CONVENIENCE TRANSLATION INTO ENGLISH OF PUBLICLY AVAILABLE UNCONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT ORIGINALLY ISSUED IN TURKISH, SEE NOTE IN SECTION SIX/ II

YAPI VE KREDİ BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT AT 30 SEPTEMBER 2006

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH

YAPI VE KREDİ BANKASI A.Ş.

REVIEW REPORT
FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY - 30 SEPTEMBER 2006

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

1. We have reviewed the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at 30 September 2006 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 is to issue a report on these financial statements based on our review.

2. 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.

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at 30 September 2006 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 and Provisional Article 1 of Banking Law No. 5411.

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

4. As explained in detail in article 1 of the part "VIII. Explanations and notes related to subsequent events" in Section five "E. Explanations and notes related to unconsolidated financial statements", the approval of the Banking Regulation and Supervison Agency in regards to the merger of the two banks through the transfer of Koçbank A.Ş. with all its rights, receivables, liabilities and obligations to the Bank and the consequential dissolution of Koçbank A.Ş. without liquidation; and the transfer of all its rights, receivables, liabilities and obligations to the Bank in accordance with the provisions of Article 19 of Banking Law and all other relevant legislation, was published in the Official Gazette dated 1 October 2006.

5. As explained in the part “II. Explanation added for convenience translation into English” in Section six “F. Other explanations and notes”, 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 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, 14 November 2006

THE UNCONSOLIDATED NINE MONTH PERIOD FINANCIAL REPORT OF YAPI VE KREDİ BANKASI A.Ş. AS OF 30 SEPTEMBER 2006

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The unconsolidated financial report includes the following sections in accordance with "Communiqué 17 on the Financial Statements and Related Explanation and Notes that will be made Publicly Available" as sanctioned by the Banking Regulation and Supervision Agency.

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

The accompanying reviewed unconsolidated financial statements and notes to these financial statements are expressed, unless otherwise stated, in thousands of New Turkish Lira ("YTL"), have been prepared based on the accounting books of the Bank in accordance with the Accounting Application Regulation and the communiqués on accounting standards.

Dr. Rüşdü Saraçoğlu Chairman of the Board of Directors	Andrea Moneta Member of the Board of Directors in charge of Internal Auditing and Risk Management	S. Kemal Kaya General Manager	Carlo Vivaldi Executive Vice President	Hakan Kurtoğlu Director Accounting

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

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SECTION ONE
A. GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, BEGINNING STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE :

Yapı ve Kredi Bankası A.Ş. ("the Bank"), was established on 9 September 1944 with the permission of the Council of Ministers no. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. Statute of the Bank didn't change since its corporation.

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

The Bank's shares are traded in the Istanbul Stock Exchange ("ISE") since 1987. As of 30 September 2006, 32,69% shares of the Bank are publicly traded (31 December 2005: 41,63%). As explained in article i. of part V. of this section in details, Koçbank A.Ş.'s ("Koçbank") share in the Bank is 67,31% as of 30 September 2006. As a result, Koç Finansal Hizmetler ("KFS") became the main shareholder of the Bank directly and indirectly.

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE INTERNAL CONTROL COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE CHANGES IN THIS SUBJECT AND SHARES OF THE BANK THEY POSSESS :

As of 30 September 2006, the Bank's Board of Directors, Members of the Internal Control Committee and General Manager and Executive Vice Presidents are listed below:

Title	Name	Responsibility
Chairman of the Board of Directors:	Dr. Rüşdü SARAÇOĞLU	Chairman
Board of Directors Members:	Andrea MONETA	Vice Chairman
	Federico GHIZZONI	Member
	Ranieri De MARCHIS	Member
	Ahmet Fadıl ASHABOĞLU	Member
	Füsun Akkal BOZOK	Member
	Henning GIESECKE	Member
	Halil Sedat ERGÜR	Member
	Marco IANNACCONE	Member
General Manager:	Seyit Kemal KAYA	Member and General Manager
Executive Vice Presidents:	Süleyman Cihangir KAVUNCU	Human Resources
	Alpar ERGUN	Legal
	Mehmet Gani SÖNMEZ	Retail Banking
	Erhan ÖZÇELİK	International Operations
	Hamit AYDOĞAN	Corporate and Commercial Banking
	Hüseyin İMECE	Investor Relations, Capital Activities and Financial Institutions
	Mert YAZICIOĞLU	Treasury
	Tülay GÜNGEN	Corporate Identity and Communication
	Didem GORDON	Private Banking and Wealth Management

A. GENERAL INFORMATION ABOUT THE BANK (Continued)

Title	Name	Responsibility
	Zeynep Nazan SOMER	Credit Cards and Consumer Lendings
	Carlo VIVALDI	Financial Planning and Control
	Mehmet Güray ALPKAYA	Credit Management
	Marco ARNABOLDI	Risk Management
	Mahmut Tevfik ÇELİKEL	Central Purchasing and Insurance
	Mohamed Hishem LAROUSSI	Information Technology
	Ahmet İLERİGELEN	Large Corporate Sales
	Mert GÜVENEN	Commercial Sales
	Muzaffer ÖZTÜRK	Retail Sales
	Ali Bahadır MİNİBAŞ	General Services
	Kemal SEMERCİLER	Compliance Officer
	Stefano PERAZZINI	Audit
	Luca RUBAGA	Organisation
Statutory auditors:	M. Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

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

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

The Bank's operations are concentrated mainly in retail banking, corporate banking, private banking, treasury activities and international banking. As of 30 September 2006, the Bank has 414 branches in Turkey, 1 branch abroad and 3 representative offices abroad. (31 December 2005: 415 branches in Turkey, 1 branch abroad and 3 representative offices abroad). As at 30 September 2006, the Bank has 9.717 employees (31 December 2005: 10.211).

V. EXPLANATION AND NOTES ON INTERIM FINANCIAL STATEMENTS :

a. The accounting policies and methods used in year end financial statements are applied in interim financial statements without any change. These policies are explained in details in section 3 "C. Explanations on accounting policies".

b. There are no transactions of seasonal or periodical nature in the interim period.

c. There are no fundamental errors or / and non recurring events affecting the financial statements.

d. There are no accounts affecting the assets, liabilities, shareholders' equity, net income and cash flows which originated from extraordinary transactions.

e. There are no changes in the estimated amounts related to the current period in the previous interim financial statements, on the basis of the materiality principle.

f. There are no payments nor issuance of notes or other securities made within the period.

g. No dividend payment was made during the period.

h. There are no important subsequent events whose effects are not reflected in the interim financial statements.

i. As explained in article 1. of part "I. Other explanations on the Bank's operations" in section six "F. Other Explanations and Notes", as of 28 September 2005, 57,43% of the Bank's shares that were owned by Çukurova Group Companies and Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In addition, Koçbank purchased 9,09% of the Bank shares traded in ISE and 0,79% of the Bank shares under a foreign mutual fund under the available-for-sale portfolio during April and increased its total share to 67,31%.

j. There are no contingent assets or liabilities that occurred after the preparation of interim financial statements.

SECTION TWO
B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I.	BALANCE SHEET	Note (Section five)	(30/092006)			(31/12/2005)		
	ASSETS		YTL	FC	Total	YTL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		**146.874**	**353.058**	**499.932**	**161.562**	**319.638**	**481.200**
1.1	Cash		143.866	-	143.866	160.606	-	160.606
1.2	Foreign Currency		-	57.452	57.452	-	76.365	76.365
1.3	Balances with the Central Bank of Turkey	I.a.	58	281.907	281.965	107	224.628	224.735
1.4	Other		2.950	13.699	16.649	849	18.645	19.494
II.	**TRADING SECURITIES (Net)**	**I.b.**	**35.527**	**261.004**	**296.531**	**358.234**	**733.191**	**1.091.425**
2.1	Government Debt Securities		14.350	259.993	274.343	286.748	733.191	1.019.939
2.1.1	Government Bonds		12.862	259.993	272.855	244.300	733.191	977.491
2.1.2	Treasury Bills		1.488	-	1.488	42.448	-	42.448
2.1.3	Other Public Debt Securities		-	-	-	-	-	-
2.2	Share Certificates		-	-	-	37.858	-	37.858
2.3	Other Marketable Securities		21.177	1.011	22.188	33.628	-	33.628
III.	**BANKS AND OTHER FINANCIAL INSTITUTIONS**		**6.193**	**1.598.313**	**1.604.506**	**6.632**	**1.821.673**	**1.828.305**
3.1	Due from Banks		6.193	1.598.313	1.604.506	6.632	1.821.673	1.828.305
3.1.1	Domestic Banks		6.193	-	6.193	5.096	55.685	60.781
3.1.2	Foreign Banks		-	1.597.739	1.597.739	1.536	1.765.988	1.767.524
3.1.3	Headquarters and Branches Abroad		-	574	574	-	-	-
3.2	Other Financial Institutions		-	-	-	-	-	-
IV.	**MONEY MARKETS**		**-**	**-**	**-**	**640.000**	**-**	**640.000**
4.1	Interbank Money Market Placements		-	-	-	640.000	-	640.000
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	**AVAILABLE-FOR-SALE SECURITIES (Net)**	**I.c.**	**71.082**	**125.304**	**196.386**	**377.784**	**260.251**	**638.035**
5.1	Share Certificates		16.907	10.096	27.003	324.139	67.028	391.167
5.2	Other Marketable Securities		54.175	115.208	169.383	53.645	193.223	246.868
VI.	**LOANS**	**I.d.**	**10.238.106**	**4.212.558**	**14.450.664**	**7.535.338**	**3.770.933**	**11.306.271**
6.1	Short-term		6.975.551	1.053.630	8.029.181	5.454.433	831.235	6.285.668
6.2	Medium and Long-term		3.061.026	3.158.928	6.219.954	1.899.319	2.918.080	4.817.399
6.3	Loans under Follow-up		1.087.680	-	1.087.680	884.326	142.303	1.026.629
6.4	Specific Provisions (-)		(886.151)	-	(886.151)	(702.740)	(120.685)	(823.425)
VII.	**FACTORING RECEIVABLES**		-	-	-	-	-	-
VIII.	**HELD-TO-MATURITY SECURITIES (Net)**	**I.e.**	**3.209.042**	**3.434.364**	**6.643.406**	**2.047.228**	**2.037.533**	**4.084.761**
8.1	Government Debt Securities		3.209.042	3.434.364	6.643.406	2.047.228	2.037.533	4.084.761
8.1.1	Government Bonds		3.044.154	3.434.364	6.478.518	1.882.340	2.037.533	3.919.873
8.1.2	Treasury Bills		164.888	-	164.888	164.888	-	164.888
8.1.3	Other Public Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	**INVESTMENTS AND ASSOCIATES (Net)**	**I.f.**	**6.014**	**44.985**	**50.999**	**14.276**	**36.352**	**50.628**
9.1	Financial Investments and Associates		1.543	44.985	46.528	1.996	36.352	38.348
9.2	Non-Financial Investments and Associates		4.471	-	4.471	12.280	-	12.280
X.	**SUBSIDIARIES (Net)**	**I.g.**	**460.779**	**218.678**	**679.457**	**453.782**	**203.826**	**657.608**
10.1	Financial Subsidiaries		415.601	218.678	634.279	402.610	203.826	606.436
10.2	Non-Financial Subsidiaries		45.178	-	45.178	51.172	-	51.172
XI.	**OTHER INVESTMENTS (Net)**	**I.h.**	**-**	**-**	**-**	**-**	**-**	**-**
XII.	**FINANCIAL LEASE RECEIVABLES (Net)**	**I.i.**	**-**	**-**	**-**	**-**	**-**	**-**
12.1	Gross Financial Lease Receivables		-	-	-	-	-	-
12.2	Unearned Income (-)		-	-	-	-	-	-
XIII.	**RESERVE REQUIREMENTS WITH THE CENTRAL BANK OF TURKEY**		**739.015**	**751.582**	**1.490.597**	**264.050**	**599.061**	**863.111**
XIV.	**MISCELLANEOUS RECEIVABLES**		**50.433**	**56.210**	**106.643**	**48.685**	**30.995**	**79.680**
XV.	**ACCRUED INTEREST AND INCOME RECEIVABLE**	**I.j.**	**350.307**	**168.404**	**518.711**	**180.641**	**129.048**	**309.689**
15.1	Loans		85.759	87.122	172.881	64.354	50.227	114.581
15.2	Marketable Securities		229.594	71.986	301.580	84.501	75.560	160.061
15.3	Other		34.954	9.296	44.250	31.786	3.261	35.047
XVI.	**PROPERTY AND EQUIPMENT (Net)**		**1.258.774**	**19**	**1.258.793**	**1.328.277**	**17**	**1.328.294**
16.1	Book Value		3.265.319	29	3.265.348	3.286.393	26	3.286.419
16.2	Accumulated Depreciation (-)		(2.006.545)	(10)	(2.006.555)	(1.958.116)	(9)	(1.958.125)
XVII.	**INTANGIBLE ASSETS (Net)**		**22.531**	**-**	**22.531**	**27.171**	**-**	**27.171**
17.1	Goodwill		-	-	-	30.122	-	30.122
17.2	Other		52.185	-	52.185	53.530	-	53.530
17.3	Accumulated Amortization (-)		(29.654)	-	(29.654)	(56.481)	-	(56.481)
XVIII.	**DEFERRED TAX ASSET**	**I.k.**	**175.534**	**-**	**175.534**	**368.287**	**-**	**368.287**
XIX.	**OTHER ASSETS**	**I.l.**	**137.547**	**1.982**	**139.529**	**109.292**	**2.643**	**111.935**
	TOTAL ASSETS		**16.907.758**	**11.226.461**	**28.134.219**	**13.921.239**	**9.945.161**	**23.866.400**

