Years' Income or (Loss)		(247,201)	-	(247,201)	(745,500)	-	(745,500)
16.4.2 Current Year Income or (Loss)		187,762	-	187,762	512,239	-	512,239
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>26,167,358</b>	<b>20,576,722</b>	<b>46,744,080</b>	<b>26,338,993</b>	<b>22,548,295</b>	<b>48,887,288</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 MARCH 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>01/01-31/03/2007</b>	<b>01/01-31/03/2006(*)</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>III-a</b>	<b>1.438.955</b>	<b>661.884</b>
1.1	Interest on Loans	III-a-1	910.858	511.512
1.2	Interest Received from Reserve Requirements		44.809	18.468
1.3	Interest Received from Banks	III-a-2	25.118	11.384
1.4	Interest Received from Money Market Transactions		168	2.496
1.5	Interest Received from Marketable Securities Portfolio	III-a-3	418.003	117.898
1.5.1	Trading Financial Assets		6.983	27.646
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		7.887	12.379
1.5.4	Held to Maturity Investments		403.133	77.873
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		39.999	126
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>III-b</b>	<b>(975.116)</b>	<b>(396.185)</b>
2.1	Interest on Deposits	III-b-3	(780.933)	(360.500)
2.3	Interest on Funds Borrowed	III-b-1	(90.835)	(23.734)
2.4	Interest Expense on Money Market Transactions		(99.195)	(11.495)
2.5	Interest on Securities Issued		-	-
2.6	Other Interest Expenses		(4.153)	(456)
<b>III.</b>	<b>NET INTEREST INCOME (I + II)</b>		<b>463.839</b>	<b>265.699</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>211.288</b>	<b>137.371</b>
4.1	Fees and Commissions Received		270.933	182.521
4.1.1	Cash Loans		12.136	3.914
4.1.2	Non-cash Loans		31.604	20.911
4.1.3	Other		227.193	157.696
4.2	Fees and Commissions Paid		(59.645)	(45.150)
4.2.1	Cash Loans		(1.000)	(727)
4.2.2	Non-cash Loans		(39)	(25)
4.2.3	Other		(58.606)	(44.398)
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>22.045</b>	<b>37.012</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	<b>III-c</b>	<b>30.120</b>	<b>41.078</b>
6.1	Trading Gains/(Losses) on Securities		15.928	18.961
6.2	Foreign Exchange Gains/(Losses)		14.192	22.117
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>III-d</b>	<b>59.069</b>	<b>50.805</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>786.361</b>	<b>531.965</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>III-e</b>	<b>(84.293)</b>	<b>(87.042)</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>III-f</b>	<b>(473.007)</b>	<b>(326.192)</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>229.061</b>	<b>118.731</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV)</b>		<b>229.061</b>	<b>118.731</b>
<b>XVI.</b>	<b>PROVISION FOR INCOME TAXES (±)</b>	<b>III-g</b>	<b>(41.299)</b>	<b>(45.481)</b>
16.1	Current Tax Provision		(39.877)	(27.016)
16.2	Deferred Tax Provision		(1.422)	(18.465)
<b>XVII.</b>	<b>OPERATING INCOME/(LOSS) AFTER TAXES</b>		<b>187.762</b>	<b>73.250</b>
17.1	Discontinued Operations		-	-
17.2	Other		187.762	73.250
<b>XVIII.</b>	<b>NET INCOME/(LOSS) (XV+XVI)</b>	<b>III-h</b>	<b>187.762</b>	<b>73.250</b>
	Earnings/(Loss) per share (in YTL full)		0,0006	0,0004

(\*) The unconsolidated financial statements as of 31 March 2007 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 March 2006.

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

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

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

III. OFF-BALANCE SHEET COMMITMENTS	Note (Section five)	(31/03/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>18.313.748</b>	<b>11.960.171</b>	<b>30.273.919</b>	<b>17.472.597</b>	<b>13.141.772</b>	<b>30.614.369</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>IV-a-2,3</b>	<b>6.140.632</b>	<b>8.430.245</b>	<b>14.570.877</b>	<b>5.297.403</b>	<b>9.044.405</b>	<b>15.341.808</b>
1.1. Letters of Guarantee		5.364.338	5.211.719	10.576.057	5.571.632	5.534.958	11.106.590
1.1.1. Guarantees Subject to State Tender Law		428.680	692.659	1.121.339	431.794	647.471	1.079.265
1.1.2. Guarantees Given for Foreign Trade Operations		897.305	4.519.060	5.416.365	1.032.791	4.887.487	5.920.278
1.1.3. Other Letters of Guarantee		4.038.353	-	4.038.353	4.107.047	-	4.107.047
1.2. Bank Acceptances		-	235.239	235.239	-	216.649	216.649
1.2.1. Import Letter of Acceptance		-	235.239	235.239	-	216.649	216.649
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		1.117	2.311.140	2.312.257	325	2.535.477	2.535.802
1.3.1. Documentary Letters of Credit		1.117	2.311.140	2.312.257	325	2.535.477	2.535.802
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		143	1.848	1.991	143	1.884	2.027
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		6.184	488.506	494.690	4.770	583.506	588.276
1.9. Other Collaterals		768.850	181.793	950.643	720.533	171.931	892.464
<b>II. COMMITMENTS</b>	<b>IV-a-1</b>	<b>10.742.344</b>	<b>5.432</b>	<b>10.747.776</b>	<b>9.514.236</b>	<b>586.371</b>	<b>10.100.607</b>
2.1. Irrevocable Commitments		10.742.344	5.432	10.747.776	9.514.236	586.371	10.100.607
2.1.1. Asset Purchase Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	1.166	1.166	-	569.144	569.144
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		1.348.308	-	1.348.308	1.310.760	-	1.310.760
2.1.8. Tax and Fund Liabilities from Export Commitments		41.896	-	41.896	39.365	-	39.365
2.1.9. Commitments for Credit Card Limits		3.352.015	-	3.352.015	8.163.986	-	8.163.986
2.1.10. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		125	4.266	4.391	125	17.227	17.352
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>1.430.772</b>	<b>3.524.494</b>	<b>4.955.266</b>	<b>1.660.958</b>	<b>3.510.996</b>	<b>5.171.954</b>
3.1. Hedging Derivative Financial Instruments		102.345	97.093	199.438	-	-	-
3.1.1. Transactions for Fair Value Hedge		102.345	97.093	199.438	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		1.328.427	3.427.401	4.755.828	1.660.958	3.510.996	5.171.954
3.2.1. Forward Foreign Currency Buy/Sell Transactions		434.295	957.044	1.391.339	535.769	1.464.683	2.000.452
3.2.1.1. Forward Foreign Currency Transactions-Buy		324.792	385.763	710.555	379.139	636.019	1.015.158
3.2.1.2. Forward Foreign Currency Transactions-Sell		109.503	571.281	680.784	156.630	828.664	985.294
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		318.803	1.909.536	2.228.339	579.009	1.439.889	2.018.898
3.2.2.1. Foreign Currency Swap-Buy		27.298	730.915	758.213	112.788	449.948	562.736
3.2.2.2. Foreign Currency Swap-Sell		44.520	715.446	759.966	159.236	395.911	555.147
3.2.2.3. Interest Rate Swap-Buy		-	354.326	354.326	-	450.968	450.968
3.2.2.4. Interest Rate Swap-Sell		246.985	108.849	355.834	306.985	143.062	450.047
3.2.3. Foreign Currency, Interest rate and Securities Options		574.844	560.416	1.135.260	546.180	606.424	1.152.604
3.2.3.1. Foreign Currency Options-Buy		284.812	280.208	565.020	273.090	303.212	576.302
3.2.3.2. Foreign Currency Options-Sell		284.812	280.208	565.020	273.090	303.212	576.302
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		5.220	-	5.220	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		421	405	826	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	405	405	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		421	-	421	-	-	-
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		64	-	64	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>56.644.725</b>	<b>2.429.719</b>	<b>59.074.444</b>	<b>60.536.429</b>	<b>2.527.949</b>	<b>63.064.378</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>43.115.468</b>	<b>1.418.151</b>	<b>44.533.619</b>	<b>47.296.282</b>	<b>1.500.439</b>	<b>48.796.721</b>
4.1. Customer Fund and Portfolio Balances		-	2.225	2.225	-	2.267	2.267
4.2. Investment Securities Held in Custody		35.395.701	1.075.468	36.471.169	39.229.872	1.154.620	40.384.492
4.3. Checks Received for Collection		4.531.464	57.979	4.589.443	4.669.933	49.098	4.719.031
4.4. Commercial Notes Received for Collection		3.187.127	225.636	3.412.763	3.395.301	235.461	3.630.762
4.5. Other Assets Received for Collection		-	56.843	56.843	-	58.993	58.993
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		11	-	11	11	-	11
4.8. Custodians		1.165	-	1.165	1.165	-	1.165
<b>V. PLEDGES RECEIVED</b>		<b>13.529.257</b>	<b>1.011.568</b>	<b>14.540.825</b>	<b>13.240.147</b>	<b>1.027.510</b>	<b>14.267.657</b>
5.1. Marketable Securities		362.711	569	363.280	362.711	580	363.291
5.2. Guarantee Notes		294.386	358.552	652.938	291.104	363.967	655.071
5.3. Commodity		20.617	-	20.617	-	-	20.617
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		3.971.051	491.605	4.462.656	3.682.256	499.324	4.181.580
5.6. Other Pledged Items		2.880.243	39.168	2.919.411	2.883.210	39.853	2.923.063
5.7. Pledged Items-Depository		249	121.674	121.923	249	123.786	124.035
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>74.958.473</b>	<b>14.389.890</b>	<b>89.348.363</b>	<b>78.009.026</b>	<b>15.669.721</b>	<b>93.678.747</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 STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT AT 31 MARCH 2006**

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

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																
31 March 2006 (*)	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Differences	Marketable Securities Value Increase Fund	Total Shareholders' Equity	
<b>I. Period Opening Balance (31 December 2005) (*)</b>		752.345	2.672.886	10.781	-	-	-	-	-	(2.996.274)	(58.871)	1.144.318	-	152.116	1.677.301	
<b>II. Changes in Accounting Policies according to TAS 8</b>		-	-	-	-	-	-	-	-	1.453.264	(320.392)	(1.144.318)	-	(78.240)	(89.686)	
2.1 Effects of Adjustments of Mistakes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	1.453.264	(320.392)	(1.144.318)	-	(78.240)	(89.686)	
<b>III. New Balance (I+II)</b>		752.345	2.672.886	10.781	-	-	-	-	-	(1.543.010)	(379.263)	-	-	73.876	1.587.615	
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IV. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>V. Available-for-sale Investments</b>		-	-	-	-	-	-	-	-	-	-	-	-	(3.106)	(3.106)	
<b>VI. Hedging from Risky Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Hedging from the Cash Flow risk		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Hedging from the Direct Investment Risk A broad Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Available-for-sale Investments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Hedging from Risky Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.1 Hedging from the Cash Flow risk		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.2 Hedging from the Foreign Net Investment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Net Current Period Income/Loss</b>		-	-	-	-	-	-	-	-	73.250	-	-	-	-	73.250	
<b>X. Profit Distribution</b>		-	-	-	-	-	-	-	-	1.543.010	(1.543.010)	-	-	-	-	
10.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10.2 Transfers to Reserves		-	-	-	-	-	-	-	-	1.543.010	(1.543.010)	-	-	-	-	
10.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI. Capital Increase</b>		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-	
11.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Value Increase due to Revaluation of Property and Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3 Investments, Subsidiaries and Joint Ventures Free Shares obtained		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.4 Marketable Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.5 Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.6 Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.7 Foreign Currency Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.8 Other		1.144.318	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-	-	
<b>XII. Gains and Losses on Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIII. Changes due to the Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIV. First Capital Subordinated Borrowings</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XV. Secondary Capital Subordinated Borrowings</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVI. Effects of the Investments Equity on the Bank's Equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVII. Elimination of Accumulated Deficit</b>		-	(2.672.886)	-	-	-	-	-	-	-	2.672.886	-	-	-	-	
<b>Period End Balance (III+IV+.....+XIV+XV+XVII)</b>		1.896.663	-	10.781	-	-	-	-	-	73.250	(393.705)	-	-	70.770	1.657.759	

(\*) The unconsolidated financial statements as of 31 March 2007 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 March 2006.