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

B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

I.	BALANCE SHEET LIABILITIES	Note (Section five)	(30/09/2006) YTL	(30/09/2006) FC	(30/09/2006) Total	(31/12/2005) YTL	(31/12/2005) FC	(31/12/2005) Total
I.	**DEPOSITS**	**II.a.**	**10.166.867**	**7.908.777**	**18.075.644**	**9.272.015**	**7.604.081**	**16.876.096**
1.1	Bank Deposits		1.228.538	57.309	1.285.847	255.914	72.109	328.023
1.2	Saving Deposits		6.437.201	-	6.437.201	5.367.584	-	5.367.584
1.3	Public Sector Deposits		30.178	-	30.178	30.310		30.310
1.4	Commercial Deposits		2.008.457	-	2.008.457	2.444.012		2.444.012
1.5	Other Institutions Deposits		462.493	-	462.493	1.174.195	-	1.174.195
1.6	Foreign Currency Deposits		-	7.850.457	7.850.457	-	7.531.972	7.531.972
1.7	Gold Vault		-	1.011	1.011	-	-	-
II.	**MONEY MARKETS**		**1.801.371**	**625.894**	**2.427.265**	**13.983**	**424.695**	**438.678**
2.1	Funds from Interbank Money Market		242.144	-	242.144	-	-	-
2.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
2.3	Funds Provided Under Repurchase Agreements	II.b.	1.559.227	625.894	2.185.121	13.983	424.695	438.678
III.	**FUNDS BORROWED**	**II.c.**	**64.198**	**1.321.327**	**1.385.525**	**61.645**	**1.828.218**	**1.889.863**
3.1	Funds Borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2	Other Funds Borrowed		64.198	1.321.327	1.385.525	61.645	1.828.218	1.889.863
3.2.1	Domestic Banks and Institutions		64.198	121.282	185.480	61.645	165.976	227.621
3.2.2	Foreign Banks, Institutions and Funds		-	1.200.045	1.200.045	-	1.662.242	1.662.242
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**II.d.**	-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**FUNDS**	**II.e.**	-	-	-	-	-	-
VI.	**MISCELLANEOUS PAYABLES**	**II.f.**	**1.801.767**	**108.735**	**1.910.502**	**1.507.335**	**66.661**	**1.573.996**
VII.	**OTHER LIABILITIES**	**II.g.**	**48.550**	**88.363**	**136.913**	**118.278**	**39.816**	**158.094**
VIII.	**TAXES AND OTHER DUTIES PAYABLE**		**51.955**	**-**	**51.955**	**41.506**	**-**	**41.506**
IX.	**FACTORING PAYABLES**		-	-	-	-	-	-
X.	**FINANCIAL LEASE PAYABLES (Net)**	**II.h.**	**-**	**16.503**	**16.503**	**-**	**15.741**	**15.741**
10.1	Gross Financial Lease Payables		-	17.097	17.097	-	16.604	16.604
10.2	Deferred Financial Lease Expenses (-)		-	(594)	(594)	-	(863)	(863)
XI.	**ACCRUED INTEREST AND EXPENSES PAYABLE**	**II.i.**	**171.769**	**70.495**	**242.264**	**209.470**	**58.433**	**267.903**
11.1	Deposits		107.483	36.700	144.183	160.214	42.876	203.090
11.2	Borrowings		1.976	17.381	19.357	3.807	5.301	9.108
11.3	Repurchase Agreements		2.383	10.779	13.162	16	5.859	5.875
11.4	Other		59.927	5.635	65.562	45.433	4.397	49.830
XII.	**PROVISIONS**	**II.j.**	**1.198.687**	**-**	**1.198.687**	**772.816**	**154.406**	**927.222**
12.1	General Loan Loss Provision		499.536	-	499.536	222.078	154.406	376.484
12.2	Reserve for Employment Termination Benefits		10.024	-	10.024	9.284	-	9.284
12.3	Provision for Income Taxes		22.420	-	22.420	-	-	-
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		666.707	-	666.707	541.454	-	541.454
XIII.	**SUBORDINATED LOANS**	**II.j.**	**-**	**924.835**	**924.835**	**-**	**-**	**-**
XIV.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XV.	**SHAREHOLDERS' EQUITY**	**II.k.**	**1.616.440**	**147.686**	**1.764.126**	**1.543.296**	**134.005**	**1.677.301**
15.1	Paid-in capital		1.896.663	-	1.896.663	752.345	-	752.345
15.2	Capital Reserves		24.784	147.686	172.470	3.846.096	134.005	3.980.101
15.2.1	Share Premium	II.l.	10.781	-	10.781	10.781	-	10.781
15.2.2	Share Cancellation Profits		-	-	-	-	-	-
15.2.3	Marketable Securities Value Increase Fund		9.023	147.686	156.709	18.111	134.005	152.116
15.2.4	Revaluation Fund		4.980	-	4.980	1.144.318	-	1.144.318
15.2.5	Evaluation Differences		-	-	-	-	-	-
15.2.6	Other Capital Reserves		-	-	-	2.672.886	-	2.672.886
15.2.7	Adjustment to the Share Capital		-	-	-	-	-	-
15.3	Profit Reserves		-	-	-	-	-	-
15.3.1	Legal Reserves		-	-	-	-	-	-
15.3.2	Status Reserves		-	-	-	-	-	-
15.3.3	Extraordinary Reserves		-	-	-	-	-	-
15.3.4	Other Profit Reserves		-	-	-	-	-	-
15.4	Income or (Loss)		(305.007)	-	(305.007)	(3.055.145)	-	(3.055.145)
15.4.1	Prior Years' Income or (Loss)		(382.259)	-	(382.259)	(58.871)	-	(58.871)
15.4.2	Current Year Income or (Loss)		77.252	-	77.252	(2.996.274)	-	(2.996.274)
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16.921.604**	**11.212.615**	**28.134.219**	**13.540.344**	**10.326.056**	**23.866.400**

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

B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

II. INCOME STATEMENTS

	INCOME AND EXPENSE ITEMS	Note (Section five)	(01/01-30/09/2006)	(01/01-30/09/2005)
I.	**INTEREST INCOME**	**III.a.**	**2.371.332**	**2.113.617**
1.1	Interest on loans		1.764.277	1.441.240
1.1.1	Interest on YTL loans		1.510.243	1.215.051
1.1.1.1	Short-term Loans		1.256.214	1.026.840
1.1.1.2	Medium and Long- term Loans		254.029	188.211
1.1.2	Interest on Foreign Currency Loans		213.735	193.746
1.1.2.1	Short-term Loans		47.365	27.392
1.1.2.2	Medium and Long- term Loans		166.370	166.354
1.1.3	Interest on Loans Under Follow-up		40.299	32.443
1.1.4	Premiums Received from Resource Utilisation Support Fund		-	-
1.2	Interest Received from Reserve Requirements with the Central Bank of Turkey		64.862	44.394
1.3	Interest Received from Banks		36.287	11.538
1.3.1	The Central Bank of Turkey		2.424	1.645
1.3.2	Domestic Banks		5.074	583
1.3.3	Foreign Banks		28.789	9.310
1.3.4	Branches and Offices Abroad		-	-
1.4	Interest Received from Money Market Transactions		3.270	112
1.5	Interest Received from Marketable Securities Portfolio		494.368	596.512
1.5.1	Trading Securities		52.580	403.319
1.5.2	Available-for-sale Securities		24.181	138.507
1.5.3	Held to maturity Securities		417.607	54.686
1.6	Other Interest Income		8.268	19.821
II.	**INTEREST EXPENSE**	**III.b.**	**(1.418.899)**	**(1.286.237)**
2.1	Interest on Deposits		(1.200.469)	(1.002.347)
2.1.1	Bank Deposits		(42.427)	(37.604)
2.1.2	Saving Deposits		(670.953)	(481.203)
2.1.3	Public Sector Deposits		(2.518)	(2.264)
2.1.4	Commercial Deposits		(231.872)	(112.933)
2.1.5	Other Institutions Deposits		(86.443)	(208.126)
2.1.6	Foreign Currency Deposits		(166.256)	(160.217)
2.1.7	Gold Vault		-	-
2.2	Interest Expense on Money Market Transactions		(114.377)	(244.020)
2.3	Interest on Funds Borrowed		(102.707)	(38.719)
2.3.1	The Central Bank of Turkey		-	-
2.3.2	Domestic Banks		(12.360)	(15.285)
2.3.3	Foreign Banks		(86.613)	(23.098)
2.3.4	Headquarters and Branches Abroad		(3.734)	(310)
2.3.5	Other Financial Institutions		-	(26)
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		(1.346)	(1.151)
III.	**NET INTEREST INCOME (I - II)**		**952.433**	**827.380**
IV.	**NET FEES AND COMMISSIONS INCOME**		**477.307**	**366.243**
4.1	Fees and Commissions Received		633.623	522.071
4.1.1	Cash Loans		28.717	64.853
4.1.2	Non-cash Loans		66.082	64.748
4.1.3	Other		538.824	392.470
4.2	Fees and Commissions Paid		(156.316)	(155.828)
4.2.1	Cash Loans		(2.280)	(80)
4.2.2	Non-cash Loans		(156)	(69)
4.2.3	Other		(153.880)	(155.679)
V.	**DIVIDEND INCOME**		**2.264**	**16.735**
5.1	Trading Securities		-	2.440
5.2	Available-for-sale Securities		2.264	14.295
VI.	**NET TRADING INCOME/(LOSS)**		**34.386**	**42.961**
6.1	Trading Gains or (Losses) on Securities (Net)		50.834	(2.716)
6.1.1	Trading Gains on Securities		937.086	135.307
6.1.1.1	Trading Gains on Derivative Financial Instruments		896.237	106.183
6.1.1.2	Other		40.849	29.124
6.1.2	Trading Losses on Securities (-)		(886.252)	(138.023)
6.1.2.1	Trading Losses on Derivative Financial Instruments		(858.426)	(128.605)
6.1.2.2	Other		(27.826)	(9.418)
6.2	Foreign Exchange Gains or (Losses) (Net)		(16.448)	45.677
6.2.1	Foreign Exchange Gains		269.850	261.890
6.2.2	Foreign Exchange Losses (-)		(286.298)	(216.213)
VII.	**OTHER OPERATING INCOME**	**III.c.**	**124.642**	**159.537**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**1.591.032**	**1.412.856**
IX.	**PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)**	**III.d.**	**(246.422)**	**(1.219.211)**
X.	**OTHER OPERATING EXPENSES (-)**		**(1.076.002)**	**(2.790.351)**
XI.	**NET OPERATING INCOME (VIII-IX-X)**		**268,608**	**(2.596.706)**
XII.	**INCOME FROM INVESTMENTS AND ASSOCIATES**	**III.e.**	**40.549**	**2.163**
XIII.	**INCOME/(LOSS) ON NET MONETARY POSITION**		-	-
XIV.	**INCOME BEFORE INCOME TAXES (XI+XII+XIII)**		**309.157**	**(2.594.543)**
XV.	**PROVISION FOR INCOME TAXES (-)**	**III.f.**	**(221.389)**	**93.426**
15.1	Current Tax Provision		(25.049)	-
15.2	Deferred Tax Provision		(196.340)	93.426
XVI.	**NET INCOME/(LOSS) BEFORE EXTRAORDINARY ITEMS (XIV-XV)**		**87.768**	**(2.501.117)**
XVII.	**EXTRAORDINARY INCOME/(LOSS) AFTER TAXES**		**(10.516)**	**1**
17.1	Extraordinary Income/(Loss) Before Taxation		(13.145)	1
17.1.1	Extraordinary Income		-	5
17.1.2	Extraordinary Expenses (-)		(13.145)	(4)
17.2	Provision for Taxes on Extraordinary Income		2.629	-
XVIII.	**NET INCOME/(LOSS) (XVI+XVII)**	**III.g.**	**77.252**	**(2.501.116)**
Earnings/(Loss) per share (in YTL) full			0,000041	(0,003324)

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

B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

II. INCOME STATEMENTS

	INCOME AND EXPENSE ITEMS	Note (Section five)	01/07-30/09/2006	01/07-30/09/2005
I.	**INTEREST INCOME**		**907.189**	**681.660**
1.1	Interest on loans		667.186	482.643
1.1.1	Interest on YTL loans		582.657	419.620
1.1.1.1	Short - term Loans		496.236	352.799
1.1.1.2	Medium and Long - term Loans		86.421	66.821
1.1.2	Interest on Foreign Currency Loans		74.150	46.819
1.1.2.1	Short - term Loans		17.111	9.821
1.1.2.2	Medium and Long - term Loans		57.039	36.998
1.1.3	Interest on Loans Under Follow-up		10.379	16.204
1.1.4	Premiums Received from Resource Utilisation Support Fund		-	-
1.2	Interest Received from Reserve Requirements with the Central Bank of Turkey		26.532	15.138
1.3	Interest Received from Banks		17.648	4.169
1.3.1	The Central Bank of Turkey		945	553
1.3.2	Domestic Banks		1.118	172
1.3.3	Foreign Banks		15.585	3.444
1.3.4	Branches and Offices Abroad		-	-
1.4	Interest Received from Money Market Transactions		440	22
1.5	Interest Received from Marketable Securities Portfolio		194.044	173.468
1.5.1	Trading Securities		10.124	104.296
1.5.2	Available-for-sale Securities		5.426	18.005
1.5.3	Held to maturity Securities		178.494	51.167
1.6	Other Interest Income		1.339	6.220
II.	**INTEREST EXPENSE**		**(575.012)**	**(426.391)**
2.1	Interest on Deposits		(468.649)	(335.270)
2.1.1	Bank Deposits		(20.798)	(13.598)
2.1.2	Saving Deposits		(266.766)	(164.739)
2.1.3	Public Sector Deposits		(765)	(532)
2.1.4	Commercial Deposits		(92.823)	(37.611)
2.1.5	Other Institutions Deposits		(23.500)	(65.442)
2.1.6	Foreign Currency Deposits		(63.997)	(53.348)
2.1.7	Gold Vault		-	-
2.2	Interest Expense on Money Market Transactions		(74.781)	(74.433)
2.3	Interest on Funds Borrowed		(31.153)	(16.272)
2.3.1	The Central Bank of Turkey		-	-
2.3.2	Domestic Banks		(4.307)	(4.902)
2.3.3	Foreign Banks		(29.900)	(11.283)
2.3.4	Headquarters and Branches Abroad		3.054	(61)
2.3.5	Other Financial Institutions		-	(26)
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		(429)	(416)
III.	**NET INTEREST INCOME (I - II)**		**332.177**	**255.269**
IV.	**NET FEES AND COMMISSIONS INCOME**		**173.575**	**119.318**
4.1	Fees and Commissions Received		230.937	180.149
4.1.1	Cash Loans		9.528	22.346
4.1.2	Non-cash Loans		22.699	21.119
4.1.3	Other		198.710	136.684
4.2	Fees and Commissions Paid		(57.362)	(60.831)
4.2.1	Cash Loans		(768)	(3)
4.2.2	Non-cash Loans		(56)	(21)
4.2.3	Other		(56.538)	(60.807)
V.	**DIVIDEND INCOME**		**1.661**	**-**
5.1	Trading Securities		-	-
5.2	Available-for-sale Securities		1.661	-
VI.	**NET TRADING INCOME/(LOSS)**		**20.400**	**4.014**
6.1	Trading Gains or (Losses) on Securities (Net)		(6.892)	11.156
6.1.1	Trading Gains on Securities		247.111	70.938
6.1.1.1	Trading Gains on Derivative Financial Instruments		243.428	64.353
6.1.1.2	Other		3.683	6.585
6.1.2	Trading Losses on Securities (-)		(254.003)	(59.782)
6.1.2.1	Trading Losses on Derivative Financial Instruments		(246.690)	(58.211)
6.1.2.2	Other		(7.313)	(1.571)
6.2	Foreign Exchange Gains or (Losses) (Net)		27.292	(7.142)
6.2.1	Foreign Exchange Gains		74.842	85.816
6.2.2	Foreign Exchange Losses (-)		(47.550)	(92.958)
VII.	**OTHER OPERATING INCOME**		**29.358**	**96.151**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**557.171**	**474.752**
IX.	**PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)**		**(38.593)**	**(947.200)**
X.	**OTHER OPERATING EXPENSES (-)**		**(354.390)**	**(2.015.357)**
XI.	**NET OPERATING INCOME (VIII-IX-X)**		**164.188**	**(2.487.805)**
XII.	**INCOME FROM INVESTMENTS AND ASSOCIATES**		**4.085**	**1**
XIII.	**INCOME/(LOSS) ON NET MONETARY POSITION**		-	-
XIV.	**INCOME BEFORE INCOME TAXES (XI+XII+XIII)**		**168.273**	**(2.487.804)**
XV.	**PROVISION FOR INCOME TAXES (-)**		**(46.977)**	**110.443**
15.1	Current Tax Provision		(15.368)	60.057
15.2	Deferred Tax Provision		(31.609)	50.386
XVI.	**NET INCOME/(LOSS)BEFORE EXTRAORDINARY ITEMS (XIV-XV)**		**121.296**	**(2.377.361)**
XVII.	**EXTRAORDINARY INCOME/(LOSS) AFTER TAXES**		**(10.516)**	**1**
17.1	Extraordinary Income/(Loss) Before Taxation		(13.145)	1
17.1.1	Extraordinary Income		-	1
17.1.2	Extraordinary Expenses (-)		(13.145)	-
17.2	Provision for Taxes on Extraordinary Income		2.629	-
XVIII.	**NET INCOME/(LOSS) (XVI+XVII)**		**110.780**	**(2.377.360)**
Earnings/(Loss) per share (in YTL) full			0,000058	(0,003160)

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

B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

III.	OFF BALANCE SHEET COMMITMENTS		(30/09/2006)			(31/12/2005)		
		Note (Section five)	YTL	FC	Total	YTL	FC	Total
A.	**OFF BALANCE SHEET COMMITMENTS (I+II+III)**		**13.896.247**	**6.876.318**	**20.772.565**	**12.868.717**	**5.725.364**	**18.594.081**
I.	**GUARANTEES AND WARRANTIES**	**IV.c.**	**4.181.996**	**5.986.352**	**10.168.348**	**4.057.248**	**5.399.714**	**9.456.962**
1.1.	Letters of Guarantee	IV.b.	3.960.641	4.227.970	8.188.611	3.901.097	3.968.795	7.869.892
1.1.1.	Guarantees Subject to State Tender Law		287.886	362.531	650.417	284.166	359.074	643.240
1.1.2.	Guarantees Given for Foreign Trade Operations		2.878.738	3.157.114	6.035.852	2.856.859	2.760.843	5.617.702
1.1.3.	Other Letters of Guarantee		794.017	708.325	1.502.342	760.072	848.878	1.608.950
1.2.	Bank Acceptances	IV.b.	-	160.837	160.837	-	164.109	164.109
1.2.1.	Import Letter of Acceptance		-	39.236	39.236	-	-	-
1.2.2.	Other Bank Acceptances		-	121.601	121.601	-	164.109	164.109
1.3.	Letters of Credit	IV.b.	-	1.346.040	1.346.040	-	1.178.128	1.178.128
1.3.1.	Documentary Letters of Credit		-	1.180.418	1.180.418	-	-	-
1.3.2.	Other Letters of Credit		-	165.622	165.622	-	1.178.128	1.178.128
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees	IV.b.	-	234.960	234.960	-	74.387	74.387
1.9.	Other Collaterals	IV.b.	221.355	16.545	237.900	156.151	14.295	170.446
II.	**COMMITMENTS**		**9.514.944**	**137.022**	**9.651.966**	**8.797.564**	**157.322**	**8.954.886**
2.1.	Irrevocable Commitments		9.514.944	137.022	9.651.966	8.797.564	157.322	8.954.886
2.1.1.	Asset Purchase Commitments	IV.b.	40.808	137.022	177.830	36.426	157.322	193.748
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
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	IV.b.	952.297	-	952.297	903.218	-	903.218
2.1.8	Tax and fund Liabilities from Export Commitments		28.086	-	28.086	29.753	-	29.753
2.1.9	Commitments for Credit Card Limits	IV.b.	8.493.753	-	8.493.753	7.752.665	-	7.752.665
2.1.10	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Other Irrevocable Commitments		-	-	-	75.502	-	75.502
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**199.307**	**752.944**	**952.251**	**13.905**	**168.328**	**182.233**
3.1.	Forward Foreign Currency Buy/Sell Transactions		82.176	259.992	342.168	4.869	103.262	108.131
3.1.1.	Forward Foreign Currency Transactions-Buy		57.392	115.072	172.464	1.381	52.753	54.134
3.1.2.	Forward Foreign Currency Transactions-Sell		24.784	144.920	169.704	3.488	50.509	53.997
3.2.	Swap Transactions Related to Foreign Currency and Interest Rates		26.892	407.922	434.814	6.960	63.098	70.058
3.2.1.	Foreign Currency Swap-Buy		26.892	190.525	217.417	5.060	27.469	32.529
3.2.2.	Foreign Currency Swap-Sell		-	215.527	215.527	1.900	31.014	32.914
3.2.3.	Interest Rate Swaps-Buy		-	702	702	-	1.941	1.941
3.2.4.	Interest Rate Swaps-Sell		-	1.168	1.168	-	2.674	2.674
3.3.	Foreign Currency, Interest rate and Securities Options		90.239	85.030	175.269	2.076	1.968	4.044
3.3.1.	Foreign Currency Options-Buy		44.965	42.661	87.626	1.005	1.015	2.020
3.3.2.	Foreign Currency Options-Sell		45.274	42.369	87.643	1.071	953	2.024
3.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
3.3.5.	Securities Options-Buy		-	-	-	-	-	-
3.3.6.	Securities Options-Sell		-	-	-	-	-	-
3.4.	Foreign Currency Futures		-	-	-	-	-	-
3.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.5.	Interest Rate Futures		-	-	-	-	-	-
3.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.6.	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**19.520.843**	**2.766.014**	**22.286.857**	**15.423.623**	**3.136.498**	**18.560.121**
IV.	**ITEMS HELD IN CUSTODY**		**9.587.872**	**1.727.852**	**11.315.724**	**7.333.372**	**1.792.945**	**9.126.317**
4.1.	Customer Fund and Portfolio Balances		-	2.385	2.385	-	7.394	7.394
4.2.	Investment Securities Held in Custody		6.190.468	301.736	6.492.204	4.550.479	263.029	4.813.508
4.3.	Checks Received for Collection		2.626.787	45.978	2.672.765	2.179.829	11.708	2.191.537
4.4.	Commercial Notes Received for Collection		769.429	422.069	1.191.498	588.630	433.171	1.021.801
4.5.	Other Assets Received for Collection		-	64.327	64.327	-	53.692	53.692
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		23	379.914	379.937	14.241	347.094	361.335
4.8.	Custodians		1.165	511.443	512.608	193	676.857	677.050
V.	**PLEDGES RECEIVED**		**9.932.971**	**1.038.162**	**10.971.133**	**8.090.251**	**1.343.553**	**9.433.804**
5.1.	Marketable Securities		360.391	537	360.928	215.276	346	215.622
5.2.	Guarantee Notes		658.935	339.600	998.535	253.788	738.607	992.395
5.3.	Commodity		20.617	-	20.617	20.617	-	20.617
5.4	Warranty		-	-	-	-	968	968
5.5	Immovable		6.028.334	522.993	6.551.327	5.305.388	474.088	5.779.476
5.6	Other Pledged Items		2.864.445	50.809	2.915.254	2.286.689	47.552	2.334.241
5.7	Pledged Items-Depository		249	124.223	124.472	8.493	81.992	90.485
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**33.417.090**	**9.642.332**	**43.059.422**	**28.292.340**	**8.861.862**	**37.154.202**

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

B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		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	Evaluation Differences	Marketable Securities Value Increase Fund	Total Equity
	30 September 2005														
I.	**Prior Period End Balance**	**752.345**	**2.672.886**	**10.781**	**-**	**-**	**-**	**-**	**-**	**(58.871)**	**-**	**-**	**-**	**1.262.517**	**4.639.658**
II.	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balance (I+II)	752.345	2.672.886	10.781	-	-	-	-	-	(58.871)	-	-	-	1.262.517	4.639.658
IV.	Net Current Period Profit/Loss	-	-	-	-	-	-	-	-	(2.501.116)	-	-	-	-	(2.501.116)
V.	Profit Distribution	-	-	-	-	-	-	-	-	58.871	(58.871)	-	-	-	-
5.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2	Transfers to Reserves	-	-	-	-	-	-	-	-	58.871	(58.871)	-	-	-	-
5.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.4	Loss Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	(71.475)	(71.475)
6.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3	Evaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4	Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	(71.475)	(71.475)
6.5	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6	Issuance of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (III+IV+V+VI+VII)	**752.345**	**2.672.886**	**10.781**	**-**	**-**	**-**	**-**	**-**	**(2.501.116)**	**(58.871)**	**-**	**-**	**1.191.042**	**2.067.067**
	30 September 2006														
I.	**Prior Period End Balance**	**752.345**	**2.672.886**	**10.781**	**-**	**-**	**-**	**-**	**-**	**(2.996.274)**	**(58.871)**	**1.144.318**	**-**	**152.116**	**1.677.301**
	Increases in the Period														
II.	Available-for-sale Investments	-	-	-	-	-	-	-	-	-	-	4.980	-	4.593	9.573
2.1	Net Fair Value Gains/Losses	-	-	-	-	-	-	-	-	-	-	4.980	-	4.593	9.573
III.	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Net Fair Value Gains/Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transferred Amounts														
IV.	Available-for-sale Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Transferred to Net Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1	Transferred to Net Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2	Transferred to Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Net Current Period Income	-	-	-	-	-	-	-	-	77.252	-	-	-	-	77.252
VII.	Profit Distribution	-	(2.672.886)	-	-	-	-	-	-	2.996.274	(323.388)	-	-	-	-
7.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.3	Other	-	-	-	-	-	-	-	-	2.996.274	(2.996.274)	-	-	-	-
7.4	Elimination of Accumulated Deficit	-	(2.672.886)	-	-	-	-	-	-	-	2.672.886	-	-	-	-
VIII.	Capital Increase	1.144.318	-	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-
8.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Revaluation Fund	1.144.318	-	-	-	-	-	-	-	-	-	(1.144.318)	-	-	-
8.3	Evaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4	Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6	Issuance of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+II+III+IV+V+VI+VII+VIII+IX)	**1.896.663**	**-**	**10.781**	**-**	**-**	**-**	**-**	**-**	**77.252**	**(382.259)**	**4.980**	**-**	**156.709**	**1.764.126**

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

B. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

V.	STATEMENTS OF CASH FLOW	Notes (Section Five)	(30/09/2006)	(30/06/2005)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	Operating Profit before changes in operating assets and liabilities		397.612	478.623
1.1.1	Interest received		2.167.007	2.221.081
1.1.2	Interest paid		(1.460.270)	(1.232.950)
1.1.3	Dividend received		47.096	18.690
1.1.4	Fees and commissions received		633.623	522.071
1.1.5	Other income		1.013.762	272.518
1.1.6	Collections from previously written-off loans and other receivables		143.962	-
1.1.7	Payments to personnel and service suppliers		(341.414)	(298.109)
1.1.8	Taxes paid		(10.599)	(23.235)
1.1.9	Extraordinary items		(10.288)	1
1.1.10	Other		(1.785.267)	(1.001.444)
1.2	Changes in operating assets and liabilities		803.819	756.574
1.2.1	Net decrease in trading securities		770.021	389.367
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		(999)	-
1.2.3	Net (increase) in loans		(3.207.119)	(166.896)
1.2.4	Net (increase) / decrease in other assets		(682.043)	76.575
1.2.5	Net increase / (decrease) in bank deposits		2.946.411	(937.591)
1.2.6	Net increase in other deposits		241.724	984.294
1.2.7	Net (decrease) / increase in funds borrowed		(504.338)	40.868
1.2.8	Net increase / (decrease) in payables		-	-
1.2.9	Net increase in other liabilities		1.240.162	369.957
I.	Net cash provided from banking operations		1.201.431	1.235.197
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	Net cash provided from investing activities		(2.048.260)	(221.269)
2.1	Cash paid for purchase of investments, associates and subsidiaries		-	-
2.2	Cash obtained from sale of investments, associates and subsidiaries		7.400	-
2.3	Fixed assets and movables purchases		(49.343)	(55.046)
2.4	Fixed assets and movables sales		7.750	25.523
2.5	Cash paid for purchase of investments available-for-sale		(198.047)	(339.746)
2.6	Cash obtained from sale of investments available-for-sale		595.727	105.154
2.7	Cash paid for purchase of investment securities		(2.503.147)	-
2.8	Cash obtained from sale of investment securities		91.400	42.846
2.9	Extraordinary items		-	-
2.10	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	Net cash provided from financing activities		762	4.154
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		762	4.154
3.6	Extraordinary items		-	-
3.7	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents			-
V.	Net decrease in cash and cash equivalents		(846.067)	1.018.082
VI.	**Cash and cash equivalents at beginning of the year**	**V.a.**	**2.949.505**	**1.057.864**
VII.	**Cash and cash equivalents at end of the year (V+VI)**	**V.a.**	**2.103.438**	**2.075.946**

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

SECTION THREE

C. EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATION AND NOTES ON THE BASIS OF PRESENTATION:

a. The preparation of the financial statements and related notes and explanations in accordance with the Accounting Application Regulation and the other relevant accounting standards that have been promulgated:

The Bank maintains its books of accounts and prepares its statutory financial statements in Turkish lira in accordance with the Banking Act, Turkish Commercial Code and Turkish tax legislation. The accompanying unconsolidated financial statements have been prepared in accordance with the provisional Article titled "Chart of Accounts" of Banking Law No. 5411 and in accordance with Accounting Application Regulation ("AAR") published in the Official Gazette No. 24793 dated 22 June 2002 brought into effect on 1 July 2002 by the Banking Regulation and Supervision Agency ("BRSA") and the communiqués on accounting standards and communiqués on changes in various accounting standards.

b. Preparation of financial statements in the current period's purchasing power:

The unconsolidated financial statements of the Bank have been subject to Inflationary accounting till 31 December 2004 in line with "Financial Reporting in Hyperinflationary Economies Standard" ("AAR 14").

Detailed information is presented on the application of inflationary accounting in the part "VII. Explanations and notes related to inflation accounting" in section five "E. Explanations and notes related to unconsolidated financial statements".

c. Accounting and evaluation policies adopted in the presentation of financial statements:

The principle accounting policies and evaluation methods adopted in the presentation of financial statements are in accordance with the AAR. These policies and methods are explained in parts II through XXIII of this section.

II. PRESENTATION OF SUBSIDIARIES, ASSOCIATES AND SHARE CERTIFICATES INCLUDED IN THE AVAILABLE-FOR-SALE PORTFOLIO IN FINANCIAL STATEMENTS:

Turkish lira denominated investments and associates, subsidiaries and share certificates in the available-for-sale portfolio are recognised considering the balances adjusted for the increase in capital due to funds such as "revaluation value increase fund" and for the financial expenses including exchange rate differences in terms of the measuring unit current at the balance sheet date.

Foreign currency denominated investments and associates, subsidiaries and share certificates in the available-for-sale portfolio are booked at their original foreign currency costs translated into Turkish Lira using the exchange rate prevailing at the balance sheet date.

Based on the communiqué "Preparation of consolidated financial statements joint ventures, associates and subsidiaries" ("AAR 15") and in accordance with the "Standard on the Accounting of Financial Instruments" ("AAR 1"); the investments, associates and subsidiaries that are included or excluded from consolidation are accounted for in the unconsolidated financial statements of the Bank with the equity method.

When the inflation adjusted value of share certificates included in available for sale portfolio is higher than the net realisable value, the carrying amount is reduced to the net realisable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:

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".

a. Foreign exchange rates applied in translation and recording of foreign currency transactions in financial statements:

As of 30 September 2006, rates applied for the conversion of foreign currency balances into Turkish lira are YTL1,45460 for USD, YTL1,84967 for Euro and YTL0,01235 for Yen (31 December 2005: USD: YTL1,34180, Euro: YTL1,58748, Yen: YTL0,01144).

b. Total foreign exchange differences included in net profit or loss of the period:

The Bank's foreign exchange loss reflected in these financial statements amount to net YTL(16.448) thousand (30 September 2005: YTL45.677 thousand).

c. Total amount of foreign currency valuation fund and changes occurred within the period:

The Bank has no foreign currency revaluation fund.

d. Effect on the foreign currency-denominated items and financial statements in the case of significant changes in the exchange rates subsequent to the balance sheet date:

As explained in the part "V. Explanations on currency risk" in section four "D. Information related to financial position of the Bank", the net foreign currency position is low.

e. Capitalised foreign exchange differences:

There are no capitalised foreign exchange differences.

f. Fundamental principals of foreign exchange risk management policy:

The information about the fundamentals of foreign exchange risk management policy is disclosed in the part "V. Explanations on currency risk" in section four "D. Information related to financial position of the Bank".

g. Accounts used for currency translation differences of net investments in foreign subsidiaries and associates, loans and other hedging instruments:

Foreign currency net investments in subsidiaries abroad are converted into Turkish lira with the exchange rates current at the balance sheet date. The arising foreign currency conversion differences are recognised as "foreign exchange gains or losses" in the income statement.

h. Method applied in the translation of goodwill due to the acquisition of a foreign subsidiary and amounts resulted from fair value adjustment of asset and liabilities of such subsidiary:

The Bank has no goodwill related with acquisition of a foreign subsidiary or resulting from fair value adjustment of assets and liabilities of foreign subsidiaries.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

i. Accounts used to record the results arising from disposal of foreign subsidiary:

As explained in detail in article c.1. of the part "I. Explanations and notes related to assets" in section five "E. Explanations and notes related to unconsolidated financial statements", the share certificates of Fintur Technologies B.V. ("Fintur") have been sold on 5 January 2006 at their carrying values and no profit or loss has been recognised due to this transaction.

j. Status and recognition of foreign exchange differences arising from the translation of debt securities issued and monetary financial assets into Turkish Lira:

There was no debt securities issued. Foreign exchange differences arising from the translation of monetary financial assets are included in the "foreign exchange gains or losses" in the income statement.

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

Derivative instruments of the Bank mostly consist of foreign currency forward and swap agreements. There are no embedded derivatives originated by the Bank.

The Bank classifies its derivative instruments as "Trading" in accordance with AAR 1. Although some of the derivative instruments hedge the Bank from risks effectively from economic point of view, they are accounted as "Trading" under the scope of AAR 1.

Derivative instruments are measured at historical cost on initial recognition and the related transaction costs are included in the historical cost. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

After initial recognition, derivative instruments are measured at their fair values and the fair values are included in the balance sheet under either "Accrued interest and income receivable" or "Accrued interest and expenses payable" depending on whether they are positive or negative. Differences due to the measurement of the fair value of trading derivative instruments are included in the income statement.

As of 30 September 2006 fair value of the derivative instruments of the Bank is YTL3.677 thousand (31 December 2005: YTL(318) thousand).

V. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

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.

VI. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognised in the income statement on an accrual basis. The Bank ceases accruing interest income on non-performing loans and, if any, doubtful other interest income and reverses rediscounts recorded up to that date and does not record any income until the collection is made.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

VIII. EXPLANATIONS ON TRADING SECURITIES:

Trading securities are securities which were either acquired for generating profit from short-term fluctuations in price or dealer's margin, or the securities that are included in a portfolio in which a pattern of short-term profit making exists independent from acquisition purpose.