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

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

**YAPI VE KREDİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT AT 31 MARCH 2007  
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)**

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY															
31 March 2007	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Differences	Marketable Securities Value Increase Fund	Total Shareholders' Equity
<b>I. Prior Period End Balance</b>		3.142.818		45.781	-	17.159	-	326.025	-	512.239	(745.500)	-	-	45.334	3.343.856
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Investments in Associates, Subsidiaries and Available-for-sale Investments</b>		-	-	-	-	-	-	-	-	-	-	-	-	(5.263)	(5.263)
<b>IV. Hedging Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Available-for-Sale Investments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Hedging from Risky Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Net Current Period Income</b>		-	-	-	-	-	-	-	-	187.762	-	-	-	-	-
<b>VIII. Profit Distribution</b>		-	-	-	-	-	-	-	7.308	(512.239)	504.931	-	-	-	-
8.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Transfers to Reserves		-	-	-	-	-	-	-	7.308	(512.239)	504.931	-	-	-	-
8.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Capital Increase</b>		6.632	-	-	-	-	-	-	-	-	(6.632)	-	-	-	-
9.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2 Value Increase due to Revaluation of the Plant and Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3 Investments in Associates, Subsidiaries and Joint Ventures Bonus Shares Obtained		-	6.632	-	-	-	-	-	-	-	(6.632)	-	-	-	-
9.4 Marketable Securities Value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5 Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6 Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7 Foreign Currency Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes due to the Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Changes due to the Reclassification of the Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Primary Subordinated Borrowings</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Secondary Subordinated Borrowings</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Effects of Changes in Equity of Investments in Associates</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III+IV+V+ .....XII+XIII+XIV)</b>		3.149.450		45.781	-	17.159	-	326.025	7.308	187.762	(247.201)	-	-	40.071	3.526.355

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

V. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	(31/03/2007)	(31/12/2006) (*)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating profit before changes in operating assets and liabilities		347.645	307.950
1.1.1 Interest received		1.562.060	684.798
1.1.2 Interest paid		(1.000.747)	(443.512)
1.1.3 Dividend received		583	1.475
1.1.4 Fees and commissions received		270.933	182.521
1.1.5 Other income		82.226	207.801
1.1.6 Collections from previously written-off loans and other receivables		97.616	24.226
1.1.7 Payments to personnel and service suppliers		(184.395)	(112.442)
1.1.8 Taxes paid		(14.298)	(9.526)
1.1.9 Extraordinary Items		-	-
1.1.10 Other		(466.333)	(227.391)
1.2 Changes in operating assets and liabilities		(1.729.194)	(1.179.020)
1.2.1 Net decrease in trading securities		54.531	533.190
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(91.605)	-
1.2.4 Net decrease/(increase) in loans		263.630	(682.322)
1.2.5 Net decrease/(increase) in other assets		274.992	(504.382)
1.2.6 Net increase in bank deposits		101.100	292.357
1.2.7 Net (decrease) in other deposits		(2.094.106)	(1.146.845)
1.2.8 Net increase/(decrease) in funds borrowed		54.042	(528.440)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net (decrease)/increase in other liabilities		(291.778)	857.422
<b>I. Net cash provided from banking operations</b>		<b>(1.381.549)</b>	<b>(871.070)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>1.452.024</b>	<b>(529.404)</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	(50.728)
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		(33.643)	(12.593)
2.4 Disposals of property and equipments		9.776	199
2.5 Cash paid for purchase of investments available-for-sale		(180.375)	(11.735)
2.6 Cash obtained from sale of investments available-for-sale		546	166.884
2.7 Cash paid for purchase of investment securities		(1,915.860)	(692.116)
2.8 Cash obtained from sale of investment securities		3.540.328	70.685
2.9 Other		31.252	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>1.716</b>	<b>(762)</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		1.716	(762)
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>72.191</b>	<b>(1.401.236)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>VI-a</b>	<b>2.962.345</b>	<b>2.949.505</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>VI-a</b>	<b>3.034.536</b>	<b>1.548.269</b>

(\*) The unconsolidated financial statements as of 31 March 2007 are presented comparatively with the publicly announced unconsolidated financial statements (after the application of Turkish Accounting Standards) of Yapı Kredi before the legal merger as of 31 March 2006.

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

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

**YAPI VE KREDİ BANKASI A.Ş.**

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

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

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**SECTION THREE  
EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION:**

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

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

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

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

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

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

**Additional paragraph for convenience translation into English:**

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

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**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 MARCH 2007**

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

The Bank has prepared its financial statements in accordance with TAS as of 31 December 2006 for the first time.

According to the “Turkish Financial Reporting Standard Regarding the First-time Adoption of Turkish Financial Reporting Standards” (“TFRS1”), the effects of the adoption of TAS are reflected to the financial statements as of 1 January 2005 and also to financial statements as of the 31 March 2006 that are presented comparative to 31 March 2007 financial statements.

**Effects of adoption of TAS:**

Reconciliation of the unconsolidated shareholders’ equity reported under previous accounting principles to the unconsolidated shareholders’ equity under TAS:

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

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

	<b>31 March 2006</b>
<b>Profit of the period before TAS applications</b>	<b>55.762</b>
Reserve for employee rights	(954)
Correction of the impairment on subsidiaries	16.256
Correction of the currency differences of foreign subsidiaries and investments	1.855
Deferred tax effect	331
Total effect on the profit of the period before the application of TAS	17.488
<b>Profit for the period after TAS applications</b>	<b>73.250</b>

**CONVENIENCE TRANSLATION OF PUBLICLY  
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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2007**

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

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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 of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is deposits. The Bank can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of “Foreign exchange gains or losses”. Foreign currency investments which are carried at historical cost are translated with the exchange rates current at the balance sheet date and gains and losses arising from such valuations are recognised in the shareholders’ equity under “Marketable securities value increase fund”.

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

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

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

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

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-valued at their fair values. The accounting method of the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged. As of 31 March 2007, the Bank has derivative instruments qualified for hedging purposes.

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.

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE :**

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS :**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

**b. Held-to-maturity financial assets:**

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

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

**c. Loans and receivables:**

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

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 26333 dated 1 November 2006. In this context, the revised credit risk, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic conjunction on the basis of the prudence principle are taken into consideration by the Bank in determining the estimates. The general loan loss provision provided by this methodology is greater than the minimum amount required by the related regulations.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**d. Available-for-sale financial assets:**

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

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

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS :**

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

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

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS :**

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

The Bank has no securities lending transactions.

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

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

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

**a. Goodwill**

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

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

**b. Other intangible assets**

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS :**

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

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

***Provision for Bank’s Pension Fund Deficit:***

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

According to the temporary article 23 of the Banking Law No.5411, foundations like the Fund will be transferred to the Social Security Institution (“SSI”) within three years beginning from the published date of this article without the need for any transactions. On 2 November 2005, the President of the Turkish Republic applied to the Constitutional Court of Turkey for abrogation of the relevant article in the Banking Law.

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

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION :**

**a. Current tax:**

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

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

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

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

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

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

**b. Deferred tax:**

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON BORROWINGS :**

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

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

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

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

No dividend payments were announced after the balance sheet date.

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

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

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS :**

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

**XXII. LEGAL MERGER :**

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

The main principles of the application are summarised below;

- All the assets, liabilities and off-balance sheet items were combined as of 31 December 2006,
- As of 31 December 2006, all the transactions between Koçbank and Yapı Kredi were eliminated,
- The goodwill resulting from the acquisition of 57,42% shares of Yapı Kredi by Koçbank as of 28 September 2005 (“acquisition date”) calculated in line with TFRS 3 was recorded in the unconsolidated financial statements of the Bank (in Note I.j of Section Five).
- As of the acquisition date, the valuation of the intangible assets of Yapı Kredi has been performed and the credit card brand value, deposit base and customer portfolio values are reflected to the unconsolidated financial statements of the Bank in accordance with TFRS 3 (Note I.j of Section Five).
- The difference that occurred as a result of the transactions listed above was booked in “Prior period’s income and losses” under shareholders’ equity.
- The income statement, equity movement and the statement of cash flow as of 31 March 2007 are presented comparatively with the unconsolidated publicly announced financial statements (after TAS corrections) of Yapı Kredi as of 31 March 2006.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXIII. PROFIT RESERVES AND PROFIT DISTRIBUTION:**

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

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

**XXIV. EARNINGS PER SHARE:**

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

	<b>31 March 2007</b>	<b>31 March 2006</b>
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	187.762	73.250
Weighted Average Number of Issued Ordinary Shares(Thousand)	314.945.000	189.666.249
<b>Earnings Per Share (Disclosed in full YTL)</b>	<b>0,0006</b>	<b>0,0004</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.

As of 31 March 2007, the total number bonus shares issued is 663.154.590 (31 March 2006: 114.431.780.062).

**XXV. RELATED PARTIES:**

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

**XXVI. CASH AND CASH EQUIVALENTS:**

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

**XXVII. RECLASSIFICATIONS:**

Together with the adjustments made in accordance with the first-time adoption of TAS, which are explained in details in Note I. of this Section; reclassifications have been made on comparative figures as of 31 December 2006 and 31 March 2006, to conform to changes in presentation in the 31 March 2007 financials.

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SECTION FOUR  
INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. The capital adequacy ratio of the Bank is 12,97% (31 December 2006: 12,31%).
- b. The capital adequacy ratio of the Bank is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders Equity” (together referred as “Regulation Regarding Capital Adequacy”) published as of 1 November 2006. The following tables show the details of “Risk weighted assets” and the calculation of “Shareholders’ Equity” for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio :

	Risk Weights			
	0%	20%	50%	100%
<b>Amount subject to credit risk</b>				
<b>Balance sheet items (Net)</b>	<b>19.541.581</b>	<b>2.365.529</b>	<b>3.147.282</b>	<b>19.995.896</b>
Cash	422.446	1.544	-	-
Matured marketable securities	-	-	-	-
The Central Bank of the Republic of Turkey	510.194	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	2.286.676	-	6.551
Interbank money market placements	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	2.783.183	-	-	-
Loans	1.292.068	13.910	3.098.581	17.245.131
Non-performing receivables (Net)	-	-	-	340.490
Lease receivables	-	-	-	-
Available-for-sale financial assets	278.143	-	-	59.312
Held-to-maturity investments	13.482.947	-	-	-
Receivables from the disposal of assets	-	-	-	14.789
Miscellaneous receivables	-	53.867	-	80.149
Interest and income accruals	574.036	2.231	48.701	272.325
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	652.645
Fixed assets	-	-	-	1.295.201
Other assets	198.564	7.301	-	29.303
<b>Off-balance sheet items</b>	<b>247.995</b>	<b>3.851.952</b>	<b>2.378.024</b>	<b>7.855.693</b>
Non-cash loans and commitments	247.995	3.829.932	2.378.024	7.839.108
Derivative financial instruments	-	22.020	-	16.585
Non-risk weighted accounts	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>19.789.576</b>	<b>6.217.481</b>	<b>5.525.306</b>	<b>27.851.589</b>

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

	31 March 2007	31 December 2006
Amount subject to credit risk “ASCR”	31.857.738	32.474.602
Amount subject to market risk “ASMR”	134.100	309.900
<b>Shareholders’ equity</b>	<b>4.150.407</b>	<b>4.037.076</b>
<b>Shareholders’ equity /(ASCR+ASMR) *100</b>	<b>12,97</b>	<b>12,31</b>

e. Information about shareholders’ equity items:

	31 March 2007	31 December 2006
<b>CORE CAPITAL</b>		
Paid-in capital	3.149.450	3.142.818
Nominal capital	3.149.450	3.142.818
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	45.781	45.781
Share cancellation profits	-	-
Legal reserves	17.159	17.159
First legal reserve (Turkish Commercial Code 466/1)	17.159	17.159
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	326.025	326.025
Reserves allocated by the General Assembly	326.025	326.025
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	187.762	512.239
Current period profit (net)	187.762	512.239
Prior period profit	-	-
Provisions for possible risks (up to 25% of core capital)	50.895	76.138
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	7.308	-
Primary subordinated loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	(247.201)	(745.500)
Current period loss (net)	-	-
Prior period loss	(247.201)	(745.500)
Special costs (-) (*)	(27.064)	(25.771)
Prepaid expenses (-) (*)	(96.781)	(68.711)
Intangible assets (-) (*)	(1.149.024)	(1.152.548)
Deferred tax asset amount exceeding 10% of core capital (-) (*)	-	-
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
<b>Total Core Capital</b>	<b>3.537.179</b>	<b>3.374.660</b>

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<b>SUPPLEMENTARY CAPITAL</b>		
General provisions	399.898	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	1.532.295	1.540.285
45 % of Marketable Securities valuation fund	18.032	20.400
From investments in associates and subsidiaries	(3.098)	(2.108)
Available-for-Sale financial assets	21.130	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>1.950.225</b>	<b>1.970.491</b>
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>5.487.404</b>	<b>5.345.151</b>
<b>DEDUCTIONS FROM THE CAPITAL (*)</b>	<b>1.336.997</b>	<b>1.308.075</b>
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	63.317	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	811	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	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4.150.407</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.

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**II. EXPLANATIONS ON MARKET RISK:**

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

**a. Information on Market Risk:**

	<b>Balance</b>
(I) Capital to be Employed for General Market Risk - Standard Method	7.253
(II) Capital to be Employed for Specific Risk -Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	3.475
(IV)Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	10.728
<b>(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)</b>	<b>134.100</b>

**III. EXPLANATIONS ON CURRENCY RISK:**

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

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

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance Sheet Evaluation Rate:</b>	<b>1,35140 YTL</b>	<b>1,80270 YTL</b>	<b>0,01148 YTL</b>
1. Day bid rate	1,35220 YTL	1,80390 YTL	0,01150 YTL
2. Day bid rate	1,34870 YTL	1,79960 YTL	0,01138 YTL
3. Day bid rate	1,34470 YTL	1,78420 YTL	0,01135 YTL
4. Day bid rate	1,34280 YTL	1,78920 YTL	0,01138 YTL
5. Day bid rate	1,34210 YTL	1,79360 YTL	0,01138 YTL

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

USD	: 1,36680 YTL
Euro	: 1,80959 YTL
Yen	: 0,01162 YTL

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>0,01157 YTL</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 Net Foreign Currency Position. In addition, foreign currency general provisions in the balance sheet, are considered as Turkish Lira in the calculation of Net Currency Position regarding the related regulation. Therefore, there is a difference between the sum of the foreign currency assets in the following table and in the balance sheet. The Banks’ real position, both in financial and economic terms, is presented in the table below:

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	EURO	USD	Yen	Other FC (*)	Total
<b>31 March 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	1.785.610	237.090	215	4.526	2.027.441
Due From Banks and Other Financial Institutions	1.527.099	491.783	1.180	201.439	2.221.501
Financial Assets at Fair Value Through Profit or Loss	169.559	125.530	-	-	295.089
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	141	44.049	-	-	44.190
Loans (**)	2.144.180	5.641.420	22.547	145.075	7.953.222
Investments in Associates, Subsidiaries and Joint Ventures	130.101	56.110	-	31.645	217.856
Held-to-Maturity Investments	550.393	6.668.584	-	-	7.218.977
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	51.079	48.772	139	116.062	216.052
<b>Total Assets</b>	<b>6.358.162</b>	<b>13.313.338</b>	<b>24.081</b>	<b>498.747</b>	<b>20.194.328</b>
<b>Liabilities</b>					
Bank Deposits	9.310	21.060	74	11.790	42.234
Foreign Currency Deposits	3.882.302	8.743.253	12.897	449.898	13.088.350
Funds From Interbank Money Market	193.236	201.971	-	-	395.207
Funds Borrowed From Other Financial Institutions	1.169.198	3.304.719	1.278	1.405	4.476.600
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	44.092	166.023	431	2.529	213.075
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	1.799.165	271.268	2.829	28.492	2.101.754
<b>Total Liabilities</b>	<b>7.097.303</b>	<b>12.708.294</b>	<b>17.509</b>	<b>494.114</b>	<b>20.317.220</b>
<b>Net On-balance Sheet Position</b>	<b>(739.141)</b>	<b>605.044</b>	<b>6.572</b>	<b>4.633</b>	<b>(122.892)</b>
<b>Net Off-balance Sheet Position</b>	<b>744.526</b>	<b>(563.733)</b>	<b>(7.247)</b>	<b>(620)</b>	<b>172.926</b>
Financial Derivative Assets	1.012.142	807.923	2.678	25.967	1.848.710
Financial Derivative Liabilities	267.616	1.371.656	9.925	26.587	1.675.784
<b>Non-Cash Loans</b>	<b>2.565.337</b>	<b>5.344.807</b>	<b>336.491</b>	<b>183.606</b>	<b>8.430.241</b>
<b>31 December 2006</b>					
Total Assets	7.223.801	14.585.069	24.597	427.899	22.261.366
Total Liabilities	7.169.852	14.559.607	19.179	538.285	22.286.923
<b>Net On-balance Sheet Position</b>	<b>53.949</b>	<b>25.462</b>	<b>5.418</b>	<b>(110.386)</b>	<b>(25.557)</b>
<b>Net Off-balance Sheet Position</b>	<b>(78.480)</b>	<b>141.914</b>	<b>(5.373)</b>	<b>111.237</b>	<b>169.298</b>
Financial Derivative Assets	483.463	1.155.688	2.881	198.115	1.840.147
Financial Derivative Liabilities	561.943	1.013.774	8.254	86.878	1.670.849
<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>

(\*) Of the “Other FC” total assets amounting to YTL498.747 thousand (31 December 2006: YTL427.899 thousand); YTL231.490 thousand is in Gold (31 December 2006: YTL243.728 thousand); YTL189.189 thousand is in British Pounds (31 December 2006: YTL97.765 thousand); YTL58.527 thousand is in Swiss Francs (31 December 2006: YTL59.599 thousand) and YTL19.541 thousand is in other currencies (31 December 2006: YTL26.807 thousand). Of the total liabilities amounting to YTL494.114 thousand (31 December 2006: YTL538.285 thousand); YTL238.146 thousand is in Gold (31 December 2006: YTL254.771 thousand); YTL184.020 thousand is in British Pounds (31 December 2006: YTL202.839 thousand), YTL56.146 thousand is in Swiss Francs (31 December 2006: YTL60.367 thousand) and YTL15.802 thousand is in other currencies (31 December 2006: YTL20.308 thousand).

(\*\*) Includes FX indexed loans amounting to YTL671.956 thousand (31 December 2006: YTL649.167 thousand) which have been disclosed as YTL in the financial statements.