Purchases and sales of trading securities are recorded/ unrecorded on the "settlement date". Trading securities are initially recognised at cost including operational costs and subsequently re-measured at their fair value based on quoted bid prices or amounts derived from cash flow models. However, if fair values cannot be measured reliably, the securities are carried at "amortised cost" using the "Effective interest (internal rate of return) method". All gains and losses arising from these evaluations are reflected in the income statement. Interest earned while holding securities is reported as interest income and dividends received are included separately in dividend income.

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

Securities subject to repurchase agreements ("Repo") are classified as "Trading", "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 against repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" and a price between the sale and repurchase price determined by these repurchase agreements is accrued over the life of repurchase agreements using the "internal rate of return method" and expense rediscounts calculated by "internal rate of return" are recorded under other interest and expense rediscounts account and in income statement they are recorded under interest given to money market transactions.

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 resell price determined by these repurchase agreements is accrued over the life of repurchase agreements using the internal rate of return method.

The Bank has no securities lending transactions.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

X. EXPLANATIONS ON HELD-TO-MATURITY AND AVAILABLE-FOR-SALE SECURITIES:

The Bank classifies and accounts its financial assets as "Trading securities", "Available-for-sale securities", "Originated Loans and Receivables" and "Held-to-maturity securities". Sale and purchase transactions 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 the investment.

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective yield", is lower than its carrying value, then it is concluded that the asset under consideration is impaired. Provision is made for the diminution in value of the impaired financial asset and is charged against the income for the year.

a. Held-to-maturity securities:

Held-to-maturity investments are securities that are not classified under originated loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the investments to maturity. Held-to-maturity securities are initially recognised at cost which is considered as their fair values. The fair values of held-to-maturity securities on initial recognition are either the transaction price at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortised cost" using the "effective yield method" following recognition. Interest income earned from held-to-maturity securities 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 violation of classification principles.

b. Available-for-sale securities:

Available-for-sale securities are defined as securities other than the ones classified as "Held-to-maturity securities", "Trading securities" and "Originated loans and receivables".

Available-for-sale securities are subsequently re-measured at fair value. When the prices cannot be determined reliably, then the amortised cost using the "effective yield method" is considered as fair value. "Unrealised gains and losses" arising from changes in the fair value of securities 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. When these securities are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. EXPLANATIONS ON BANK ORIGINATED LOANS AND RECEIVABLES AND SPECIFIC AND GENERAL PROVISIONS:

Loans and advances originated by the Bank by providing money, service or goods directly to customers are categorised as originated loans. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated by using "effective yield". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

If the collectibility of any receivable is identified as limited or doubtful by the Bank management through assessments and estimates, the Bank provides general and specific provisions for these loans and or uncollectible loans and receivables in accordance with the "Decree Related to Principles and Procedures on Determining the Qualifications of Bank Loans with Required Reserves and Other Claims and on Reserves to be Held" published in the Official Gazette dated 30 June 2001, No.24448 and article 53 of the Banks Act No.5411. In this context, 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 prudency principle are taken into consideration by the Bank in determining the estimates. General loan loss provision provided by this methodology is greater than the minimum amount required by the related regulations.

Provision expenses are deducted from the net income of the year. If a receivable for which a provision is provided for is subsequently collected, it is deducted from the specific provisions and included in "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalised.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

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

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

Costs associated with development of computer software programmes and expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are added to the original cost of the software and capitalised. Capitalised computer software development costs are amortised using the "straight-line method" over their remaining useful lives.

C. 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 is valued after deduction of accumulated depreciation and provision for value decrease from the historical cost.

Depreciation is calculated over the restated amounts of property and equipment using the straight-line method. The expected useful life rates are stated below:

Buildings	%2
Movables, Movables Acquired by Financial Leasing	%20
Special Costs	Reimbursed in the rent tenor.

The depreciation charge for items remaining in the 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 the property and equipment.

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

Property and equipment has not been revalued in order to be presented at fair value on the financial statements.

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

Expenditure for the repair and renewal of property and equipment is charged against income. The capital expenditures made in order to increase the capacity of the tangible asset to increase its future benefits are added to the cost of the tangible asset. The capital expenditures include the ones which are used either to increase the useful life of a tangible, the capacity of a tangible, the quality of the product or decrease the costs.

There are no pledges, mortgages and other precautions or no purchase commitments other than the fixed assets mentioned in the "Non-core Fixed Assets Option Agreement" as explained in detail in article c.2. of the part "IV. Explanations and notes related to off-balance sheet accounts" in section five "E. Explanations and notes related to unconsolidated financial statements".

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the "Lower of the fair value of the leased asset or the present value" of the amount of cash consideration given for the leased asset. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, provision is provided for the "impairment". 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 engage in financial leasing transactions as "lessor".

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

XV. EXPLANATIONS ON PROVISIONS AND COMMITMENTS:

Provisions and contingent liabilities are provided for in accordance with "Communiqué 8 on the Accounting Application Regulation-Standard for Provisions, Contingent Liabilities and Accounting of Assets" except for the specific and general provisions provided for loans and other receivables.

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. Provision for contingent liabilities arisen from past events should be recognised in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation can not be estimated, it is considered that a "contingent" liability exists. A provision is recognised when it is probable that the contingent event will occur and a reliable estimate can be made.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

Obligations related to employee rights are accounted for in accordance with "Communiqué 10 on the Accounting Application Regulation ("AAR 10") -Accounting of Obligations Related to Employee Rights".

Provision for notice pay and employment termination benefit liability is calculated by taking the simple arithmetical average of the ratio of the actual payment to the total liability for the last five years before the balance sheet date and applying this ratio to the total liability of the current period in accordance with AAR 10. Five-year simple arithmetical average of actual payment rates as a basis for provision for employee termination benefits is 5,56% (31 December 2005: 5,54%), and notice pay is 3,10% (31 December 2005: 3,17%).

As of 30 September 2006, the Bank has no employees with fixed period agreements, whose employment period will terminate in more than 12 months starting from the balance sheet date.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

In addition, as of 30 September 2006, the Bank reflected a provision for vacation liability amounting to YTL33.520 thousand in these financial statements.

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 20th temporary Article of the Social Security Law numbered 506. The Bank obtained a report from a registered actuary regarding this Fund as of 30 April 2006. The actuarial balance sheet of the Fund, prepared in accordance with a technical interest rate of 10,24% and CSO 1980 mortality table, which is determined by the commission coordinated by the Ministry of Labour, reflects a deficit of YTL595.930 thousand as of 30 April 2006. The Bank will provide full provision regarding this Fund until the end of year 2007 and provided a provision amounting to YTL446.947 thousand in these financial statements.

XVII. EXPLANATIONS ON TAXATION:

The Corporate Tax Law has been amended with the law dated 13 June 2006 and numbered 5520. Many articles of the new Corporate Tax Law numbered 5520 have been effective from 1 January 2006. Accordingly, the corporate tax rate in Turkey is 20% for the year 2006 (2005:30%). Corporate tax rate is calculated on the total income of the company 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% (30% for 2005) 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.

Based on the section 6/e of the 5th Article of the Corporate Tax Law numbered 5520, 75% of the profit generated from the sale of immovable assets and investment shares that have a holding period greater than two years and the privileged shares, preferred share and the pre-emptive rights that have the same holding period are subject to corporate tax exemption. The exemption will be applied in the period that the sale takes place and the portion of the sales profit that is subject to exemption is booked in a special reserve account for at least five years and cannot be transferred to any account apart from the paid-up capital. The sales amount is required to be collected until the end of the second year following the sales transaction.

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.

C. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 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.

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 the Communiqué 18 on the Accounting Application Regulation in "Accounting of Taxation Standard" and the related notes of BRSA about the income taxes.

XVIII. EXPLANATIONS ON BORROWINGS:

Trading financial liabilities and derivative instruments are valued with the fair value and the rest of financial liabilities are carried at "Amortised cost" using the "Effective Yield Method".

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

XIX. EXPLANATIONS ON PAID-IN CAPITAL AND TREASURY STOCK:

Transaction costs regarding the issuance of share certificates are accounted as expense in the income statement.

No dividend payments were announced after the balance sheet date.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 September 2006, the Bank has investment incentive certificates amounting to YTL31.987 thousand (31 December 2005: YTL31.987 thousand) related with fixed asset investments.

XXII. ELIMINATION OF ACCUMULATED DEFICIT:

Based on the decision of the General Assembly of the Bank held at 31 March 2006, "Adjustment to share capital" at 31 December 2005 has been eliminated from "Prior years' loss".

XXIII. COMPARATIVES:

Where necessary, 31 December 2005 and 30 September 2005 figures have been reclassified to conform to changes in presentation of 30 September 2006 financial statements.

SECTION FOUR
D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE UTILISATION STRATEGY OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

The strategy of the Bank for the utilisation of financial instruments is available for sustaining an optimal balance between the yield of the instruments and their risks. In line with the common debt policy of the country, the liabilities of the Bank are commonly short-term structured. The items, except deposits, are mainly resourced from the long-term foreign currency borrowings from foreign financial institutions to lengthen the liability structure of the Bank. To manage the liquidity risk resulting from the short-term liability structure of the Bank, cash and cash equivalent assets are maintained at a sufficient level, and asset term structure and placement term structure and yields are also considered given the market conditions. High income principle of the Bank is adopted for long-term borrowings.

The currency, interest and liquidity risks on the balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and legal limits.

Long-term government securities and consumer loans have yields over the average yield of the functional areas of the Bank. Off-balance sheet risks of the Bank commonly result from the forward and swap transactions and do not maintain a high level of risk when compared with balance sheet items.

Short-term positions on money, capital and product markets are leveled at a minimum and, mostly, utilised for customer needs.

Detailed explanation on the Bank's risk management policy is available in parts III through VII of this section.

II. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

a. The capital adequacy ratio of the Bank is above the regulatory minimum required rate of 8%.

b. For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Amount subject to market risk" which is the sum of market risk on securities and the Bank's currency risk. The following tables show the details of "Risk weighted assets" and the calculation of "Shareholders' Equity" for the capital adequacy ratio calculation.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

c. Information related to capital adequacy ratio:

	Risk Weights			
	0%	**20%**	**50%**	**100%**
Risk Weighted Assets and Non - Cash Loans				
Balance sheet items (net)	**5.931.725**	**1.599.583**	**777.403**	**14.913.281**
Cash	217.879	88	-	-
Due from banks	281.965	1.599.495	-	5.011
Interbank money market placements	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of Turkey	1.490.597	-	-	-
Special financial institutions	-	-	-	-
Loans	287.352	-	777.403	13.184.380
Loans under follow-up (net)	-	-	-	201.529
Subsidiaries, associates and investments available-for-sale	1.011	-	-	148.990
Miscellaneous receivables	-	-	-	106.643
Marketable securities held to maturity (net)	3.388.561	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (net)	-	-	-	-
Fixed assets (net)	-	-	-	1.248.119
Other assets	264.360	-	-	18.609
Off-balance sheet items	**159.919**	**3.490.507**	**10.315.536**	**509.251**
Guarantees and pledges	23.975	3.488.967	1.567.255	338.986
Commitments	-	-	8.738.849	-
Other off-balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	5.358
Interest and income accruals	135.944	1.540	9.432	164.907
Non-risk weighted accounts	-	-	-	-
Total risk weighted assets	**6.091.644**	**5.090.090**	**11.092.939**	**15.422.532**

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

	30 September 2006	**31 December 2005**
Total risk weighted assets ("TRWA")	21.987.020	18.775.074
Amount subject to market risk ("ASMR")	661.075	765.475
Shareholders' equity	2.385.186	1.414.590
Shareholders' equity / (TRWA+ASMR)*100	10,53	7,24

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

e. Information about shareholders' equity items:

	30 September 2006	31 December 2005
CORE CAPITAL		
Paid-in capital	1.896.663	752.345
Nominal capital	1.896.663	752.345
Capital commitments (-)	-	-
Adjustment to share capital	-	-
Share premium	10.781	10.781
Legal reserves	-	2.672.886
First legal reserve (Turkish Commercial Code 466/1)	-	-
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation(*)	-	2.672.886
Status reserves	-	-
Extraordinary reserves	-	1.144.318
Reserves allocated by the General Assembly	-	-
Retained earnings	-	1.144.318
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	77.252	-
Current period profit	77.252	-
Prior period profit	-	-
Loss (-)	(382.259)	(3.055.145)
Current period loss	-	(2.996.274)
Prior period loss	(382.259)	(58.871)
Total Core Capital	**1.602.437**	**1.525.185**
SUPPLEMENTARY CAPITAL	-	-
Revaluation fund	4.980	-
Securities	-	-
Profit on sale of associates, subsidiaries and immovable to be transferred to share capital	4.980	-
Buildings	-	-
Revaluation fund of leasehold improvement	-	-
Increase in the value of revaluation fund	-	-
Foreign exchange differences	-	-
General reserves	499.536	376.484
Provisions for possible losses	109.282	119.241
Subordinated loans	801.218	-
Marketable securities value increase fund	156.709	152.116
Investments and subsidiaries	49.100	52.021
Investments available-for-sale	107.609	100.095
Investments held for structural transactions	-	-
Total Supplementary Capital	**1.571.725**	**647.841**
TIER III CAPITAL	-	-

(*) YTL2.672.886 thousand represents the inflation adjustment difference to the share capital and has been eliminated from prior period loss based on the decision taken at the General Assembly held on 31 March 2006.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

	30 September 2006	31 December 2005
CAPITAL	**3.174.162**	**2.173.026**
DEDUCTIONS FROM THE CAPITAL	**789.976**	**758.436**
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws and capital portion related with this kind of financial subsidiaries which equity method is applied without consolidating asset and liability.	723.677	684.037
Special Costs	10.674	13.683
Installation costs	19.569	27.171
Prepaid expenses	32.094	33.545
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments, financial subsidiaries which equity method is applied without consolidating asset and liability.	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalised expenses	2.962	-
Total Shareholders' Equity	**2.385.186**	**1.414.590**

III. EXPLANATIONS ON CREDIT RISK:

a. The Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury and Fund Management employee who is authorised for transactions in the market are controlled by the system. In loan granting process, liquid collaterals are obtained to the extent possible. Long term projections of the companies are analysed both by financial analysis specialists and head office when granting long-term and project finance loans. Since credit and interest risks are higher in long-term commitments, their pricing is coordinated with Treasury Management.

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

Audited financial statements of the companies are obtained for the loans granted according to their materiality.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

b. The Bank has control limits over the positions of forwards, options and similar agreements.

c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

d. The non-cash risks of the customers whose cash risks are classified as non-performing are subject to provision in accordance with the Provisioning Regulation. These risks are grouped within the same group with the nonperforming loans when they turn into cash.

The loans that have been restructured and rescheduled are monitored by the Bank in the scope of loan risk policies. In this context, the financial positions and the commercial operations of the corresponding customers are analysed and compliance of the principal and interest payments with the restructured schedule is monitored.

e. The Bank's banking activities in foreign countries and crediting transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

f. The Bank provided a general loan loss provision amounting to YTL499.536 thousand (31 December 2005: YTL376.484 thousand).

IV. EXPLANATIONS ON MARKET RISK:

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with Value-at-Risk method on the basis of marketable securities portfolio including the Bank's currency risk. The table below shows the details of market risk as of 30 September 2006 calculated in accordance with the "Regulation related to the Measurement and Evaluation of the Bank's Capital Adequacy", published in the Official Gazette dated 31 January 2002, No. 24567 and the Regulation related to the article no.18 "Market Risk Calculation by the Standard Method".

	Balance
Capital to be employed for interest rate risk – standard method	39.755
Capital to be employed for general market risk	39.755
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk - standard method	2.541
Capital to be employed for general market risk	1.694
Capital to be employed for specific risk	847
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk - standard method	10.590
Capital liability	10.590
Capital to be employed for options subject to currency risk	-
Total value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	52.886
Amount subject to market risk	**661.075**

(*) Not the total YTL661.075 thousand, which is used in the calculation of the market risk related to the "Capital adequacy ratio" explained in this section note II, but only YTL52.886 thousand represents the amount subject to market risk which is 8% of the total amount. Additionally, YTL52.886 thousand also expresses the minimum amount of capital that can hedge the mentioned risk.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank's foreign currency denominated and foreign currency indexed on and off balance sheet assets and on and off balance sheet liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in "Net Foreign Currency Position" (Cross Currency Risk). The Bank keeps the foreign currency value at risk within the legal limits and performs close on the currency risk. The Bank follows currency risk daily 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.