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**IV. 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 March 2007</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year 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	2.827.988	-	-	-	-	836.597	3.664.585
Due From Banks and Other Financial Institutions	1.787.411	3.449	96.309	-	-	408.076	2.295.245
Financial Assets at Fair Value Through Profit/Loss	20.007	130.051	14.040	40.881	151.105	-	356.084
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	8	5	220.897	6.307	55.738	59.311	342.266
Loans	5.622.973	3.210.559	3.397.897	3.753.016	6.006.336	340.490	22.331.271
Held-to-Maturity Investments	767.509	1.734.193	4.424.779	536.066	6.493.513	-	13.956.060
Other Assets	-	-	-	-	-	3.798.569	3.798.569
<b>Total Assets</b>	<b>11.025.896</b>	<b>5.078.257</b>	<b>8.153.922</b>	<b>4.336.270</b>	<b>12.706.692</b>	<b>5.443.043</b>	<b>46.744.080</b>
<b>Liabilities</b>							
Bank Deposits	139.199	8.433	106.074	-	-	52.068	305.774
Other Deposits	20.504.870	2.295.561	523.592	404.950	27.188	4.807.791	28.563.952
Funds From Interbank Money Market	3.364.358	115.701	121.082	-	-	-	3.601.141
Miscellaneous Payables	1.861.376	37.518	7.401	155	-	58.598	1.965.048
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	55.024	2.779.939	1.134.820	628.660	62.099	-	4.660.542
Other Liabilities and Shareholders' Equity	648.244	5.943	908.649	4.447	38	6.080.302	7.647.623
<b>Total Liabilities</b>	<b>26.573.071</b>	<b>5.243.095</b>	<b>2.801.618</b>	<b>1.038.212</b>	<b>89.325</b>	<b>10.998.759</b>	<b>46.744.080</b>
<b>Balance Sheet Long Position</b>	-	-	<b>5.352.304</b>	<b>3.298.058</b>	<b>12.617.367</b>	-	<b>21.267.729</b>
<b>Balance Sheet Short Position</b>	<b>(15.547.175)</b>	<b>(164.838)</b>	-	-	-	<b>(5.555.716)</b>	<b>(21.267.729)</b>
Off-balance Sheet Long Position	3.837	11.952	10.055	-	5.218	-	31.062
Off-balance Sheet Short Position	-	-	-	(4.663)	-	-	(4.663)
<b>Total Position</b>	<b>(15.543.338)</b>	<b>(152.886)</b>	<b>5.362.359</b>	<b>3.293.395</b>	<b>12.622.585</b>	<b>(5.555.716)</b>	<b>26.399</b>

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<b>31 December 2006</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year 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
Due From Banks and Other Financial Institutions	1.476.745	94.274	3.007	1.002	-	388.357	1.963.385
Financial Assets at Fair Value Through Profit/Loss	16.233	56.472	113.570	20.120	227.046	-	433.441
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	1.275	2.688	1.670	20.038	23.044	63.123	111.838
Loans	5.162.457	3.960.928	4.230.932	3.620.257	5.217.549	312.023	22.504.146
Held-to-Maturity Investments	3.419.703	3.629.478	2.398.335	742.908	5.689.475	-	15.879.899
Other Assets	-	-	-	-	-	3.913.894	3.913.894
<b>Total Assets</b>	<b>13.150.840</b>	<b>7.743.840</b>	<b>6.747.514</b>	<b>4.404.325</b>	<b>11.157.114</b>	<b>5.683.655</b>	<b>48.887.288</b>
<b>Liabilities</b>							
Bank Deposits	273.903	6.836	-	-	-	72.059	352.798
Other Deposits	21.051.890	3.721.781	384.521	481.440	38.771	5.096.070	30.774.473
Funds From Interbank Money Market	3.071.497	12.808	272.246	-	-	-	3.356.551
Miscellaneous Payables	1.937.632	165.227	86.601	-	-	122.442	2.311.902
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	94.196	2.134.660	91.824	1.030.570	1.248.493	-	4.599.743
Other Liabilities and Shareholders' Equity	1.995	2.587	7.124	6.968	1.559.373	5.913.774	7.491.821
<b>Total Liabilities</b>	<b>26.431.113</b>	<b>6.043.899</b>	<b>842.316</b>	<b>1.518.978</b>	<b>2.846.637</b>	<b>11.204.345</b>	<b>48.887.288</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>1.699.941</b>	<b>5.905.198</b>	<b>2.885.347</b>	<b>8.310.477</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>5.917.427</b>	<b>2.880.972</b>	<b>8.310.563</b>	<b>(5.520.690)</b>	<b>38.372</b>

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

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

<b>31 March 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	1,71	2,17	-	11,41
Due From Banks and Other Financial Institutions	3,93	5,50	-	19,53
Financial Assets at Fair Value Through Profit/Loss	8,67	8,85	-	18,40
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	7,25	-	19,12
Loans	5,66	7,02	2,11	21,26
Held-to-maturity Investments	5,60	7,53	-	18,90
<b>Liabilities</b>				
Bank Deposits	3,04	3,81	-	19,38
Other Deposits	2,64	4,73	0,21	20,11
Funds From Interbank Money Market	5,57	7,74	-	19,63
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,19	5,20	1,42	15,93

<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
Due From Banks and Other Financial Institutions	3,63	5,39	-	19,06
Financial Assets at Fair Value Through Profit/Loss	9,06	8,44	-	19,08
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	7,43	-	16,94
Loans	5,55	5,48	2,17	21,38
Held-to-maturity Investments	3,85	7,25	-	19,25
<b>Liabilities</b>				
Bank Deposits	1,00	5,66	-	20,70
Other Deposits	2,69	4,97	0,29	21,14
Funds From Interbank Money Market	4,02	6,97	-	20,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,19	5,35	1,28	15,62

**V. EXPLANATIONS ON LIQUIDITY RISK:**

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset-Liability Management strategy of the Bank in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held. In order to meet an instant cash necessity it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the deposits. During the monthly meetings of the Asset-Liability Committee, the liquidity position of the Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

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

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

**Breakdown of assets and liabilities according to their outstanding maturities:**

	Demand	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Unclassified (*)	Total
<b>31 March 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	836.597	2.827.988	-	-	-	-	-	3.664.585
Due From Banks and Other Financial Institutions	408.076	1.787.411	3.449	96.309	-	-	-	2.295.245
Financial Assets at Fair Value Through Profit or Loss	-	8.592	111.450	9.587	41.926	184.529	-	356.084
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	41.257	8	5	213.050	6.307	63.585	18.054	342.266
Loans	-	4.834.086	3.271.416	3.354.595	2.769.510	7.761.174	340.490	22.331.271
Held-to-maturity Investments	-	-	1.297.632	461.233	809.134	11.388.061	-	13.956.060
Other Assets (*)	134.184	167.774	2.667	41.186	7.656	156.351	3.288.751	3.798.569
<b>Total Assets</b>	<b>1.420.114</b>	<b>9.625.859</b>	<b>4.686.619</b>	<b>4.175.960</b>	<b>3.634.533</b>	<b>19.553.700</b>	<b>3.647.295</b>	<b>46.744.080</b>
<b>Liabilities</b>								
Bank Deposits	52.068	139.199	8.433	106.074	-	-	-	305.774
Other Deposits	4.807.791	20.504.870	2.295.561	523.592	404.950	27.188	-	28.563.952
Funds Borrowed From Other Financial Institutions	-	55.024	62.517	953.597	628.660	2.960.744	-	4.660.542
Funds From Interbank Money Market	-	3.364.358	115.701	121.082	-	-	-	3.601.141
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	58.598	1.827.330	32.279	35.705	7.401	3.735	-	1.965.048
Other Liabilities (**)	2.553.944	3.231	5.943	6.847	4.447	1.546.856	3.526.355	7.647.623
<b>Total Liabilities</b>	<b>7.472.401</b>	<b>25.894.012</b>	<b>2.520.434</b>	<b>1.746.897</b>	<b>1.045.458</b>	<b>4.538.523</b>	<b>3.526.355</b>	<b>46.744.080</b>
<b>Net Liquidity Gap</b>	<b>(6.052.287)</b>	<b>(16.268.153)</b>	<b>2.166.185</b>	<b>2.429.063</b>	<b>2.589.075</b>	<b>15.015.177</b>	<b>120.940</b>	<b>-</b>
<b>31 December 2006</b>								
Total Assets	1.553.812	12.094.728	4.798.936	5.244.586	3.447.386	18.096.213	3.651.627	48.887.288
Total Liabilities	6.918.585	27.365.853	4.376.718	835.747	1.521.344	4.525.185	3.343.856	48.887.288
<b>Net Liquidity Gap</b>	<b>(5.364.773)</b>	<b>(15.271.125)</b>	<b>422.218</b>	<b>4.408.839</b>	<b>1.926.042</b>	<b>13.571.028</b>	<b>307.771</b>	<b>-</b>

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

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

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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 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Cash/Foreign currency	226.160	98.699	307.316	125.231
CBRT	1.410.984	1.927.198	1.549.860	2.095.114
Other	-	1.544	-	3.164
<b>Total</b>	<b>1.637.144</b>	<b>2.027.441</b>	<b>1.857.176</b>	<b>2.223.509</b>

2. Information on the account of the CBRT:

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Demand Unrestricted Amount	150	510.044	283	570.264
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	1.410.834	1.417.154	1.549.577	1.524.850
<b>Total</b>	<b>1.410.984</b>	<b>1.927.198</b>	<b>1.549.860</b>	<b>2.095.114</b>

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements” numbered 2005/1, issued by the CBRT, the banks operating in Turkey are supposed to place reserves in the CBRT with a rate of 6% for their YTL liabilities and 11% as USD and/or EUR for their foreign currency liabilities. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 31 March 2007 the corresponding interest rates are 13,12% for YTL, 2,53% for USD and 1,84% for EUR reserves.

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

1. As of 31 March 2007, financial assets at fair value through profit or loss subject to repo transactions amount to YTL182.974 thousand (31 December 2006:YTL195.994 thousand), and given as collateral/blocked amount to YTL25.100 thousand (31 December 2006:YTL14.358 thousand).

2. Positive differences related to trading derivative financial assets:

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	28.179	-	34.413	3.311
Swap Transactions	21.228	4.647	37.687	1.744
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>49.407</b>	<b>4.647</b>	<b>72.100</b>	<b>5.055</b>

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(Continued)**

**c. Information on banks and other financial institutions:**

1. Information on banks and other financial institutions:

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	73.744	2.221.501	7.306	1.955.988
Domestic	6.680	221	7.298	226
Foreign	67.064	2.221.280	8	1.955.762
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	91	-
<b>Total</b>	<b>73.744</b>	<b>2.221.501</b>	<b>7.397</b>	<b>1.955.988</b>

**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 March 2007, available-for-sale financial assets given as collateral/blocked amount to YTL22.220 thousand (31 December 2006: YTL21.113 thousand). There are no available-for-sale financial assets subject to repo transactions (31 December 2006: None).

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

	31 March 2007	31 December 2006
Debt Securities	283.570	49.660
Quoted to Stock Exchange (*)	283.570	49.660
Not Quoted	-	-
Share Certificates	59.857	58.822
Quoted to Stock Exchange	-	-
Not Quoted	59.857	58.822
Impairment Provision (-)	(42.418)	(42.747)
Other	41.257	46.103
<b>Total</b>	<b>342.260</b>	<b>111.838</b>

(\*) As of 31 March 2007, even though Eurobonds amounting to YTL25.334 thousand (31 December 2006: YTL15.104 thousand) are not quoted to stock exchanges, they are classified as such according to current sector practice as they are traded in secondary markets.

As of 31 March 2007, other available-for-sale financial assets include B type liquid funds.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

e. Explanations on loans:

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

	31 March 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>	186.851	463.348	379.531	731.251
<b>Loans Granted To Employees</b>	43.652	-	45.343	-
<b>Total</b>	<b>230.503</b>	<b>463.348</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>	20.076.069	1.106.376	788.039	20.297
Discount and Purchase Notes	169.596	-	752	-
Export Loans	2.107.094	-	60.248	-
Import Loans	-	-	-	-
Loans Granted To Financial Sector	150.414	-	-	-
Foreign Loans	39.323	788.355	-	-
Consumer Loans	2.576.398	-	170.319	-
Credit Cards	5.154.071	-	368.212	-
Precious Metal Loans	117.259	-	144	-
Other	9.761.914	318.021	188.364	20.297
<b>Specialised Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>20.076.069</b>	<b>1.106.376</b>	<b>788.039</b>	<b>20.297</b>

The Bank’s cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement (“FRA”) amounted to USD749.751.226 (YTL1.013.214 thousand) (31 December 2006: USD752.945.836 (YTL1.037.333 thousand)) as of 31 March 2007, which is classified under “Standard Loans and Other Receivables that have been restructured or rescheduled”. The annual interest rate for the remaining portion of the Çukurova Group risk per “FRA Modification Agreement” is identified as Libor+2,5% and the maturity of the last payment is 30 September 2015. According to the “Pledge Agreement” signed between the Bank, Çukurova Holding A.Ş. (“Çukurova Holding”) and Çukurova Investments N.V. (“Çukurova Investments”) on 28 September 2005, the Bank has a continuous pledge on 6,743% of Turkcell İletişim Hizmetleri A.Ş. (“Turkcell”) shares of Çukurova Holding and Çukurova Investments in relation to the Çukurova Group loans repayment liability. The fair value of those Turkcell collaterals amounts to approximately YTL1.068.417 thousand as of 31 March 2007.

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

	<b>Short- term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-YTL</b>	<b>103.310</b>	<b>2.443.980</b>	<b>2.547.290</b>
Real estate loans	4.843	1.501.088	1.505.931
Automotive loans	12.377	458.110	470.487
Consumer loans	2.911	2.062	4.973
Other	83.179	482.720	565.899
<b>Consumer Loans-FC Indexed</b>	<b>2.649</b>	<b>106.743</b>	<b>109.392</b>
Real estate loans	645	82.870	83.515
Automotive loans	835	14.324	15.159
Consumer loans	16	56	72
Other	1.153	9.493	10.646
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-YTL</b>	<b>4.619.402</b>	<b>785.113</b>	<b>5.404.515</b>
With instalments	1.908.585	785.113	2.693.698
Without instalments	2.710.817	-	2.710.817
<b>Individual Credit Cards- FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With instalments	-	-	-
Without instalments	-	-	-
<b>Personnel Loans-YTL</b>	<b>4.221</b>	<b>13.766</b>	<b>17.987</b>
Real estate loans	-	1.797	1.797
Automotive loans	126	689	815
Consumer loans	21	19	40
Other	4.074	11.261	15.335
<b>Personnel Loans-FC Indexed</b>	<b>24</b>	<b>267</b>	<b>291</b>
Real estate loans	-	202	202
Automotive loans	-	25	25
Consumer loans	-	-	-
Other	24	40	64
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-YTL</b>	<b>23.166</b>	<b>2.433</b>	<b>25.599</b>
With instalments	10.577	2.433	13.010
Without instalments	12.589	-	12.589
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With instalments	-	-	-
Without instalments	-	-	-
<b>Credit Deposit Account-YTL (Real Person)</b>	<b>71.757</b>	<b>-</b>	<b>71.757</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.824.529</b>	<b>3.352.302</b>	<b>8.176.831</b>

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

	Short-term	Medium and long-term	Total
<b>Commercial Instalments Loans- YTL</b>	<b>193.928</b>	<b>1.323.049</b>	<b>1.516.977</b>
Business Loans	2.209	140.873	143.082
Automotive Loans	53.320	816.203	869.523
Consumer Loans	-	-	-
Other	138.399	365.973	504.372
<b>Commercial Instalments Loans- FC Indexed</b>	<b>15.142</b>	<b>116.040</b>	<b>131.182</b>
Business Loans	60	3.858	3.918
Automotive Loans	1.500	47.863	49.363
Consumer Loans	-	-	-
Other	13.582	64.319	77.901
<b>Commercial Instalments Loans- FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-YTL</b>	<b>91.649</b>	<b>520</b>	<b>92.169</b>
With instalment	15.717	520	16.237
Without instalment	75.932	-	75.932
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With instalment	-	-	-
Without instalment	-	-	-
<b>Credit Deposit Account-YTL (Legal Person)</b>	<b>79.744</b>	<b>-</b>	<b>79.744</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>380.463</b>	<b>1.439.609</b>	<b>1.820.072</b>

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

	31 March 2007	31 December 2006
Domestic loans	21.163.103	21.398.737
Foreign loans	827.678	793.386
<b>Total</b>	<b>21.990.781</b>	<b>22.192.123</b>

6. Loans granted to investments in associates and subsidiaries:

	31 March 2007	31 December 2006
Direct loans granted to investments in associates and subsidiaries	65.296	73.407
Indirect loans granted to investments in associates and subsidiaries	-	-
<b>Total</b>	<b>65.296</b>	<b>73.407</b>

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7. Specific provisions provided against loans:

	31 March 2007	31 December 2006
Loans and other receivables with limited collectibility	26.610	25.098
Loans and other receivables with doubtful collectibility	108.666	87.664
Uncollectible loans and other receivables	1.306.804	1.289.255
<b>Total</b>	<b>1.442.080</b>	<b>1.402.017</b>

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

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
<b>31 March 2007</b>			
(Gross amounts before specific reserves)	1.682	3.815	246.907
Restructured loans and other receivables	1.682	3.815	246.907
Rescheduled loans and other receivables	-	-	-
<b>31 December 2006</b>	<b>455</b>	<b>1.110</b>	<b>221.192</b>
(Gross amounts before the specific reserves)	-	-	-
Restructured loans and other receivables	455	1.110	221.192
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
<b>31 December 2006</b>	<b>138.198</b>	<b>139.901</b>	<b>1.435.941</b>
Additions (+)	155.329	3.746	7.071
Transfers from Kocbank due to legal merger	-	-	-
Transfers from other categories of non-performing loans (+)	-	139.043	77.897
Transfers to other categories of non-performing loans (-)	139.043	77.897	-
Collections (-)	16.271	15.457	65.888
Write-offs (-)	-	-	-
<b>31 March 2007</b>	<b>138.213</b>	<b>189.336</b>	<b>1.455.021</b>
Special Provision (-)	(26.610)	(108.666)	(1.306.804)
<b>Net Balance on balance sheet</b>	<b>111.603</b>	<b>80.670</b>	<b>148.217</b>

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

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

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

	31 March 2007	31 December 2006
Government Bond	13.956.060	12.705.554
Treasury Bill	-	-
Other debt securities(*)	-	3.174.345
<b>Total</b>	<b>13.956.060</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:

	31 March 2007	31 December 2006
Debt Securities	13.959.045	15.883.387
Quoted to Stock Exchange (*)	13.806.555	15.737.531
Not Quoted	152.490	145.856
Impairment Provision (-)	(2.985)	(3.488)
<b>Total</b>	<b>13.956.060</b>	<b>15.879.899</b>

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

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

	31 March 2007	31 December 2006
<b>Beginning balance</b>	<b>15.879.899</b>	<b>4.162.401</b>
FC differences on monetary assets	(130.917)	(831.228)
Transfers from Koçbank due to legal merger	-	5.038.780
Purchases during year	2.061.239	7.949.578
Disposals through sales and redemptions	(3.853.100)	(437.708)
Impairment provision	(1.061)	(1.924)
<b>Period end balance</b>	<b>13.956.060</b>	<b>15.879.899</b>

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

As of 31 March 2007, held-to-maturity investments given as collateral amount to YTL1.666.532 thousand (31 December 2006: YTL1.254.568 thousand). Held-to-maturity investments subject to repo transactions amount to YTL3.579.808 thousand. (31 December 2006: YTL3.497.368 thousand).

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g. Information on investments in associates (Net):

1. General information on unconsolidated investments in associates:

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

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

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Market value
1	1.941.842	154.918	4.215	20.079	1.316	5.613	7.007	-
2	15.786	13.269	1.862	658	-	1.001	1.214	-

3. Movement of unconsolidated investments in associates :

	31 March 2007	31 December 2006
<b>Balance at the beginning of the period</b>	<b>35.603</b>	<b>41.444</b>
<b>Movements during the period</b>	<b>(430)</b>	<b>(5.841)</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 (*)	(430)	2.911
Impairment provision	-	(698)
<b>Balance at the end of the period</b>	<b>35.173</b>	<b>35.603</b>
<b>Capital Commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

(\*) Shows the increase or decrease due to the FX valuation of the FC investment.

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

	31 March 2007	31 December 2006
Banks	31.645	32.075
Insurance Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Investments	3.528	3.528

5. Valuation of unconsolidated investments in associates:

	31 March 2007	31 December 2006
Valuation with cost	35.173	35.603
Valuation with fair value	-	-
Valuation with equity method	-	-
<b>Total</b>	<b>35.173</b>	<b>35.603</b>

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

**h. Information on subsidiaries (Net):**

1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	4,84	99,99
2	Yapı Kredi Holding B.V. (**)	Amsterdam/Holland	100,00	100,00
3	Yapı Kredi Kart Hizmetleri A.Ş.	Istanbul/ Turkey	99,99	100,00
4	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	64,70	99,99
5	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/ Turkey	99,99	100,00
6	Yapı Kredi Faktoring A.Ş.	Istanbul/ Turkey	40,48	100,00
7	Yapı Kredi Moscow (*)	Moscow/Russia	99,84	100,00
8	Yapı Kredi Bank Deutschland AG (**)	Frankfurt/Germany	62,92	97,50
9	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
10	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	25,67	99,58
11	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş. (****)	Istanbul/ Turkey	30,45	30,45
12	Yapı Kredi Yatırım Ortaklığı A.Ş. (***)	Istanbul/ Turkey	11,09	56,07
13	Enternasyonal Turizm Yatırım A.Ş. (***)	Istanbul/ Turkey	99,96	99,99
14	Azur Tourism Investment NV (*)	Caracua/ Netherlands Antilles	100,00	100,00

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

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

(\*\*\*) Extraordinary General Assembly related with taking over Bayındırlık İşleri A.Ş. and Akdeniz Marmara Turizm ve Ticaret A.Ş. by Enternasyonal Turizm Yatırım A.Ş. was held on 5 February 2007 and the merger is registered on 8 February 2007.

(\*\*\*\*) Information of financial figures on Note-II below has been obtained from the financial statements at 31 December 2006.