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

	USD	**EUR**	**Yen**
Balance Sheet Evaluation Rate:	**YTL1,45460**	**YTL1,84967**	**YTL0,01235**
1. Day bid rate	YTL1,45000	YTL1,84034	YTL0,01235
2. Day bid rate	YTL1,47880	YTL1,88015	YTL0,01268
3. Day bid rate	YTL1,46440	YTL1,87136	YTL0,01255
4. Day bid rate	YTL1,48700	YTL1,90648	YTL0,01276
5. Day bid rate	YTL1,48000	YTL1,89470	YTL0,01271

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

USD : YTL1,43881
Euro : YTL1,83542
Yen : YTL0,01228

As of 31 December 2005;

	USD	**EUR**	**Yen**
Balance Sheet Evaluation Rate:	**YTL1,34180**	**YTL1,58748**	**YTL0,01144**

Information on currency risk of the Bank:

Foreign currency position of the Bank is disclosed in terms of the material currencies in the following table. Foreign currency indexed assets, classified as Turkish lira assets according to Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. 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:

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

	EURO	USD	Yen	Other FC (*)	Total
30 September 2006					
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	318.237	28.324	241	6.256	353.058
Due from banks and other financial institutions	1.041.177	399.009	196	157.931	1.598.313
Trading securities	165.889	94.104	-	1.011	261.004
Interbank money market placements	-	-	-	-	-
Available-for-sale securities	-	125.304	-	-	125.304
Loans	822.133	3.470.691	2.751	18.724	4.314.299
Subsidiaries, investments and associates	148.648	70.031	-	44.984	263.663
Held-to-maturity securities	265.321	3.169.043	-	-	3.434.364
Property and equipment	-	15	-	4	19
Goodwill	-	-	-	-	-
Other assets	809.790	162.322	7	245	972.364
Total assets	**3.571.195**	**7.518.843**	**3.195**	**229.155**	**11.322.388**
Liabilities					
Bank deposits	13.101	24.751	1	19.456	57.309
Foreign currency deposits	2.598.463	5.089.618	10.469	152.918	7.851.468
Funds from interbank money market	194.465	431.429	-	-	625.894
Funds borrowed from other financial institutions	31.448	1.287.289	295	2.295	1.321.327
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	13.374	94.702	10	649	108.735
Other liabilities	965.985	119.116	1	2.059	1.087.161
Total liabilities	**3.816.836**	**7.046.905**	**10.776**	**177.377**	**11.051.894**
Net on balance sheet position	**(245.641)**	**471.938**	**(7.581)**	**51.778**	**270.494**
Net off balance sheet position	**190.345**	**(272.839)**	**8.330**	**(8.579)**	**(82.743)**
Financial derivative assets	269.484	123.624	8.330	2.173	403.611
Financial derivative liabilities	79.139	396.463	-	10.752	486.354
Non-cash loans	1.927.103	3.530.331	391.275	137.643	5.986.352
31 December 2005					
Total assets	2.828.424	6.998.497	6.940	184.797	10.018.658
Total liabilities	2.849.642	7.016.829	6.461	163.776	10.036.708
Net on balance sheet position	**(21.218)**	**(18.332)**	**479**	**21.021**	**(18.050)**
Net off balance sheet position	**14.421**	**(46.597)**	**(239)**	**21.019**	**(11.396)**
Non-cash loans	1.690.121	3.320.704	260.248	128.641	5.399.714

(*) Of the "Other FC" total assets amounting to YTL229.155 thousand; YTL124.216 thousand is in British Pounds; YTL92.791 thousand is in Swiss Francs and YTL467 thousand is in Swedish Krona. Of the total liabilities amounting to YTL177.377 thousand; YTL117.463 thousand is in British Pounds, YTL51.065 thousand is in Swiss Francs and YTL786 thousand is in Swedish Krona.

(*) Foreign currency indexed loans, classified as Turkish lira assets, amount to YTL101.741 thousand.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. EXPLANATIONS ON INTEREST RATE RISK:

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on financial statements are performed by the risk management department .The effects of the volatility of market interest rates on positions and on cash flows are closely monitored.

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

30 September 2006	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 Year and Over	Non Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	499.932	499.932
Due from banks and other financial institutions	1.556.319	5.000	-	1.000	-	42.187	1.604.506
Trading securities	4.322	14.655	7.115	85.128	163.123	22.188	296.531
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale securities	1.577	-	2.541	5.639	44.418	142.211	196.386
Loans	1.326.264	5.123.649	2.839.462	1.502.694	3.457.066	201.529	14.450.664
Held-to-maturity securities	890.149	386.077	1.734.730	1.046.381	2.586.069	-	6.643.406
Other assets	1.585.926	73.286	138.159	132.337	79.600	2.433.486	4.442.794
Total assets	**5.364.557**	**5.602.667**	**4.722.007**	**2.773.179**	**6.330.276**	**3.341.533**	**28.134.219**
Liabilities							
Bank deposits	1.224.767	17.529	178	-	-	43.373	1.285.847
Other deposits	11.235.865	1.142.750	442.985	315.621	36.608	3.615.968	16.789.797
Funds from interbank money market	1.899.658	399.805	127.802	-	-	-	2.427.265
Miscellaneous payables	4.617	14.423	38.390	-	-	1.853.072	1.910.502
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	16.841	1.224.676	43.553	35.164	65.291	-	1.385.525
Other liabilities and shareholders' equity	194.560	40.996	938.699	8.149	1.198	3.151.681	4.335.283
Total liabilities and shareholders' equity	**14.576.308**	**2.840.179**	**1.591.607**	**358.934**	**103.097**	**8.664.094**	**28.134.219**
Balance sheet interest sensitivity gap	**(9.211.751)**	**2.762.488**	**3.130.400**	**2.414.245**	**6.227.179**	**(5.322.561)**	**-**
Off-balance sheet interest sensitivity gap, net (*)	-	-	-	(466)	-	-	(466)
Total interest sensitivity gap	**(9.211.751)**	**2.762.488**	**3.130.400**	**2.413.779**	**6.227.179**	**(5.322.561)**	**(466)**

(*) These figures show maturity breakdown of the net amounts of payables and receivables of the derivative instruments in off balance sheet items.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

31 December 2005	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 Year and Over	Non Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	481.200	481.200
Due from banks and other financial institutions	1.771.141	1.000	-	-	-	56.164	1.828.305
Trading securities	70.136	302.501	123.225	80.784	443.293	71.486	1.091.425
Interbank money market placements	640.000	-	-	-	-	-	640.000
Available-for-sale securities	-	-	-	53.645	44.348	540.042	638.035
Loans	914.070	4.667.106	1.575.028	1.205.628	2.741.235	203.204	11.306.271
Held-to-maturity securities	153.348	714.595	808.768	377.206	2.030.844	-	4.084.761
Other assets	911.489	97.540	34.633	22.101	107.037	2.623.603	3.796.403
Total assets	**4.460.184**	**5.782.742**	**2.541.654**	**1.739.364**	**5.366.757**	**3.975.699**	**23.866.400**
Liabilities							
Bank deposits	234.316	22.157	11.000	13.000	-	47.550	328.023
Other deposits	10.596.894	1.346.737	458.244	466.661	5.814	3.673.723	16.548.073
Funds from interbank money market	117.740	11.726	309.212	-	-	-	438.678
Miscellaneous payables	-	-	-	-	-	1.573.996	1.573.996
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	86.236	436.805	164.912	1.138.629	63.281	-	1.889.863
Other liabilities and shareholders' equity	382.207	29.251	14.909	13.012	2.359	2.646.029	3.087.767
Total liabilities and shareholders' equity	**11.417.393**	**1.846.676**	**958.277**	**1.631.302**	**71.454**	**7.941.298**	**23.866.400**
Balance sheet interest sensitivity gap	**(6.957.209)**	**3.936.066**	**1.583.377**	**108.062**	**5.295.303**	**(3.965.599)**	**-**
Off-balance sheet interest sensitivity gap, net (*)	-	(733)	-	-	-	-	(733)
Total interest sensitivity gap	**(6.957.209)**	**3.935.333**	**1.583.377**	**108.062**	**5.295.303**	**(3.965.599)**	**(733)**

(*) These figures show maturity breakdown of the net amounts of payables and receivables of the derivative instruments in off balance sheet items.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

b. Average interest rates for monetary financial instruments:

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

30 September 2006	**EURO**	**USD**	**Yen**	**YTL**
Assets	**%**	**%**	**%**	**%**
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	1,46	2,52	-	13,12
Due from banks and other financial institutions	3,05	5,31	-	18,52
Trading securities	4,76	6,38	-	20,53
Interbank money market placements	-	-	-	-
Available-for-sale securities	-	-	-	21,50
Loans	5,13	7,34	2,11	26,46
Held-to-maturity securities	4,93	7,26	-	17,47
Liabilities				
Bank deposits	2,98	5,19	-	17,79
Other deposits (including demand deposits)	1,49	2,36	-	14,14
Funds from interbank money market	4,81	5,20	-	17,99
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	4,02	5,22	1,31	13,34

31 December 2005	**EURO**	**USD**	**Yen**	**YTL**
Assets	**%**	**%**	**%**	**%**
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	1,14	2,03	-	10,25
Due from banks and other financial institutions	2,33	4,27	-	16,16
Trading securities	3,64	5,75	-	14,70
Interbank money market placements	-	-	-	13,50
Available-for-sale securities	4,86	6,73	-	14,41
Loans	5,56	6,03	2,09	25,26
Held-to-maturity securities	3,83	6,18	-	15,27
Liabilities				
Bank deposits	3,00	4,43	-	16,43
Other deposits (including demand deposits)	1,52	1,73	-	13,23
Funds from interbank money market	4,10	6,43	-	9,80
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	3,60	4,83	1,36	13,00

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK :

Liquidity risk arises from the mismatch of maturities of assets and liabilities. The Bank tries to balance the maturities of the related assets and liabilities according to specific criteria and keep the mismatching of maturities under control. A major objective of the Bank's asset and liability management is to ensure that sufficient liquidity is available to meet the Bank's commitments to customers and to satisfy the Bank's own liquidity needs. For this objective, the Bank holds sufficient amount of short term funds. The Bank may analyze its liquidity risk on a daily and transaction basis, in case of significant market fluctuations.

The most important funding resources of the Bank are the equity capital, the diversified and stable deposit base and the long term funds borrowed from international institutions which are mainly placed in interest earning assets. In spite of the fact that a substantial portion of deposits are short-term in line with market trends, they are diversified by number and type, and they are mostly rolled over at their maturities which indicates that these deposits provide a long-term and stable source of funding for the Bank.

D. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6-12 months	1 year and over	Unclassified (*)	Total
30 September 2006								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	499.932	-	-	-	-	-	-	499.932
Due from banks and other financial institutions	42.187	1.556.319	5.000	-	1.000	-	-	1.604.506
Trading securities	22.188	-	12.709	1.850	85.127	174.657	-	296.531
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale securities	115.208	-	-	-	5.639	48.536	27.003	196.386
Loans	-	1.326.264	5.123.649	1.701.453	1.502.694	4.595.075	201.529	14.450.664
Held-to-maturity securities	-	164.888	75.133	305.907	1.046.381	5.051.097	-	6.643.406
Other assets	336.103	1.163.811	157.780	98.275	258.546	380.875	2.047.404	4.442.794
Total assets	**1.015.618**	**4.211.282**	**5.374.271**	**2.107.485**	**2.899.387**	**10.250.240**	**2.275.936**	**28.134.219**
Liabilities								
Bank deposits	43.373	1.224.767	17.529	178	-	-	-	1.285.847
Other deposits	3.615.968	11.235.865	1.142.750	442.985	315.621	36.608	-	16.789.797
Funds from interbank money market	-	1.899.658	399.805	127.802	-	-	-	2.427.265
Funds borrowed from other financial institutions	-	16.841	1.188.311	79.918	35.165	65.290	-	1.385.525
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	63.295	1.789.775	1.634	9.057	8.491	38.250	-	1.910.502
Other liabilities (**)	1.198.687	383.317	40.813	13.398	8.293	926.649	1.764.126	4.335.283
Total liabilities and shareholders' equity	**4.921.323**	**16.550.223**	**2.790.842**	**673.338**	**367.570**	**1.066.797**	**1.764.126**	**28.134.219**
Net liquidity gap	**(3.905.705)**	**(12.338.941)**	**2.583.429**	**1.434.147**	**2.531.817**	**9.183.443**	**511.810**	**-**
31 December 2005								
Total assets	770.925	4.345.214	3.619.036	1.744.800	1.711.380	8.978.371	2.696.674	23.866.400
Total liabilities	4.724.229	12.918.999	1.737.597	870.541	1.627.507	310.226	1.677.301	23.866.400
Net liquidity gap	**(3.953.304)**	**(8.573.785)**	**1.881.439**	**874.259**	**83.873**	**8.668.145**	**1.019.373**	**-**

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

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

SECTION FIVE
E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

a. Information related to the account of the Central Bank of Turkey:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Demand unrestricted amount	58	281.907	107	224.628
Time unrestricted amount	-	-	-	-
Total	**58**	**281.907**	**107**	**224.628**

b. Additional information on trading securities, in net amounts:

1. Information on trading securities given as guarantee / blocked:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Government bonds, treasury bills and similar investment securities	1	-	6.788	216.556
Other	-	-	-	-
Total	**1**	**-**	**6.788**	**216.556**

2. Trading securities subject to repo transactions:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Government bonds	-	194.210	4.380	174.955
Treasury bills	-	-	983	-
Other public debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**-**	**194.210**	**5.363**	**174.955**

c. Information on available-for-sale securities:

1. Types of available-for-sale securities:

As of 30 September 2006, available for sale securities are composed YTL government bonds, two foreign currency investment funds founded abroad and other securities as explained in detail below.

	30 September 2006	31 December 2005
Investment funds (*)	115.208	148.875
Share certificates	27.003	391.167
Securities	54.175	97.993
Total	**196.386**	**638.035**

(*) Investments funds include two foreign currency funds and their carrying value is reported net of a total provision of YTL(319.888) thousand (31 December 2005: YTL252.481 thousand).

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Share certificates that are classified under available-for-sale securities include,

a) Based on the "Fintur, Digitürk and Superonline Purchase and Sale Agreement" signed between the Bank and Çukurova Group on 28 September 2005, the shares of the Bank in Fintur and Digitürk have been sold for EUR 42,2 million and YTL106.041 thousand, respectively on 5 January 2006. The three months extension period granted on 27 March 2006 regarding the sale of Superonline in order to complete the necessary permissions for the transfer of the shares has been extended for 3 additional months on 28 August 2006. The carrying amount of Superonline in 30 September 2006 financials is YTL13.873 thousand (31 December 2005: YTL11.906 thousand).

b) Other share certificates amount to YTL13.130 thousand (31 December 2005: YTL4.925 thousand).

Also, based on the "A-Tel Option Agreement" signed between the Bank, and Çukurova Holding A.Ş. ("Çukurova Holding") on 28 September 2005, 50% of A-Tel Pazarlama ve Servis Hizmetleri A.Ş. ("A-Tel") shares which are owned by the Bank have been sold for USD150.000.000 on 9 August 2006.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on available-for-sale securities:

	30 September 2006	31 December 2005
Debt securities	**55.525**	**98.046**
Quoted in a stock exchange (*)	55.525	98.046
Not quoted	-	-
Share certificates	**135.066**	**817.469**
Quoted in a stock exchange	81.609	83.498
Not quoted	53.457	733.971
Investment Funds	**435.096**	**401.356**
Impairment provision (-)	**(429.301)**	**(678.836)**
Total	**196.386**	**638.035**

(*) Even though Eurobonds amounting to YTL44.401 thousand are not quoted in stock exchanges, as of 31 December 2005 they are classified as such according to current sector practice as they are traded in secondary markets.

3. Book values and properties of available-for-sale securities that are shown as collateral:

There are no collateralised available for sale securities as of 30 September 2006. (As of 31 December 2005, the book value of the collateralised available for sale securities is YTL15.801 thousand, the accumulated interest accrual amounts to YTL2.296 thousand).

4. Information on the available-for-sale securities given as guarantee / blocked stated with their acquisition costs:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bond, T-bill and similar investment securities	-	-	15.801	
Other	-	-	-	-
Total	-	-	**15.801**	-

5. Available-for-sale securities subject to repo transactions stated with their acquisition costs:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Government bonds	-	-	2.565	-
Treasury bills	-	-	-	-
Other public debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	**2.565**	-

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

d. Explanations on loans:

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

	30 September 2006		31 December 2005	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	**410**	**-**	**132**	**-**
Corporate shareholders	410	-	132	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**-**	**-**	**-**	**-**
Loans granted to employees	**39.368**	**-**	**29.567**	**-**
Total	**39.778**	**-**	**29.699**	**-**

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	
Cash Loans	**Loans and Other Receivables**	**Restructured or Rescheduled**	**Loans and Other Receivables**	**Restructured or Rescheduled**
Non-specialised loans	**12.358.888**	**1.140.793**	**724.200**	**25.254**
Discount notes	24.453	-	-	-
Export loans	1.001.104	-	56.031	-
Import loans	166	-	-	-
Loans given to financial sector (*)	-	-	-	-
Foreign loans	26.974	793.699	-	-
Consumer loans	1.665.878	-	79.655	-
Credit cards	5.007.232	-	393.447	-
Precious metal loans	-	-	-	-
Other	4.633.081	347.094	195.067	25.254
Specialised loans	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**
Total	**12.358.888**	**1.140.793**	**724.200**	**25.254**

(*) As of 30 September 2006 the Bank has loans amounting to YTL952.403 thousand granted to financial sector. Out of this balance, YTL793.669 thousand is classified under "Restructured or Rescheduled" and YTL158.704 thousand under "Loans and Other Receivables".

The Bank's cash risk balance to Çukurova Group in the scope of Financial Restructuring Agreement ("FRA") amounted to USD 782.550.907 (YTL1.138.299 thousand) (31 December 2005: USD791.619.091 (YTL1.062.194 thousand)) as of 30 September 2006, which is classified under "Standard Loans and other Receivables that have been restructured or rescheduled". The annual interest rate for the remaining portion of the Çukurova Group risk per "FRA Modification Agreement" is identified as Libor+2,5 and the maturity of the last payment is 30 September 2015. According to the pledge agreement signed between the Bank, Çukurova Holding and Çukurova Investments N.V. ("Çukurova Investments") on 28 September 2005, the Bank has a continuous pledge on 6,682% of Turkcell shares in relation to the Çukurova Group loans repayment liability. The market value of those Turkcell collaterals amount to approximately YTL1.036.361 thousand as of 30 September 2006.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Short- term	Medium and long-term	Total	Accrued interest and income
Consumer Loans-YTL	**124.368**	**1.575.386**	**1.699.754**	**12.859**
Real estate loans	4.037	978.088	982.125	6.629
Automotive loans	7.511	228.566	236.077	1.890
Personal loans	714	1.058	1.772	16
Other	112.106	367.674	479.780	4.324
Consumer Loans-FC Indexed	**536**	**28.418**	**28.954**	**1.828**
Real estate loans	123	21.908	22.031	1.307
Automotive loans	391	4.733	5.124	403
Personal loans	14	-	14	-
Other	8	1.777	1.785	118
Consumer Loans-FC	**-**	**-**	**-**	**-**
Real estate loans	-	-	-	-
Automotive loans	-	-	-	-
Personal loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-YTL	**4.542.775**	**754.437**	**5.297.212**	**48.782**
With installments	1.756.558	754.437	2.510.995	23.124
Without installments	2.786.217	-	2.786.217	25.658
Individual Credit Cards- FC	**-**	**-**	**-**	**-**
With installments	-	-	-	-
Without installments	-	-	-	-
Personnel Loans-YTL	**5.239**	**11.543**	**16.782**	**176**
Real estate loans	25	1.953	1.978	19
Automotive loans	56	651	707	6
Personal loans	72	33	105	1
Other	5.086	8.906	13.992	150
Personnel Loans-FC Indexed	**-**	**43**	**43**	**63**
Real estate loans	-	43	43	63
Automotive loans	-	-	-	-
Personal loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Real estate loans	-	-	-	-
Automotive loans	-	-	-	-
Personal loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-YTL	**20.254**	**2.289**	**22.543**	**207**
With installments	8.690	2.289	10.979	101
Without installments	11.564		11.564	106
Personnel Credit Cards-FC	**-**	**-**	**-**	**-**
With installments	-	-	-	-
Without installments	-	-	-	-
Total Consumer Loans	**4.693.172**	**2.372.116**	**7.065.288**	**63.915**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Short-term	Medium and long-term	Total	Accrued interest and income
Commercial Installments Loans-YTL	**128.014**	**640.112**	**768.126**	**6.717**
Business Property Loans	5.499	118.868	124.367	823
Automotive Loans	28.129	369.619	397.748	3.313
Personal Loans	90.729	109.638	200.367	2.005
Other	3.657	41.987	45.644	576
Commercial Installments Loans-FC Indexed	**2.355**	**21.476**	**23.831**	**1.018**
Business Property Loans	-	2.630	2.630	112
Automotive Loans	544	13.307	13.851	679
Personal Loans	1.139	3.605	4.744	227
Other	672	1.934	2.606	-
Commercial Installments Loans-FC	**-**	**-**	**-**	**-**
Business Property Loans	-	-	-	-
Automotive Loans	-	-	-	-
Personal Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-YTL	**80.032**	**892**	**80.924**	**746**
With installment	13.940	892	14.832	137
Without installment	66.092	-	66.092	609
Corporate Credit Cards-FC	**-**	**-**	**-**	**-**
With installment	-	-	-	-
Without installment	-	-	-	-
Total	**210.401**	**662.480**	**872.881**	**8.481**

5. Domestic and foreign loans: Loans are classified according to the locations where the customers are active:

	30 September 2006	31 December 2005
Domestic loans	13.428.462	10.341.222
Foreign loans	820.673	761.845
Total	**14.249.135**	**11.103.067**

6. Loans granted to subsidiaries and investments:

	30 September 2006	31 December 2005
Direct loans granted to subsidiaries and investments	5.213	173.273
Indirect loans granted to subsidiaries and investments	-	-
Total	**5.213**	**173.273**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Specific provisions provided against loans:

Specific provisions	30 September 2006	31 December 2005
Loans and other receivables with limited collectibility	15.803	13.517
Loans and other receivables with doubtful collectibility	83.120	89.679
Uncollectible loans and other receivables	787.228	720.229
Total	**886.151**	**823.425**

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
30 September 2006	**-**	**-**	**4.951**
(Gross amounts before specific reserves)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	4.951
31 December 2005	**-**	**-**	**4.278**
(Gross amounts before the specific reserves)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	4.278

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
31 December 2005	**68.751**	**154.537**	**803.341**
Additions (+)	214.814	3.393	10.507
Transfers from other categories of non-performing loans (+)	-	175.942	165.856
Transfers to other categories of non-performing loans (-)	(175.942)	(165.856)	-
Collections (-)	(16.952)	(33.867)	(93.143)
Monetary loss (-)	-	-	-
Write-offs (-)	(108)	(1.668)	(21.925)
30 September 2006	**90.563**	**132.481**	**864.636**
Special Provision (-)	(15.803)	(83.120)	(787.228)
Net Balance on balance sheet	**74.760**	**49.361**	**77.408**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

8(iii). Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
30 September 2006			
Period end balance	-	-	-
Specific provision (-)	-	-	-
Net Balance on balance sheet	-	-	-
31 December 2005			
Period end balance	-	26.020	116.283
Specific provision (-)	-	(10.204)	(110.481)
Net balance on balance sheet	**-**	**15.816**	**5.802**

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

Uncollectible loans and other receivables are tried to be liquidated through the collection of collaterals and legal procedures.

e. Information on held-to-maturity securities (Net):

1. Information on held-to-maturity securities:

As of 30 September 2006, all held to maturity securities are composed of YTL and FC government bonds and treasury bills.

	30 September 2006	31 December 2005
Debt securities	6.648.760	4.086.324
Quoted in a stock exchange	6.506.390	3.943.954
Not quoted	142.370	142.370
Impairment provision (-)	(5.354)	(1.563)
Total	**6.643.406**	**4.084.761**

2. Movement of held-to-maturity securities:

	30 September 2006	31 December 2005
Beginning balance	**4.084.761**	**159.579**
FC differences on monetary assets	150.689	76.812
Purchases during year	2.503.147	2.307.126
Transfers	-	1.584.287
Disposals through sales and redemptions	(91.400)	(41.480)
Impairment provision	(3.791)	(1.563)
Period end balance	**6.643.406**	**4.084.761**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 (i). Information on accounts in which held-to-maturity securities are followed:

Held-to-maturity securities	30 September 2006				31 December 2005			
	Historical Cost		Carrying amount		Historical Cost		Carrying amount	
	YTL	FC	YTL	FC	YTL	FC	YTL	FC
Given as collateral or blocked	567.781	485.672	613.983	495.433	176.787	212.517	187.003	214.102
Subject to repurchase transactions	1.642.611	558.781	1.759.640	562.432	4.845	356.175	4.879	358.827
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending market	-	-	-	-	-	-	-	-
Collaterals on securities lending market	-	-	-	-	-	-	-	-
Other	998.650	2.389.911	1.064.788	2.423.918	1.865.596	1.468.841	1.913.791	1.483.799
Total	**3.209.042**	**3.434.364**	**3.438.411**	**3.481.783**	**2.047.228**	**2.037.533**	**2.105.673**	**2.056.728**

3 (ii). Main properties of held-to-maturity securities given as collateral:

Investment securities given as collateral are composed of YTL and FC government bonds.

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bond, T-bill and similar investment securities	567.781	485.672	176.787	212.517
Other	-	-	-	-
Total	**567.781**	**485.672**	**176.787**	**212.517**

3 (iii). Held-to-maturity securities subject to repo transactions:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Government bonds	1.499.052	558.781	4.845	356.175
Treasury bills	143.559	-	-	-
Other public debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**1.642.611**	**558.781**	**4.845**	**356.175**

3 (iv).Held-to-maturity securities for structural position:

The Bank has no held-to-maturity securities for structural position.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

f. Information on investments (Net):

1. General information on investments:

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	30,00	97,50
2	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	30,67
3	Çukurova Çelik Endüstrisi A.Ş.	Istanbul/ Turkey	12,73	12,99
4	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Turkey	14,80	100,00

Financial statement information in note 2 shows 31 December 2005 values for Çukurova Çelik Endüstrisi A.Ş. and 30 September 2006 values for the other investments.

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	5.712	5.158	119	556	441	1.712	1.612	-
2	1.842.292	146.688	4.478	52.085	3.560	16.877	8.806	-
3	3.023.525	262.783	-	1	-	(43.018)	63.980	-
4	73.732	49.740	65	10.578	-	(49.909)	(150.314)	-

3. Accounting policy on investments: Explained in part "II. Presentation of investments, subsidiaries, and share certificates included in the available-for-sale portfolio in financial statements" in section 3 "C. Explanations on accounting policies".

4. Movement schedule of investments:

	30 September 2006	31 December 2005
Balance at the beginning of the period	**50.628**	**1.458.643**
Movements during the period	**371**	**(1.408.015)**
Purchases	-	-
Free shares obtained	-	208
Dividends from current year income	-	-
Sales (*)	(7.400)	(1.403.321)
Revaluation increase	8.179	8.371
Impairment provision	(408)	(13.273)
Balance at the end of the period	**50.999**	**50.628**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) Discloses the share of the Bank realised due to the capital decrease of the Bank's investment Enternasyonal Turizm A.Ş. for the period.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Valuation of investments:

	30 September 2006	31 December 2005
Valuation with cost	-	-
Valuation with fair value	-	-
Valuation with equity method	50.999	50.628
Total	**50.999**	**50.628**

6. Information on sectors and the related amounts of the investments:

Investments	**30 September 2006**	**31 December 2005**
Banks	44.985	36.352
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance companies	-	-
Other financial investments	1.543	1.996

7. Investments quoted: None.

8. Investments sold in the current period: None. (31 December 2005: Turkcell Holding A.Ş. has been sold.)

9. Investments purchased in the current period: None.

g. Information on subsidiaries (Net):

1. General information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
1	Yapı Kredi Holding BV. (**)	Amsterdam/ Netherlands	100,00	100,00
2	Akdeniz Marmara Turizm ve Tic. A.Ş.	Istanbul/ Turkey	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	99,99	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	99,98	100,00
7	Agro-san Kimya San. ve Tic. A.Ş.	Istanbul/ Turkey	99,17	100,00
8	Yapı Kredi Moscow (*)	Moscow/ Russian Federation	99,84	100,00
9	Bayındırlık İşleri A.Ş.	Istanbul/ Turkey	99,18	100,00
10	Yapı Kredi Bank Deutschland AG (**)	Frankfurt/ Germany	62,92	97,50
11	Yapı Kredi Sigorta A.Ş.	Istanbul/ Turkey	67,24	93,94
12	Yapı Kredi Finansal Kiralama A.O.	Istanbul/ Turkey	77,49	98,41
13	Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	27,26	30,45
14	Yapı Kredi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	11,09	56,07

Financial statement information in note 2 shows 30 April 2006 values for Akdeniz Marmara Turizm ve Tic. A.Ş. and Bayındırlık İşleri A.Ş., 30 June 2006 values for Yapı Kredi – Koray Gayrımenkul Yatırım Ortaklığı A.Ş. and 30 September 2006 values for the other subsidiaries.

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

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

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 portfo	Current Period Profit /Loss	Prior Period Profit /Loss	Fair value
1	54.112	48.341	3.402	82	-	3.496	877	-
2	30.164	27.374	29.440	-	-	(291)	(1.034)	-
3	388	384	-	5	-	1	78	-
4	175.837	125.502	10.036	8.376	4.535	15.259	10.694	-
5	6.571	4.271	123	26	-	335	2.233	-
6	274.548	37.104	190	10.624	-	2.066	2.386	-
7	19.559	(26.724)	13.524	2	-	(1.555)	(3.373)	-
8	162.980	48.220	7.408	8.202	1.760	4.057	3.323	-
9	18.170	17.347	5.534	41	91	(3.748)	(75)	-
10	134.800	54.420	8.751	6.495	2.293	(12.700)	1.865	-
11	509.511	191.499	32.106	15.155	13.793	4.376	(11.487)	492.240
12	434.972	132.056	2.413	31.340	-	19.205	2.817	309.060
13	236,731	94,859	23,787	(918)	-	1,974	5,212	119.440
14	46.253	46.147	15	1.199	1.197	2.068	6.773	28.660

3. Accounting policy on subsidiaries: Explained in part "II. Presentation of investments, subsidiaries, and share certificates included in the available-for-sale portfolio in financial statements" in section three "C. Explanations on accounting policies".

4. Movement schedules of subsidiaries:

	30 September 2006	31 December 2005
Balance at the beginning of the period	**657.608**	**657.158**
Movements during the period	**21.849**	**450**
Purchases	-	-
Transfer from trading portfolio, net	-	80.583
Free shares obtained	697	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	38.799	42.986
Impairment provision	(17.647)	(123.119)
Balance at the end of the period	**679.457**	**657.608**
Capital commitments	**-**	**-**
Share percentage at the end of the period (%)	**-**	**-**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Valuation of the investment made in subsidiaries:

	30 September 2006	31 December 2005
Valuation with cost	-	-
Valuation with fair value	-	-
Valuation with equity method	679.457	657.608
Total	**679.457**	**657.608**

6. Sectoral information on subsidiaries and the related carrying amounts:

Subsidiaries	30 September 2006	31 December 2005
Banks	133.363	128.810
Insurance Companies	128.755	129.317
Factoring Companies	30.502	38.782
Leasing Companies	100.918	87.448
Finance companies	-	-
Other financial investments	240.741	222.079

7. Subsidiaries quoted:

	30 September 2006	31 December 2005
Quoted to domestic stock exchanges	260.650	246.771
Quoted to foreign stock exchanges	-	-

8. Subsidiaries sold in the current period: None.

9. Subsidiaries purchased in the current period: None.

h. Information on other investments: None.

i. Information on financial leasing receivables (Net): None.

j. Information on accrued interest and income rediscounts:

1. Information on accrued interest and income rediscounts on loans:

	30 September 2006		31 December 2005	
Accrued interest and income rediscounts on loans	**YTL**	**FC**	**YTL**	**FC**
Interest accruals	2.143	-	628	-
Interest rediscounts	79.819	87.122	63.662	50.227
Loan commissions and other income accruals	3.797	-	64	-
Loan commissions and other income rediscounts	-	-	-	-
Total	**85.759**	**87.122**	**64.354**	**50.227**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on other interest and income rediscounts:

	30 September 2006		31 December 2005	
Other interest and income rediscounts	**YTL**	**FC**	**YTL**	**FC**
Trading securities	119	24.567	18.261	54.301
Available-for-sale securities	106	-	7.795	2.064
Held-to-maturity securities	229.369	47.419	58.445	19.195
Interest rediscounts of reverse repo transactions	-	-	-	-
Interest rediscounts of reserve deposits	24.014	2.516	14.800	1.513
Income rediscounts of financial derivative instruments	-	5.453	-	756
Interest and income rediscounts	-	-	-	-
Income rediscounts of foreign exchange gains	-	5.453	-	756
Income rediscounts of factoring receivables	-	-	-	-
Other	10.940	1.327	16.986	992
Total	**264.548**	**81.282**	**116.287**	**78.821**

k. Information on deferred tax asset:

As of 30 September 2006, the Bank's net deferred tax asset amounts to YTL175.534 thousand (31 December 2005: YTL368.287 thousand).