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

No	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit /Loss	Market value(*)
1	65.134	28.494	490	2.221	1.038	10.137	461	-
2	49.768	49.730	-	-	-	1.273	3.769	-
3	242	242	-	-	-	(97)	(10)	-
4	299.893	227.501	16.708	6.664	2.520	26.820	8.979	-
5	7.727	6.282	106	32	-	243	185	-
6	964.718	92.858	538	25.601	-	5.431	188	-
7	172.159	51.360	7.404	3.336	624	785	(551)	-
8	61.752	45.790	175	819	378	(142)	575	-
9	570.237	206.175	32.193	6.457	4.860	3.083	(3.380)	700.800
10	1.847.933	452.701	967	55.971	-	31.630	27.408	1.423.237
11	288.941	99.095	4.388	1.425	1.022	6.217	5.179	171.600
12	52.863	52.507	16	517	514	4.211	2.065	30.168
13	59.630	18.545	12.278	1.330	-	(3.677)	3.004	-
14	18.158	18.154	-	-	-	65	-	-

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

3. Movement schedules of subsidiaries:

	31 March 2007	31 December 2006
<b>Balance at the beginning of the period</b>	<b>721.269</b>	<b>621.168</b>
<b>Movements during the period</b>	<b>(40.480)</b>	<b>100.101</b>
Purchases	-	97.910
Transfers	-	4.470
Bonus shares obtained	1.700	697
Dividends from current year income	-	-
Sales	-	-
Revaluation (decrease) / increase(*)	(1.770)	19.290
Impairment provision	(40.410)	(22.266)
<b>Balance at the end of the period</b>	<b>680.789</b>	<b>721.269</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

(\*) Shows the increase or decrease due to the FX valuation of the FC subsidiaries.

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

Subsidiaries	31 March 2007	31 December 2006
Banks	84.134	85.033
Insurance Companies	148.016	148.016
Factoring Companies	38.782	38.782
Leasing Companies	114.321	114.321
Finance Companies	-	-
Other Financial Subsidiaries	229.778	230.182

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5. Subsidiaries quoted to stock exchange:

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

**i. Information on hedging derivative financial assets:**

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

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	262	449	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>262</b>	<b>449</b>	-	-

**j. Information on intangible assets:**

<b>31 December 2006</b>	<b>1.152.548</b>
Additions due to Mergers, Transfers and Acquisitions	-
Amounts due to Cost Distribution of Merger (*)	-
Additions during the Period	2.688
Unused and Disposed Items (-)	-
Impairment Charges on Income Statement (-)	-
Amortisation Expenses (-)	(6.212)
<b>31 March 2007</b>	<b>1.149.024</b>

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

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

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

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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
Amounts due to Cost Distribution of Merger (*)	163.084
Other Receivables and Other Assets	1.696.557
Deposits	(16.443.350)
Borrowings and Money market	(3.195.687)
Other Liabilities	(4.185.850)
<b>Addition to Net Assets</b>	<b>1.721.576</b>

(\*) Koçbank, assigned a consultancy firm for the valuation of intangible assets determined as credit card trademark, customer base and relationship that can be measured reliably the future economic benefits embodied in the asset. In line with the report dated 13 February 2006 the Bank recognised YTL163.084 thousand of intangible assets in its unconsolidated financial statements. Identified intangible assets are amortised using the straight-line method over their useful lives, which have been assessed as 10 years. As of 31 March 2007, the net book value of these intangible assets amounts to YTL138.622 thousand.

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

	<b>31 March 2007</b>		<b>31 December 2006</b>	
	<b>Tax Base</b>	<b>Deferred Tax</b>	<b>Tax Base</b>	<b>Deferred Tax</b>
Reserves for employment termination benefit	138.147	27.629	148.292	29.658
Fund deficit provision	513.531	102.706	483.281	96.656
Trading derivative financial liabilities	26.118	5.224	23.231	4.646
Impairment on immovables	573.850	114.770	576.027	115.205
Subsidiaries, investment in associates and share certificates	76.333	15.267	76.333	15.267
Other	135.729	27.146	138.221	27.645
<b>Total deferred tax asset</b>	<b>1.463.708</b>	<b>292.742</b>	<b>1.445.385</b>	<b>289.077</b>
Trading derivative financial assets	49.107	9.821	66.167	13.233
Valuation difference of securities portfolio	165.038	34.690	110.981	24.061
Property, equipment and intangibles , net	580.212	91.877	591.768	94.189
<b>Total deferred tax liability</b>	<b>794.357</b>	<b>136.388</b>	<b>768.916</b>	<b>131.483</b>
<b>Deferred Tax Asset, net</b>	<b>669.351</b>	<b>156.354</b>	<b>676.469</b>	<b>157.594</b>

**l. Information on other assets :**

As of 31 March 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 March 2007:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over
Saving Deposits	826.706	-	2.326.951	6.982.232	209.448	20.032	73.515
Foreign Currency Deposits	2.965.420	-	4.016.553	4.233.554	739.299	275.575	616.484
Residents in Turkey	2.863.718	-	3.711.774	4.078.923	686.936	251.892	547.027
Residents Abroad	101.702	-	304.779	154.631	52.363	23.683	69.457
Public Sector Deposits	66.556	-	16.657	28.677	4.526	-	40
Commercial Deposits	799.807	-	2.280.935	1.655.452	200.482	957	3.990
Other Institutions Deposits	25.752	-	35.634	22.316	638	75	225
Gold Vault	123.550	-	-	1.847	560	1.359	8.148
Bank Deposits	52.068	-	138.761	1.171	7.700	106.074	-
The CBRT	-	-	-	-	-	-	-
Domestic Banks	3.504	-	71.571	-	-	1.046	-
Foreign Banks	36.660	-	67.190	1.171	7.700	105.028	-
Special Financial Institutions	11.904	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>4.859.859</b>	<b>-</b>	<b>8.815.491</b>	<b>12.925.249</b>	<b>1.162.653</b>	<b>404.072</b>	<b>702.402</b>

1(ii). 31 December 2006:

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

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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 March 2007	31 December 2006	31 March 2007	31 December 2006
<b>Saving Deposits</b>				
Saving Deposits	5.257.541	4.970.931	5.155.622	4.749.385
Foreign Currency Savings Deposit	2.993.343	3.058.148	4.765.709	5.209.910
Other Deposits in the Form of Savings deposits	5.819	5.893	62.407	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 March 2007	31 December 2006
Saving Deposits in Foreign Branches	-	-
Saving Deposits in Off-shore Banking Regions	136.971	158.746
<b>Total</b>	<b>136.971</b>	<b>158.746</b>

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

Schedule of negative differences concerning trading derivative financial liabilities:

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	6.847	907	11.542	2.154
Swap Agreements	13.589	1	9.519	449
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>20.436</b>	<b>908</b>	<b>21.061</b>	<b>2.603</b>

**c. Information on borrowings:**

1. Information on banks and other financial institutions :

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	163.389	141.045	176.640	188.672
From Foreign Banks, Institutions and Funds	20.553	4.335.555	8.584	4.183.889
Accrued Interest Expense of Banks and Other Financial Institutions	-	-	7.161	34.797
<b>Total</b>	<b>183.942</b>	<b>4.476.600</b>	<b>192.385</b>	<b>4.407.358</b>

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2. Information on maturity structure of borrowings :

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-term	183.942	2.297.344	185.224	2.447.116
Medium and Long-term	-	2.179.256	-	1.925.445
Accrued Interest on Borrowings	-	-	7.161	34.797
<b>Total</b>	<b>183.942</b>	<b>4.476.600</b>	<b>192.385</b>	<b>4.407.358</b>

3. Repayment schedule of securitisation credits:

In December 2006, the Bank finalised a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL1.748.157 thousand by using Yapı Kredi Diversified Payment Rights Finance Company (“Special Purpose Entity”) as an intermediary and Assured Guarantee, MBIA and Radian ve Ambac as the guarantors. The interest rate of this borrowing ranges between 3,88% and 6,37%, and the maturity ranges between 5 and 8 years; the repayment will begin in the last period of 2008.

	31 March 2007	31 December 2006
2008	-	32.853
2009	-	131.411
2010	330.144	383.074
2011	357.402	383.074
2012	357.402	251.662
2013	357.402	251.662
2014	318.549	212.054
2015	27.258	-
<b>Total</b>	<b>1.748.157</b>	<b>1.645.790</b>

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

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

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

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

	31 March 2007		31 December 2006	
	Gross	Net	Gross	Net
Less than 1 year	21.158	20.467	19.338	18.674
Between 1-4 years	76	38	119	115
More than 4 years	-	-	-	-
<b>Total</b>	<b>21.234</b>	<b>20.505</b>	<b>19.457</b>	<b>18.789</b>

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

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

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair Value Hedge	4.774	-	-	-
Cash Flow Hedge	-	-	-	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>4.774</b>	<b>-</b>	<b>-</b>	<b>-</b>

**g. Information on provisions:**

1. Information on general provisions:

	31 March 2007	31 December 2006
Provisions for Group I loans and receivables	435.056	430.929
Provisions for Group II loans and receivables	94.764	97.214
Provisions for non cash loans	92.839	102.806
Other	17.127	16.033
<b>Total</b>	<b>639.786</b>	<b>646.982</b>

2. Information on reserve for employment termination benefit:

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

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

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

The principal actuarial assumption is that the maximum liability of YTL1.960,69 will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL1.960,69 (31 December 2006: YTL1.857,44) effective from 1 January 2007 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	31 March 2007	31 December 2006
Prior Period Ending Balance	94.345	72.230
Transfer from Kocbank due to Legal Merger		9.923
Provisions Recognised During the Period	(2.500)	21.146
Paid During the Period	(5.300)	(8.954)
<b>Balance at the end of the period</b>	<b>86.545</b>	<b>94.345</b>

In addition, the Bank has accounted for vacation rights provision amounting to YTL51.602 thousand as of 31 March 2007 (31 December 2006 : YTL53.947 thousand).

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3. Other provisions:

	31 March 2007	31 December 2006
Pension fund provision (*)	513.531	483.281
Tax risk provision (**)	38.417	63.662
Non-cash loan provision	52.241	57.666
Provisions on credit cards and promotion campaigns related to banking services	35.802	53.441
Tax and fund liability provisions on possible export commitments	41.896	39.365
Legal risk provision (**)	12.478	12.476
Other	36.439	99.186
<b>Total</b>	<b>730.804</b>	<b>809.077</b>

(\*) The Bank obtained a actuarial report from a registered actuary regarding this Fund in accordance with the decree related to principles and procedures on determining the application of transfer transactions published in the Official Gazette dated 15 December 2006, No 26377 determined by the decision of Council of Ministers No 2006/11345. Based on this decree, the actuarial balance sheet of the Fund has been prepared in accordance with a technical interest rate of 10,24% and CSO 1980 mortality table, and reflects a technical deficit of YTL 599.240 thousand as of 31 December 2006. The Bank will provide a full provision regarding the actuarial report until the end of the year 2007 and has provided a provision amounting to YTL513.531 thousand (31 December 2006: YTL483.281 thousand) in the financial statements as of 31 March 2007.