Deferred tax assets as of 30 September 2006 has been calculated considering 20% tax rate based on the new Corporate Tax Law numbered 5520 valid through 13 June 2006. Due to the change in the respective law, the Bank reflected a loss of YTL 122.762 thousand on its financials.

Deferred tax is calculated on all deductible temporary differences between tax and BRSA values. Deferred tax assets are compared to the business plans of the bank that shows the redemption within the projected period of time.

l. Information on other assets:

As of 30 September 2006, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information about deposits:

1. Information on maturity structure of the deposits:

1(i). 30 September 2006:

	Demand	With 7 days notification	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over
Saving deposits	727.162	-	1.168.446	4.116.915	241.360	99.689	83.629
Foreign currency deposits	2.181.284	-	1.713.438	2.600.473	648.757	635.458	71.047
Residents in Turkey	1.740.556	-	1.677.446	2.512.420	604.742	290.510	65.127
Residents abroad	440.728	-	35.992	88.053	44.015	344.948	5.920
Public sector deposits	11.441	-	4.696	13.972	32	37	-
Commercial deposits	668.001	-	906.387	349.241	38.673	10.488	35.667
Other institutions deposits	27.069	-	46.559	45.140	336.571	1.440	5.714
Gold vault	1.011	-	-	-	-	-	-
Bank deposits	43.373	-	1.186.596	27.751	13.949	14.000	178
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	6.180	-	1.168.232	4.111	-	14.000	-
Foreign Banks	3.093	-	18.364	23.640	13.949	-	178
Special financial institutions	34.100	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	**3.659.341**	**-**	**5.026.122**	**7.153.492**	**1.279.342**	**761.112**	**196.235**

1(ii). 31 December 2005:

	Demand	With 7 days notification	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over
Saving deposits	641.378	696	1.099.590	2.658.900	591.896	222.044	153.080
Foreign currency deposits	2.312.426	-	1.384.685	2.148.472	729.741	901.594	55.054
Residents in Turkey	2.160.674	-	1.356.653	2.089.944	693.033	358.364	47.598
Residents abroad	151.752	-	28.032	58.528	36.708	543.230	7.456
Public sector deposits	4.759	-	9.481	15.987	18	65	-
Commercial deposits	621.638	-	1.093.631	624.907	32.242	19.584	52.010
Other institutions deposits	93.522	-	115.130	82.038	601.532	280.586	1.387
Gold vault	-	-	-	-	-	-	-
Bank deposits	47.550	-	170.828	55.203	35.285	19.157	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	4.247	-	164.507	23.186	6.696	13.000	-
Foreign Banks	2.031	-	6.321	32.017	28.589	6.157	-
Special financial institutions	41.272	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	**3.721.273**	**696**	**3.873.345**	**5.585.507**	**1.990.714**	**1.443.030**	**261.531**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding the limit of deposit insurance	
Saving Deposits	**30 September 2006**	**31 December 2005**	**30 September 2006**	**31 December 2005**
Savings Deposit	3.774.756	2.959.159	2.662.445	2.408.425
Foreign Currency Savings Deposit	2.256.548	2.072.529	2.817.700	2.375.070
Other deposits in the form of savings deposits	1.002	-	9	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	**6.032.306**	**5.031.688**	**5.480.154**	**4.783.495**

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

	30 September 2006	**31 December 2005**
Saving deposits in foreign branches	-	-
Saving deposits in off-shore banking regions	145.521	145.421
Total	**145.521**	**145.421**

b. Information on funds provided from repurchase agreement transactions:

	30 September 2006		**31 December 2005**	
	YTL	**FC**	**YTL**	**FC**
From domestic transactions	**1.557.372**	**-**	**13.421**	**-**
Financial institutions and organizations	1.521.472	-	-	-
Other institutions and organizations	7.080	-	4.919	-
Real persons	28.820	-	8.502	-
From foreign transactions	**1.855**	**625.894**	**562**	**424.695**
Financial institutions and organizations	-	625.894	-	424.695
Other institutions and organizations	1.827	-	562	-
Real persons	28	-	-	-
Total	**1.559.227**	**625.894**	**13.983**	**424.695**

c. Information on borrowings:

	30 September 2006		**31 December 2005**	
	YTL	**FC**	**YTL**	**FC**
Short-term	64.198	55.612	61.645	212.922
Medium and long-term	-	1.265.715	-	1.615.296
Total	**64.198**	**1.321.327**	**61.645**	**1.828.218**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

d. Information on marketable securities issued: None.

e. Information on funds: None.

f. Information on miscellaneous payables:

	30 September 2006	31 December 2005
Total amount of cash collaterals obtained	45.636	35.368

Cash collaterals obtained are related with loans granted.

g. Information on other liabilities:

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

h. Information on financial leasing agreements:

1. Liabilities incurred due to financial leasing agreements:

	30 September 2006		31 December 2005	
	Gross	Net	Gross	Net
Less than 1 Year	17.061	16.484	15.712	14.880
Between 1-4 Years	36	19	892	861
More than 4 Years	-	-	-	-
Total	**17.097**	**16.503**	**16.604**	**15.741**

i. Information on interest and expense rediscounts:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Interest rediscounts on deposits	107.483	36.700	160.214	42.876
Interest rediscounts on borrowings	1.976	17.381	3.807	5.301
Interest rediscounts on bonds	-	-	-	-
Interest rediscounts on repurchase agreement transactions	2.383	10.779	16	5.859
Interest rediscounts on financial derivative instruments	-	1.776	-	1.074
Interest and expense rediscounts	-	26	-	136
Foreign exchange losses rediscounts	-	1.750	-	938
Financial leasing expense rediscounts	-	-	-	-
Rediscounts on factoring payables	-	-	-	-
Other interest and expense rediscounts	59.927	3.859	45.433	3.323
Total	**171.769**	**70.495**	**209.470**	**58.433**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

j. Information on general provisions and subordinated loans:

1. Information on general provisions:

	30 September 2006	31 December 2005
General Provisions		
Provisions for Group I loans and receivables	347.769	249.557
Provisions for Group II loans and receivables	61.403	43.596
Provisions for non cash loans	90.364	83.331
Others	-	-
Total	**499.536**	**376.484**

2. Information on provisions for foreign exchange differences from foreign currency indexed loans:

   As of 30 September 2006, the Bank has YTL2.179 thousand of foreign exchange difference provision for foreign currency indexed loans (31 December 2005: YTL1.973 thousand).

3. Information on other provisions:

   3(i). Information on provisions for possible risks recognized in these financial statements:

   As of 30 September 2006, the Bank reflected the provisions about following issues to its financial statements;

   - YTL10.873 thousand (31 December 2005: YTL16.161 thousand) in relation to a number of legal proceedings outstanding against the Bank based on prudence to settle these legal disputes in which the Bank is involved,
   - YTL71.501 thousand (31 December 2005: YTL73.506 thousand) in relation to the ongoing tax investigations,
   - YTL26.908 thousand (31 December 2005: YTL29.574 thousand) in relation to estimated losses that may arise from export loans to customer under legal follow-up that do not have the ability to fulfill their export commitments.

   3(ii). Other provisions consist of "World point" provision amounting to YTL42.360 thousand (31 December 2005: YTL42.488 thousand), vacation liability provision amounting to YTL33.520 thousand (31 December 2005: YTL15.716 thousand), provision for lost and stolen credit cards amounting to YTL5.178 thousand (31 December 2005: YTL2.481 thousand), provision for technical deficit calculated according to 10% technical interest related to Fund amounting to YTL446.947 thousand (31 December 2005: YTL330.741 thousand) and provision for non cash loans which have not been turned into cash amounting to YTL29.420 thousand (31 December 2005: YTL30.787 thousand).

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Information on subordinated loans:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	-	-	-
From other foreign institutions	-	924.835	-	-
Total	**-**	**924.835**	**-**	**-**

At 31 March 2006, the Bank obtained a subordinated loan amounting to EUR500 million, with ten years maturity and repayment option at the end of five years. The interest rate is determined as EURIBOR+2% for the first five years. The loan has been obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. With the letter of BRSA dated 3 April 2006, the loan has been approved as a subordinated loan and, within the limits of regulations, can be taken into consideration as supplementary capital.

k. Information on shareholders' equity:

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

	30 September 2006	31 December 2005
Common stock	1.896.663	752.345
Preferred stock	-	-

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

   The Bank does not apply registered share capital system.

3. Information on share capital increases and their sources; other information on increased capital shares in current period: The Bank added the income on sale of investment that was booked under revaluation fund amounting to YTL1.144.318 to capital with the decision of General Assembly dated 31 March 2006.

4. Information on share capital increases from revaluation funds during the current period: The Bank added the income on sale of investment that was booked under revaluation fund amounting to YTL1.144.318 to capital with the decision of General Assembly dated 31 March 2006.

5. Information on capital commitments, the general purpose and the estimated sources needed for these commitments until the end of the fiscal year and the subsequent interim period: None.

6. Summary information on privileges given to shares representing the capital: None

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

l. Common stock issue premiums, shares and equity instruments:

	30 September 2006	31 December 2005
Number of shares (thousand)	1.896.662.493	752.344.693
Preferred stock	-	-
Common stock issue premium	10.781	10.781
Common stock canceling profit	-	-
Other equity instruments	-	-

m. Information on shareholders having more than 10% share percentage and/or voting rights:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid Shares(Nominal)	Unpaid Portion
Koçbank A.Ş.	1.276.648.103	%67,31	1.276.648.103	-

III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income received from associates and subsidiaries:

	30 September 2006	30 September 2005
Interest received from associates and subsidiaries	1.005	11.005

2. Information on financial leasing income: None.

3. Interest received from reverse repurchase agreement transactions: None.

b. Information on interest expenses:

1. Information on interest expense given to associates and subsidiaries:

	30 September 2006	30 September 2005
Interest paid to associates and subsidiaries	3.234	2.059

2. Information on financial leasing expense:

	30 September 2006	30 September 2005
Financial leasing expenses	1.346	1.151

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Maturity structure of the interest expense on deposits:

Account name	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
YTL							
Bank deposits	21.750	19.018	445	224	224	3	41.664
Saving deposits	750	164.679	435.852	48.234	17.527	3.893	670.935
Public sector deposits	-	1.136	1.372	3	7	-	2.518
Commercial deposits	37	172.991	56.010	1.895	853	86	231.872
Other institutions deposits	27	13.094	44.281	28.189	784	68	86.443
Deposits with 7 days notification	-	18	-	-	-	-	18
Total	**22.564**	**370.936**	**537.960**	**78.545**	**19.395**	**4.050**	**1.033.450**
FC							
Foreign currency deposits	50.631	34.753	54.839	16.769	7.864	1.400	166.256
Bank Deposits	763	-	-	-	-	-	763
Deposits with 7 days notification	-	-	-	-	-	-	-
Gold vault	-	-	-	-	-	-	-
Total	**51.394**	**34.753**	**54.839**	**16.769**	**7.864**	**1.400**	**167.019**
Grand Total	**73.958**	**405.689**	**592.799**	**95.314**	**27.259**	**5.450**	**1.200.469**

4. Interest given to repurchase agreement transactions:

	30 September 2006		30 September 2005	
	YTL	FC	YTL	FC
Interest given to repurchase agreement transactions	72.169	33.521	197.768	22.895

Interest given to repurchase agreement transactions is included in the "Interest expense on money market transactions" account in the income statement.

c. Information on other operating income:

There is no income arising from extraordinary items included in other operating income.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	30 September 2006	30 September 2005
Specific provisions for loans and other receivables	97.829	297.588
Group III. Loans and receivables	8.301	19.350
Group IV. Loans and receivables	10.696	69.009
Group V. loans and receivables	78.832	209.229
General loan provision expenses	123.052	265.442
Provision expenses for possible risks	-	119.067
Foreign exchange losses from foreign currency indexed loans	-	980
Marketable securities impairment expense	3.394	461.351
Trading securities	176	682
Available-for-sale securities	3.218	460.669
Value decrease expense	21.846	50.840
Investments	408	8.647
Subsidiaries	17.647	42.193
Joint ventures	-	-
Held to maturity securities	3.791	-
Other (*)	301	23.943
Total	**246.422**	**1.219.211**

(*) Other line consists of provision for non-cash loans which have not been turned into cash.

e. The profit and loss from subsidiaries and investments:

1. The profit and loss from subsidiaries and associates (*)

	30 September 2006	30 September 2005
Income and loss from subsidiaries (+/-)	38.714	1.381
Income and loss from associates (+/-)	1.835	782
Total	**40.549**	**2.163**

(*) Discloses the dividend income received from associates and subsidiaries

2. The Bank's share in profit or loss from associates that is accounted for using the equity method of accounting: Investments, associates and subsidiaries are valued accordingly with equity method and the value decrease amounting to YTL2.921 thousand resulting from this valuation are disclosed in the "marketable securities value increase fund" under shareholders' equity, the value increase amounting to YTL3.657 thousand are disclosed in the "collections from prior periods' expenses related with investments and subsidiaries" account.

3. The information on income and expense related with transactions made with real or legal persons within the same risk group of the Bank:

   Related information is disclosed in the same section of part "VI. Explanations and notes related to the Bank's risk group".

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

f. Information on tax provision:

1. Effective from 1 January 2004, the use of inflation accounting principles in the calculation of the corporate tax base is stipulated by Law 5024 published on 30 December 2003 in the Official Gazette No. 25332. In accordance with the law, if the cumulative price increase in the Wholesale Price Index (WPI) is higher than 100% for the last 36 months and higher than 10% for the last 12 months, inflation accounting principles must be taken into consideration in the calculation of tax base. Therefore, the conditions for the application of inflation accounting have been realised for 2004 and for 31 December 2004, the inflation accounting principles have been taken into consideration in the calculation of the tax provision.

   Effective from 1 January 2005, the use of inflation accounting principles in the calculation of the corporate tax base has ended by realizing both conditions stated in Law 5024 as stated in the Tax Legislation Law circular No.18 published on 19 April 2005.

2. Information on calculated current tax income/expense and deferred tax income/expense :

   As of 30 September 2006, the Bank has current tax expense amounting to YTL22.420 thousand and deferred tax expense amounting to YTL196.340 thousand. YTL122.762 thousand of the deferred tax is due to the decrease of the corporate tax rate from 30% to 20% based on the new Corporate Tax Law.

3. Information on deferred tax income/expense due to the occurrence of temporary differences or to be covered of temporary differences:

   The deferred tax expense due to temporary differences is YTL196.340 thousand.

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

The nature, dimension and the repetition rate of the profit and loss accounts of the Bank from the regular banking operations are not necessary to understand and evaluate the performance of the Bank in the current period.

h. Information on any change in the accounting estimates concerning the current period or consequent periods:

None.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

a. Information on contingent liabilities:

1. Contingent liabilities related to joint ventures:

   The Bank has no contingent liabilities related to joint ventures.

2. Information on the accounting of contingent assets and liabilities:

   For the contingent assets; the asset is recorded in the financial statements if the probability of occurrence for the condition is near certain; the asset is explained in the notes if the probability of occurrence is high. For the contingent liabilities; if the probability of occurrence for the contingent liability is high and can be reliably measured, a provision is calculated and reflected in the financial statements. If the probability cannot be reliably measured, the commitment is explained in the notes. If the management does not expect any material loss as a result of these transactions or if the expected loss is very small, it is also explained in the notes.

   In this respect, several outstanding legal cases against the Bank have been considered as contingent liability and YTL10.873 thousand provision against these legal cases has been reflected to financial statements as of 30 September 2006.

b. Explanation 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 amount to YTL8.493.753 thousand (31 December 2005: YTL7.752.665 thousand), commitments for cheque books amount to YTL952.297 thousand (31 December 2005: YTL903.218 thousand) and asset purchase commitments amount to YTL177.830 thousand (31 December 2005: YTL193.748 thousand).