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

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

As of 31 March 2007, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL33.903 thousand (31 December 2006: YTL32.202 thousand).

**h. Information on taxes payable:**

(i) Information on taxes payable:

	31 March 2007	31 December 2005
Corporate Tax Payable	76.957	58.536
Taxation of Marketable Securities	48.303	41.971
Property Tax	510	651
Banking Insurance Transaction Tax (BITT)	25.164	25.584
Foreign Exchange Transaction Tax	2.890	3.122
Value Added Tax Payable	672	1.432
Other	25.637	11.818
<b>Total</b>	<b>180.133</b>	<b>143.114</b>

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(ii) Information on premium payables:

	31 March 2007	31 December 2006
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	-	-
Bank Pension Fund Premiums – Employee	6.415	-
Bank Pension Fund Premiums – Employer	7.61	-
Pension Fund Deposit and Provisions – Employee	-	-
Pension Fund Deposit and Provisions – Employer	-	-
Unemployment Insurance – Employee	456	341
Unemployment Insurance – Employer	912	684
Other	-	-
<b>Total</b>	<b>15.394</b>	<b>1.025</b>

**i. Information on subordinated loans:**

	31 March 2007		31 December 2006	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.546.817	-	1.559.258
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.546.817</b>	<b>-</b>	<b>1.559.258</b>

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

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

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

	31 March 2007	31 December 2006
Common Stock	3.149.450	3.142.818
Preferred Stock	-	-

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

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

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

<b>Increase Date</b>	<b>Increase Amount</b>	<b>Cash</b>	<b>Profit Reserve Regarding Increase</b>	<b>Capital Reserve Regarding Increase</b>
30 March 2007	6.632	-	6.632	-

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

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.

6. Information on privileges given to shares representing the capital by considering the banks income profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

7. Privilege on the corporate stock: None

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

	<b>31 March 2007</b>		<b>31 December 2006</b>	
	<b>YTL</b>	<b>FC</b>	<b>YTL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	6.731	40.226	7.459	42.559
Foreign Currency Difference	(6.886)	-	(4.684)	-
<b>Total</b>	<b>(155)</b>	<b>40.226</b>	<b>2.775</b>	<b>42.559</b>

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III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	31 March 2007		31 March 2006	
	YTL	FC	YTL	FC
Short term Loans	601.660	38.380	368.370	11.679
Medium/Long term Loans	175.380	79.019	75.531	47.853
Interest on Loans Under Follow-up	16.419	-	8.079	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>793.459</b>	<b>117.399</b>	<b>451.980</b>	<b>59.532</b>

2. Information on interest income on banks:

	31 March 2007		31 March 2006	
	YTL	FC	YTL	FC
From the CBRT	-	-	-	675
From Domestic Banks	830	466	592	972
From Foreign Banks	987	22.835	611	8.534
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1.817</b>	<b>23.301</b>	<b>1.203</b>	<b>10.181</b>

3. Information on interest income on marketable securities:

	31 March 2007		31 March 2006	
	YTL	FC	YTL	FC
From Trading Financial Assets	574	6.409	17.853	9.793
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	5.355	2.532	10.429	1.950
From Held-to-maturity investments	271.402	131.731	55.274	22.599
<b>Total</b>	<b>277.331</b>	<b>140.672</b>	<b>83.556</b>	<b>34.342</b>

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

	31 March 2007	31 March 2006
Interests Received From Investments in Associates and Subsidiaries	1.020	70

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b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 March 2007		31 March 2006	
	YTL	FC	YTL	FC
Banks	7.229	53.310	2.307	21.427
The CBRT	-	-	-	-
Domestic Banks	6.877	1.492	1.950	2.037
Foreign Banks	352	51.818	170	19.383
Headquarters and Branches Abroad	-	-	187	7
Other Institutions	-	30.296	-	-
<b>Total</b>	<b>7.229</b>	<b>83.606</b>	<b>2.307</b>	<b>21.427</b>

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

	31 March 2007	31 March 2006
Interests paid to Investments in Associates and Subsidiaries	4.018	1.099

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	496	4.038	10	29	-	-	-	4.573
Saving Deposits	132	93.868	312.715	10.093	662	2.616	-	420.086
Public Sector Deposits	-	1.418	1.114	299	-	2	-	2.833
Commercial Deposits	6.152	109.727	110.120	10.202	34	108	-	236.343
Other Deposits	-	1.461	3.113	149	4	8	-	4.735
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6.780</b>	<b>210.512</b>	<b>427.072</b>	<b>20.772</b>	<b>700</b>	<b>2.734</b>	<b>-</b>	<b>668.570</b>
<b>FC</b>								
Foreign Currency Deposits	2.059	38.652	54.523	8.247	2.566	5.420	-	111.467
Bank Deposits	-	3	57	816	-	-	-	876
Deposits With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	10	1	1	2	6	-	20
<b>Total</b>	<b>2.059</b>	<b>38.665</b>	<b>54.581</b>	<b>9.064</b>	<b>2.568</b>	<b>5.426</b>	<b>-</b>	<b>112.363</b>
<b>Grand Total</b>	<b>8.839</b>	<b>249.177</b>	<b>481.653</b>	<b>29.836</b>	<b>3.268</b>	<b>8.160</b>	<b>-</b>	<b>780.933</b>

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

	<b>31 March 2007</b>	<b>31 March 2006</b>
<b>Income</b>	<b>1.249.969</b>	<b>220.028</b>
Income from Capital Market Transactions	267.989	171.549
Derivative Financial Transactions	259.068	138.739
Other	8.921	32.810
Foreign Exchange Gains	981.980	48.479
<b>Loss(-)</b>	<b>(1.219.849)</b>	<b>178.950</b>
Loss from Capital Market Transactions	(252.061)	(152.588)
Derivative Financial Transactions	(243.325)	(149.593)
Other	(8.736)	(2.995)
Foreign Exchange Loss	(967.788)	(26.362)
<b>Net Gain/Loss</b>	<b>30.120</b>	<b>41.078</b>

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

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

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

	<b>31 March 2007</b>	<b>31 March 2006</b>
Specific provisions for loans and other receivables	35.253	54.306
III. Group Loans and Receivables	923	6.877
IV. Group Loans and Receivables	22.309	8.849
V. Group Loans and Receivables	12.021	38.580
General Provision Expenses	6.099	25.599
Provision Expense for Possible Risks	2.531	-
Marketable Securities Impairment Expenses	-	5.220
Financial Assets at Fair Value Through Profit or Loss	-	326
Available-for-Sale Financial Assets	-	4.894
Investments in Associates, Subsidiaries and Held-to-maturity Securities:		
Value Decrease	40.410	-
Investments in Associates	-	-
Subsidiaries	40.410	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	1.917
<b>Total</b>	<b>84.293</b>	<b>87.042</b>

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

	<b>31 March 2007</b>	<b>31 March 2006</b>
Personnel Expenses	184.395	112.442
Reserve For Employee Termination Benefits	-	276
Bank Social Aid Provision Fund Deficit Provision	30.249	27.562
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	34.734	32.150
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	6.212	2.663
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	4.059	2.031
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	152.630	103.559
Operational Lease Expenses	9.958	4.601
Maintenance Expenses	3.443	4.495
Advertising Expenses	21.310	18.560
Other Expense	117.919	75.903
Loss on Sales of Assets	2.322	20
Other	58.406	45.489
<b>Total</b>	<b>473.007</b>	<b>326.192</b>

**g. Information on tax provision:**

As of 31 March 2007, the Bank has current tax expense amounting to YTL39.877 thousand (31 March 2006: YTL27.016 thousand) and deferred tax expense amounting to YTL1.422 thousand (31 March 2006: YTL18.465 thousand) and does not have deferred tax income.

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

For the understanding of the Bank’s current year performance, the characteristic of income or expense items arising from common banking transactions, and the dimension and recurrence of these transactions are not required.

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

**a. Information on off balance sheet commitments :**

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

Commitments on credit cards limits are YTL9.352.015 thousand (31 December 2006: YTL8.163.986 thousand), commitments for cheque books are YTL1.348.308 thousand (31 December 2006: YTL1.310.760 thousand).

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

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

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

	<b>31 March 2007</b>	<b>31 December 2006</b>
Bank acceptance loans	235.239	216.649
Letter of credits	2.312.257	2.535.802
Other guarantees	1.447.324	1.482.767
<b>Total</b>	<b>3.994.820</b>	<b>4.235.218</b>

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

	<b>31 March 2007</b>	<b>31 December 2006</b>
Temporary letter of guarantees	530.025	645.865
Definite letter of guarantees	7.321.898	7.529.880
Advance letter of guarantees	1.547.896	1.564.355
Letter of guarantees given to customs	944.479	1.073.683
Other letter of guarantees	231.759	292.807
<b>Total</b>	<b>10.576.057</b>	<b>11.106.590</b>

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

	<b>31 March 2007</b>	<b>31 December 2006</b>
Non-cash Loans Given Against Cash Loans	230.770	291.750
With Original Maturity of 1 Year or Less Than 1 Year	53.201	75.127
With Original Maturity of More Than 1 Year	177.569	216.623
Other Non-cash Loans	14.340.107	15.050.058
<b>Total</b>	<b>14.570.877</b>	<b>15.341.808</b>

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

	31 March 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>61.713</b>	<b>1,00</b>	<b>39.654</b>	<b>0,47</b>	<b>76.530</b>	<b>1,22</b>	<b>48.383</b>	<b>0,53</b>
Farming and Raising Livestock	46.171	0,75	33.738	0,40	59.239	0,95	43.824	0,48
Forestry	11.577	0,19	5.035	0,06	13.439	0,21	3.949	0,04
Fishing	3.965	0,06	881	0,01	3.852	0,06	610	0,01
<b>Manufacturing</b>	<b>2.371.472</b>	<b>38,62</b>	<b>3.580.583</b>	<b>42,47</b>	<b>2.355.731</b>	<b>37,41</b>	<b>4.048.609</b>	<b>44,78</b>
Mining	48.130	0,78	77.749	0,92	29.417	0,47	94.787	1,05
Production	2.283.908	37,19	3.208.099	38,05	2.278.549	36,18	3.617.516	40,00
Electric, Gas and Water	39.434	0,64	294.735	3,50	47.765	0,76	336.306	3,73
<b>Construction</b>	<b>1.390.039</b>	<b>22,64</b>	<b>1.689.358</b>	<b>20,04</b>	<b>1.461.235</b>	<b>23,20</b>	<b>1.773.148</b>	<b>19,60</b>
<b>Services</b>	<b>2.265.861</b>	<b>36,90</b>	<b>2.714.887</b>	<b>32,20</b>	<b>2.351.550</b>	<b>37,34</b>	<b>2.836.511</b>	<b>31,36</b>
Wholesale and Retail Trade	1.363.146	22,20	366.353	4,35	1.483.733	23,56	366.995	4,06
Hotel, Food and Beverage Services	67.921	1,11	82.571	0,98	70.874	1,13	91.289	1,01
Transportation and Telecommunication	268.306	4,37	540.147	6,41	236.576	3,76	604.485	6,68
Financial Institutions	355.222	5,78	1.100.246	13,05	328.983	5,22	1.145.333	12,66
Real Estate and Leasing Services	62.375	1,02	135.869	1,61	70.282	1,12	135.389	1,50
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	7.293	0,12	8.571	0,10	7.833	0,12	3.850	0,04
Health and Social Services	141.598	2,31	481.130	5,71	153.269	2,43	489.170	5,41
<b>Other</b>	<b>51.547</b>	<b>0,84</b>	<b>405.763</b>	<b>4,81</b>	<b>52.357</b>	<b>0,83</b>	<b>337.754</b>	<b>3,73</b>
<b>Total</b>	<b>6.140.632</b>	<b>100,00</b>	<b>8.430.245</b>	<b>100,00</b>	<b>6.297.403</b>	<b>100,00</b>	<b>9.044.405</b>	<b>100,00</b>

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

	Group I		Group II	
	YTL	FC	YTL	FC
<b>Non-cash Loans</b>				
Letters of Guarantee	5.217.863	5.121.790	146.475	89.929
Bank Acceptances	-	232.682	-	2.557
Letters of Credit	1.117	2.272.169	-	38.971
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	746.287	667.145	28.890	5.002
<b>Total</b>	<b>5.965.267</b>	<b>8.293.786</b>	<b>175.365</b>	<b>136.459</b>

**b. Information on contingent liabilities :**

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

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

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

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

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

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

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

	<b>31 March 2007</b>	<b>31 March 2006</b>
<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 occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

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

	<b>31 March 2007</b>	<b>31 March 2006</b>
<b>Cash</b>	<b>1.244.670</b>	<b>491.120</b>
Cash and Effectives	326.403	195.134
Demand Deposits in Banks	918.267	295.986
<b>Cash equivalents</b>	<b>1.789.866</b>	<b>1.057.149</b>
Interbank Money Market	-	-
Time Deposits in Banks	1.789.866	1.057.149
<b>Total Cash and Cash Equivalents</b>	<b>3.034.536</b>	<b>1.548.269</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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**VI. EXPLANATIONS AND NOTES RELATED TO BANK’S MERGER, TRANSFERS AND  
COMPANIES ACQUIRED BY BANKS**

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

Moreover, Koçbank purchased a further 9,09% of Yapı Kredi shares traded on the in ISE and 0,79% of the shares under a foreign mutual fund in Yapı Kredi’s available-for-sale financial assets portfolio during April 2006 and as a result, the ownership of the Bank increased to 67,31%. The Bank recognised the difference between the acquisition cost and net asset acquired amount directly in the account of “Prior Years’ Income / Losses” under Equity, as it was considered as a transaction with minorities.

Besides, the approval of the BRSA with regard to the merger of Koçbank and Yapı Kredi through the transfer of Koçbank with all of its rights, receivables, liabilities and obligations to Yapı Kredi and the consequential dissolution of Koçbank without liquidation; and the transfer of all Koçbank’s rights, receivables, liabilities and obligations to Yapı Kredi in accordance with article 19 of the Banking Act and other relevant legislation was published in the Official Gazette dated 1 October 2006. Due to the merger and the consequential dissolution of Koçbank without liquidation, the record of Koçbank was erased from the trade registry as of 2 October 2006. The new capital of Yapı Kredi was registered with the Istanbul Commercial Registrar on 2 October 2006. Yapı Kredi’s current capital has increased from YTL1.896.662.493,80 to YTL3.142.818.454,10 and a distribution of the increased portion amounting to YTL1.246.155.960,30 has been made to the shareholders of the Bank starting from 10 October 2006. The shareholders of the Bank have the right to purchase Ykr1 nominal valued 0,5313538 units of shares in exchange for each Ykr1 nominal valued the Bank share.

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

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

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

	<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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As explained in Note XXII. of Section Three, the unconsolidated income statement as of 31 March 2007 is presented comparatively with the unconsolidated publicly announced financial statements of Yapı Kredi as of 31 March 2006. In order to provide further information to the readers of these financial statements, selected income statement items of the unconsolidated publicly announced financial statements of Koçbank and Yapı Kredi as of 31 March 2006 (after the application of TAS); are combined and presented below:

Selected income statement items	31 March 2007	31 March 2006
		Not Reviewed
Interest income	1.438.955	1.002.287
Interest expense	(975.116)	(603.990)
Net interest income	463.839	398.297
Net fee and commission income	211.288	193.829
Operating profit/(loss)	30.120	45.644
Other operating income (including dividend income)	81.114	105.783
Total operating income	786.361	743.553
Provision for loan and other receivables	(84.293)	(94.064)
Other operating expenses	(473.007)	(434.296)
Net operating income	229.061	215.193
Tax provision	(41.299)	(75.454)
Net profit / (loss) for the year	187.762	139.739

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

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

1. 31 March 2007 :

Banks’ Risk Group (*)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	73.407	85.916	379.620	731.475		
Balance at the End of the Period	65.296	111.491	186.851	463.348		
Interest and Commission Income Received	1.020	158	7.807	454		

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

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2. 31 December 2006 :

Banks' Risk Group(*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non- Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	176.616	132.626	210.560	358.908	-	-
Balance at the End of the Period	73.407	85.916	379.620	731.475	-	-
<b>Interest and Commission Income Received (**)</b>	<b>70</b>	<b>111</b>	<b>3.477</b>	<b>124</b>	-	-

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

(\*\*) The amounts show the 31 March 2006 values.

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

Banks' Risk Group(*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<b>Deposit</b>						
Beginning of the Period	145.912	180.120	3.134.323	107.017	-	-
End of the Period	175.151	145.912	2.363.613	3.134.323	-	-
<b>Interest Expense on Deposits (**)</b>	<b>4.018</b>	<b>1.099</b>	<b>68.815</b>	<b>15</b>	-	-

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

(\*\*) 31 December 2006 column shows the 31 March 2006 values.

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

Banks' Risk Group(*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 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 (***)	39.612	1.472	264.951	213.997	-	-
<b>Total Profit / Loss (****)</b>	<b>(1)</b>	<b>223</b>	<b>3.624</b>	<b>(5.854)</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

(\*\*\*\*) 31 December 2006 column shows the 31 March 2006 values.

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

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

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

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

	Total Risk Group	Total Transaction Volume	%
Loans and Due from Banks	252.147	24.626.516	1
Interest Income Received	8.827	935.976	1
Non-cash Loans	574.839	14.570.877	4
Commission Income Received	612	31.604	2
Deposit, Borrowings and Money Markets	2.538.764	37.125.409	7
Interest Expense Paid	72.833	970.963	8
Trading Transactions	304.563	4.955.266	6
Trading Transactions Expenses (net)	3.623	15.928	23

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

Salaries paid to the Bank’s key management amount to YTL1.903 thousand as of 31 March 2007.

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

- 1) During the meeting of the Bank’s Board of Directors on 26 April 2007; in order to eliminate the cross ownership structure and to simplify the ownership structure of the companies; it has been agreed to purchase the below mentioned shares that are under Yapı Kredi Emeklilik A.Ş.’s portfolio by the Bank;
  - a. The 18.345.746 shares of Yapı Kredi Portföy Yönetimi A.Ş. corresponding to a nominal value of YTL183 thousand with a value of USD19.521.380 determined by the revaluation work of an independent firm.
  - b. The 289.468,32 shares of Yapı Kredi Finansal Kiralama A.O. corresponding to a nominal value of YTL289,468.32 without the use of any other financial intermediary excluding the Istanbul Stock Exchange with a 15-days weighted average price and for an amount of YTL 3.76 per share, with a total amount of YTL1.088.562.64.
- 2) During the meeting of the Bank’s Board of Directors on 26 April 2007, it was concluded that the stock exchange/partial split off processes concerning the KFS owned subsidiaries Yapı Kredi Finansal Kiralama A.O., Yapı Kredi Faktoring A.Ş., Yapı Kredi Yatırım Menkul Değerler A.Ş. (to analyse spin-off, share exchange or purchase alternatives regarding Yapı Kredi Yatırım Menkul Değerler A.Ş.), Yapı Kredi Azerbaijan, Koçbank Nederland N.V and Yapı Kredi Nederland N.V (the company following the merger process in case the merger process of these two Dutch companies is completed) are to be started and executed in accordance with the “Banking Act” and “Regulation about the Merger, Transfer, Spin-off and Share Exchange Transactions of the Banks”, and the necessary documents regarding the subject and the financial statements that will be base for the operations of the stocks are to be prepared.

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**SECTION SIX  
OTHER EXPLANATIONS AND NOTES**

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

1. On 4 April 2005 the auditors of the CBRT sent an audit report dated 31 March 2005 to the Bank. The report includes critiques on the calculation methods of reserve requirements and liquidity obligations for various liability items. On the other hand, on 16 November 2005, the “Communiqué regarding the reserve requirements” numbered 2005/1 was issued in the Official Gazette numbered 25995. According to this Communiqué, if CBRT auditors conclude that the reserve requirements were understated for a specific time, twofold and threefold of the understated TL and USD denominated amount, respectively, can be placed in the CBRT as interest free demand deposits for this specific time period. Otherwise, penalty interest will be charged regarding the understated amounts. The Bank management plans to use the option of placing interest free deposits in the CBRT, if any liability occurs against the Bank as a result of this process.
2. On April, 26 2007 ; it is decided that if Superonline Uluslararası Elektronik İletişim Hizmetleri A.Ş. (“Superonline”) which is classified under “Available-for-sale financial assets” of the Bank is acquired by Çukurova Holding with the amount of EUR7,5 Million, as of the latest payment date of 31 May 2007 in accordance with the “Acquisition Agreement of of Fintur, Superonline and Digiturk” and in line with the decision taken at the General Assembly of the Bank on 28 September 2005, the loan of Superonline will be written-off and the trial with the 2005/173 E. numbered file of the Istanbul First Instance 2.Trade Court about Superonline will be abandoned.

**SECTION SEVEN  
EXPLANATIONS ON REVIEW REPORT**

**I. EXPLANATIONS ON REVIEW REPORT**

The unconsolidated financial statements for the period ended 31 March 2007 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the auditor’s review report dated 11 May 2007 is presented prior to the unconsolidated financial statements.

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

None.

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