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

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

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

	30 September 2006	**31 December 2005**
Bank acceptance loans	160.837	164.109
Letter of credits	1.346.040	1.178.128
Other guarantees	472.860	244.833
Total	**1.979.737**	**1.587.070**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	30 September 2005	31 December 2005
Temporary letter of guarantees	448.511	556.895
Definite letter of guarantees	4.917.377	4.751.233
Advance letter of guarantees	1.115.388	894.252
Letter of guarantees given to customs	813.507	719.302
Other letter of guarantees	893.828	948.210
Total	**8.188.611**	**7.869.892**

c. Total amount of non-cash loans:

1. Total amount of non-cash loans:

	30 September 2006	31 December 2005
Non-cash loans given against cash loans	700.774	950.710
With original maturity of 1 year or less than 1 year	70.862	101.896
With original maturity of more than 1 year	629.912	848.814
Other non-cash loans	9.467.574	8.506.252
Total	**10.168.348**	**9.456.962**

2. Pledge, mortgage and other restrictions, if any, on property and equipment; commitments for the purchase of property and equipment:

There are no pledges, mortgages and other precautions or no purchase commitments except from the fixed assets mentioned in the "Non-core Fixed Assets Option Agreement" which is signed between the Bank and Çukurova Holding. KFS has declared to the Bank that it has agreed and committed to irrevocably pay any difference in favour of Çukurova Group resulting from the transactions subject to this agreement during the life of the Option Agreement. There are no commitments for the purchase of property and equipment.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

d. Brief information on ratings carried out by international rating firms:

FITCH RATINGS
October 2006 Ratings

	Rating	Outlook
Foreign Currency Commitments		
Long-Term	BB	Positive
Short-Term	B	
YTL Commitments		
Long-Term	BB+	Positive
Short-Term	B	
National		
Long-Term	AA (tur)	Stable
Individual Rating	D	
Support Rating	3	

MOODY'S
October 2006 Ratings

	Rating	Outlook
Financial Strength Rating	D-	Positive
Short-Term Foreign Currency Deposit Rating	NP	Stable
Long -Term Foreign Currency Deposit Rating	B1	Stable
Long-Term Domestic Currency Deposit Rating	A3	Stable
Short-Term Domestic Currency Deposit Rating	Prime-2	Stable

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES RELATED TO STATEMENTS OF CASH FLOW:

a. Explanations 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 Central Bank of Turkey are defined as "Cash"; interbank money market and time deposits in banks with original maturities less than three months are defined as "Cash Equivalents".

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

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

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

	30 September 2006	30 September 2005
Cash	**537.364**	**430.590**
Cash and foreign currency	256.465	173.606
Demand deposits in banks	280.899	256.984
Cash equivalents	**2.412.141**	**627.274**
Interbank money market	640.000	-
Time deposits in banks	1.772.141	627.274
Total cash and cash equivalents	**2.949.505**	**1.057.864**

Total amount reached from the operations occurred in prior period gives the total cash and cash equivalents amount at the beginning of current period.

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

	30 September 2006	30 September 2005
Cash	**542.119**	**463.189**
Cash and foreign currency	217.967	191.310
Demand deposits in banks	324.152	271.879
Cash equivalents	**1.561.319**	**1.612.757**
Interbank money market	-	-
Time deposits in banks	1.561.319	1.612.757
Total cash and cash equivalents	**2.103.438**	**2.075.946**

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. 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:

Following the acquisition of the Bank by Koçbank on 28 September 2005 the risk group of the Bank was changed to be Koç and UniCredito Italiano group and related group of companies.

1. 30 September 2006:

	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Bank's risk group (*)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	173.273	132.626	132	-	208.990	358.908
Balance at the end of the period	5.213	78.150	410	-	177.266	170.952
Interest and commission income received	**308**	**376**	**10**	**-**	**10.596**	**310**

(*) Defined in the 2nd Article of subsection 20 of the "Regulation on the Establishment and Operations of Banks".

2. 31 December 2005:

	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Bank's risk group (*)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	362.732	1.017.502	440.618	32.643	2.279.727	14.603
Balance at the end of the period	173.273	132.626	132	-	208.990	358.908
Interest and commission income received (**)	**10.539**	**1.867**	**-**	**-**	**97**	**-**

(*) Defined in the 2nd Article of subsection 20 of the "Regulation on the Establishment and Operations of Banks".

(**) The amounts show the 30 September 2005 values.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposits	**30 September 2006**	**31 December 2005**	**30 September 2006**	**31 December 2005**	**30 September 2006**	**31 December 2005**
Balance at the beginning of the period	180.120	204.292	-	144	107.017	94.056
Balance at the end of the period	142.259	180.120	751.667	-	109.992	107.017
Interest expense on deposits (**)	**3.094**	**2.059**	**6.396**	**1**	**13**	**14**

(*) Defined in the 2nd Article of subsection 20 of the "Regulation on the Establishment and Operations of Banks.

(**) 31 December 2005 column shows the 30 September 2005 values.

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

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 September 2006	**31 December 2005**	**30 September 2006**	**31 December 2005**	**30 September 2006**	**31 December 2005**
Transactions for trading purposes (**)						
Beginning of the period(****)	10.641	1.916	-	-	-	-
End of the period(****)	56.754	10.641	-	-		-
Total income/loss (***)	**1.243**	**(4.198)**	**(6.523)**	-	**80**	-
Transactions for hedging purposes	-	-	-	-	-	-
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

(*) Defined in the 2nd Article of subsection 20 of the "Regulation on the Establishment and Operations of Banks.

(**) The Bank's derivative instruments are classified as "Trading" according to the Accounting Application Regulation ("AAR 1").

(***) 31 December 2005 column shows the 30 September 2005 values.

(****) Beginning and end of the periods are disclosed as the total of purchase and sell agreements.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	182.889	14.450.664	1,3
Interest income received	10.914	1.764.277	0,6
Non-cash loans	249.102	10.168.348	2,4
Commission income received	686	66.082	1,0
Deposits	1.003.918	18.075.644	5,6
Interest expense on deposits	9.643	1.200.469	0,8
Transactions for Trading Purposes	56.754	952.251	6,0
Interest and commissions paid for trading activities	5.200	37.811	13,8

3. Transactions accounted in accordance with the equity method:

   None.

4. Information on purchase/sale of property plant and equipment and other assets, purchase/sale of services, contracts with agents, financial lease agreements, transfer of data obtained through research and development activities, license agreements, financial (loans, cash or in kind capital aid included), commitments and contingencies and management agreements:

   The agreements listed below were signed between the Bank and the Çukurova Holding as of 28 September 2005;

   a) According to "Yapı Kredi Plaza Agreement in relation to the sale of immovable in Yapı Kredi Plaza A Block 15, 16, 17 and 18th floors and Yapı Kredi Plaza E Block", the parties agreed on the selling of Bank's various immovable in Yapı Kredi Plaza (A Block Floors 15, 16, 17 and 18 and the whole E Block) located in İstanbul, Levent to Çukurova Group. Accordingly, the transfer operation in relation to those immovable commenced and the transfer price amounting to USD13.995.820 was collected by the Bank.

   b) According to Superonline Modification Agreement, the parties agreed on extending present agreements between the Bank and Superonline for five additional years on an arms-length basis.

   c) According to "Advertising Publication Agreement", the parties agreed that the Bank and its subsidiaries will spend up to EUR15 million per year for a five-year period after the share transfer on giving advertisements via media companies of Çukurova Group and half of this amount will be used in the payment of Çukurova Group Loan.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. EXPLANATIONS AND NOTES RELATED TO INFLATION ACCOUNTING:

BRSA announced with the 1623 numbered and 21 April 2005 dated circular the decision on termination of the application of inflationary accounting in the banking sector on 28 April 2005. This circular states that the application is no longer applicable starting from 1 January 2005 as the necessary criteria that should be met for the application of inflationary accounting as well as the inflation rate no longer exist. According to AAR 14, period end restated amounts constitute next period's commencing amounts. As a result, inflationary accounting was applied to the Bank's financial statements till 31 December 2004 and the application ended on 1 January 2005.

Explanations on AAR 14 regarding the inflationary accounting application that were applicable till 31 December 2004 are as follows:

a. Monetary assets and liabilities, which are carried at amounts current at the balance sheet date, are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date. Non-monetary assets and liabilities which are valued at current value; i.e. foreign currency denominated asset and liability accounts and whose yields or capitals are indexed to inflation or foreign currency are not restated in accordance with the related regulation and accounted like monetary items in calculation of monetary gain and loss.

   Non-monetary assets and liabilities, which are not carried at amounts current at the balance sheet date and components of shareholders' equity, are restated by applying the relevant conversion factors. In the restatement, these items are restated on the basis of their initial recognition date in the balance sheet.

   - Assets are restated on the basis of their acquisition dates. During the restatement of assets which are subject to depreciation, the effects of revaluation on these assets and respective accumulated depreciation, which has been applied in accordance with the related regulation, are eliminated.

   - In the restatement of the shareholders' equity, transfers from revaluation value increase fund and other similar funds to share capital are eliminated since they were not recognised as capital injection from shareholders. Transfers of amounts which do not occur as a result of revaluation such as reserves, retained earnings, share premiums and investment and immovable fixed asset sale income are deemed to be cash contributions and are restated. As a result of the restatement, the increase amount on the share capital with respect to the historic amount of paid-in capital is disclosed as "Capital reserves due to the inflation adjustment of paid-in capital" under equity in the financial statements.

   - All items in the statement of income are restated by applying the monthly conversion factors. Same conversion factor is used for all transactions occurred in the same month as the published indices include monthly changes.

   - The effects of inflation on the Bank's net monetary position are included in the income statement as "Income/ (Loss) on net monetary position".

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Subsidiaries, associates and share certificates included in the available-for-sale portfolio that are denominated in Turkish Lira are adjusted according to inflation by regarding the deduction of the increases in the value of these investments due to the increases in their capitals from revaluation and other funds as well as the financial expenses which includes the foreign exchange differences.

- Foreign currency denominated investments, subsidiaries, associates and share certificates included in the available-for-sale portfolio are valued in foreign currency acquisition costs are restated in terms of the exchange rates at the balance sheet date.

- If the inflation adjusted value is higher than the net realisable value, value of the related subsidiary, associate or share certificate included in the available-for-sale portfolio is reduced to the net realizable or the fair value depending on the criteria like the permanency and the amount of the impairment.

b. In the restatement of assets subject to depreciation, revaluation values calculated in accordance with the related regulation are eliminated. Depreciation is calculated over the restated amounts of property and equipment using the straight-line method to write off the restated cost of each asset to its residual value over its estimated useful life. Information of the useful lives of the assets is disclosed in the related notes.

c. Registered value of reserves and registered value of paid-in capital under the Turkish Commercial Code and the Articles of Association of the Bank are as follows:

	31 December 2005
Paid-in Capital	752.345
Legal Reserves	-
General Reserves and Retained Earnings	-

d. Financial Statements as of 31 December 2005 were audited by Başaran Nas SMMM A.Ş., (a member of PricewaterhouseCoopers).

e. Income and expenses accrued for the period and income, expenses made during the period; a statement to confirm the existence of objective measures that income and expenses are not seasonal and evenly distributed:

Income and expenses accrued during the period and income and expenses made during the period are not seasonal and evenly distributed. For the restatement of income statement items, "average yearly indices" can be used. However, the Bank uses monthly indices to restate all income and expense items excluding tax provision for the purpose of a more precise calculation.

E. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

1. Subsequent events and non-finalised-transactions and their effect on the financial statements:

The approval of the BRSA in regards to the merger of the two banks through the transfer of Koçbank with all its rights, receivables, liabilities and obligations to the Bank and the consequential dissolution of Koçbank without liquidation; and the transfer of all its rights, receivables, liabilities and obligations to the Bank in accordance with the provisions of Article 19 of Banking Law and all other relevant legislation, was published in the Official Gazette dated 1 October 2006. The new capital of the Bank was registered with the Istanbul Commercial Registrar on 2 October 2006. The Bank'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 Koçbank starting from 10 October 2006. The shareholders of Koçbank have the right to purchase 1Ykr nominal valued 0,5313538 units of shares in exchange for each 1Ykr nominal valued Koçbank share. As Koçbank has been terminated and not liquidated following the transfer, it is deregistered from the commercial register on 2 October 2006.

2. Information about the effect of the subsequent changes in the exchange rates, which are significant to effect the evaluations and the decisions of the users of financial tables, on foreign currency items and transactions, financial statements and the foreign operations of the Bank:

None.

SECTION SIX
F. OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS :

1) 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 57,4% of the shares of the Bank on 28 September 2005. Accordingly, the shares of the Bank were transferred to Koçbank and total control share of Koçbank in the Bank is calculated as 58,2% considering the indirect investment of 0,8%.

   Accordingly, the General Assembly of the Bank held on 28 September 2005 and the new members of the Board of Directors of the Bank, who started to work by swearing at the same date. In the first meeting of Board of Directors held on the same date, Turkcell Option Agreement, Pledge Agreement and Çukurova Group Loans-FRA Modification Agreement (section 5, part I, article d.2.), Option Agreement in Relation to Non-Core Assets (section 5, part IV, article c.2.), Purchase-Sale Agreement for Fintur, Superonline and Digitürk (section 5, part I, article c.1.a.), A-Tel Option Agreement (section 5, part I, article c.1.),Yapı Kredi Plaza Agreement in relation to the sale of immovable in Yapı Kredi Plaza A Block 15, 16, 17 and 18th floors and Yapı Kredi Plaza E Block, (section5,part VI, article b.4.a.), Superonline Modification Agreement (section 5, part VI, article b.4.b.), Advertising Publication Agreement (section 5, part VI, article b.4.c.) are agreed to sign. The details of the agreements and the adjustments to related assets are explained in details by giving references in corresponding paragraphs. In addition, sales transactions of Turkcell and Turkcell Holding in accordance with Turkcell Option agreement, Fintur and Digitürk in accordance with Fintur, Superonline and Digitürk Purchase-Sale agreement and A-Tel in accordance with A-tel Option agreement are finalised as of the date of these financial statements.

2) On 4 April 2005 the auditors of the Central Bank of the Republic of Turkey ("CBRT") sent an audit report dated 31 March 2005 to the Bank. The report includes critiques on the calculation methods of reserve requirements and liquidity obligations for various liability items. On the other hand, on 16 November 2005, the "Communiqué regarding the reserve requirements" numbered 2005/1 was issued in the Official Gazette numbered 25995. According to this Communiqué, if CBRT auditors conclude that the reserve requirements were understated for a specific time, twofold and threefold of the understated TL and foreign currency denominated amount, respectively, can be placed in the CBRT as interest free demand deposits for this specific time period. Otherwise, penalty interest will be charged regarding the understated amounts. The Bank management plans to use the option of placing interest free deposits in the CBRT, if any liability occurs against the Bank as a result of this process.

3) On 21 September 2006 at the Bank's Extraordinary General Assembly Meeting, the legal proceedings against the responsible individuals and affiliates regarding the interest income losses arising from the interest free advances extended by the Bank were cancelled. This decision was made taking into consideration that, as of the transaction dates, the aforesaid defendant companies were directly or indirectly affiliates of the Bank at a ratio approximating 100%; and considering that the loss incurred by the Bank in relation to the actions taken for the advances resulting from the revenues that would have been gained if the advances in question had of been made available as credits will not be incurred. Moreover, for the execution of the required process, the General Assembly decided to award responsibility to the Board of Directors of the Bank.

E. OTHER EXPLANATIONS AND NOTES (Continued)

II. EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH

The effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 and Provisional Article 1 of Banking Law No. 5411, accounting principles generally accepted in countries in which these financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these financial statements. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in the financial position in accordance with the accounting principles generally accepted in such countries and IFRS.

SECTION SEVEN
G. EXPLANATIONS ON REVIEW REPORT

I. EXPLANATION ON REVIEW REPORT

The unconsolidated financial statements as at and for the period ended 30 September 2006 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). In the review report dated 14 November 2006, it is stated that nothing come to attention that causes to believe that the accompanying financial statements do not give a true and fair review of the financial position and cash flows of the Bank at 30 September 2006 and the results of operations for the period then ended in accordance with accounting principles and standards set out by the regulations in conformity with Article 37 and Provisional Article 1 of Banking Law No. 5411.

II. EXPLANATION AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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