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

KOÇBANK 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

KOÇBANK A.Ş.

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

To the Board of Directors of
Koçbank A.Ş.

1. We have reviewed the accompanying unconsolidated balance sheet of Koçbank 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 Koçbank 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 "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 the Bank with all its rights, receivables, liabilities and obligations to Yapı ve Kredi Bankası A.Ş. and the consequential dissolution of the Bank without liquidation; and the transfer of all its rights, receivables, liabilities and obligations to Yapı ve Kredi Bankası A.Ş. 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 “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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL REPORT OF KOÇBANK A.Ş. ORIGINALLY ISSUED IN TURKISH AT 30 SEPTEMBER 2006

The Address of Bank Headquarters:
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The interim financial report includes the following sections in accordance with "Communiqué 17 on the Financial Statements and Related Explanation and Footnotes that will be made Publicly Available" as sanctioned by the Banking Regulation and Supervision Agency:

- **SECTION ONE** - GENERAL INFORMATION
- **SECTION TWO** - UNCONSOLIDATED FINANCIAL STATEMENTS
- **SECTION THREE** - EXPLANATIONS ON ACCOUNTING POLICIES
- **SECTION FOUR** - INFORMATION RELATED TO FINANCIAL POSITION
- **SECTION FIVE** - INFORMATION AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **SECTION SIX** - OTHER EXPLANATIONS AND FOOTNOTES
- **SECTION SEVEN** - EXPLANATIONS ON REVIEW REPORT

The accompanying reviewed unconsolidated financial statements and notes to these financial statements are expressed, unless otherwise stated, in thousand 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	Andrea Moneta	Kemal Kaya	Osman Günaydın	Duygu Dönmez
President of Board of Directors	Vice Chairman of Board of Directors in charge of Internal Audit and Risk Management	General Manager	Accounting Manager	Financial Reporting and Consolidation Manager

Information about the responsible personnel whom questions may be asked:

H. Yeşim BİNAY / External Reporting and Trial Balance Control Administrator
Tel No: (0212) 339 70 49
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CONVENIENCE TRANSLATION INTO ENGLISH OF PUBLICLY AVAILABLE UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE IN SECTION SIX/ II
KOÇBANK A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2006

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SECTION ONE
GENERAL INFORMATION

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

Koçbank A.Ş. (''Koçbank'' or ''the Bank''), was established on 23 December 1985 on issue of the letter of the Council of Ministers dated 5 December 1985, No.85/10112, and started its operations on 28 January 1986.

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 BANK BELONGS TO :

The Bank's main shareholder is Koç Finansal Hizmetler A.Ş. Koç Financial Services A.Ş. ("KFS") was incorporated on 16 March 2001 for the purpose of combining the financial sector companies of the Koç Group and in 2002 became the main shareholder of the Bank, as well as its subsidiaries, namely, Koç Finansal Kiralama A.Ş., Koç Faktoring Hizmetleri A.Ş., Koç Yatırım Menkul Değerler A.Ş., Koç Portföy Yönetimi A.Ş., Koçbank Nederland N.V., and Koçbank Azerbaijan Ltd. On 22 October 2002, Koç Group entered into a joint strategic partnership with UniCredit SpA ("UCI") in KFS. As a result, UCI and Koç Group has the direct joint control of the Bank.

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 Members of Board of Directors, Members of Audit Committee, General Manager and Executive Vice Presidents are as follows:

Title	Name	Duty
Chairman of Board of Directors:	Dr. Rüşdü SARAÇOĞLU	Chairman
Board of Directors:	Andrea MONETA	Vice chairman
	Federico GHIZZONI	Member
	Henning GIESECKE	Member
	Ranieri De MARCHIS	Member
	Marco IANNACCONE	Member
	Füsun Akkal BOZOK	Member
	Ahmet Fadıl ASHABOĞLU	Member
	Halil Sedat ERGÜR	Member
Member of Board of Directors And General Manager:	Seyit Kemal KAYA	Member and General Manager
Executive Vice Presidents:	Hüseyin Avni HEDİLİ	Head of Board of Internal Auditors
	Mahomed Hishem LAROUSSI	Information Technology
	Mert YAZICIOĞLU	Treasury
	Mahmut Tevfik ÇELİKEL	Central Purchasing and Insurance
	Didem GORDON	Private Banking and Wealth Management
	Mehmet Gani SÖNMEZ	Retail Banking
	Hamit AYDOĞAN	Corporate and Commercial Banking
	Süleyman Cihangir KAVUNCU	Human Resources
	Tülay GÜNGEN	Corporate Identity and Communication
	Erhan ÖZÇELİK	International Operations
	Zeynep Nazan SOMER	Credit Cards and Consumer Lendings
	Mert GÜVENEN	Commercial Sales
	Marco ARNOBOLDİ	Risk Management
	Mehmet Güray ALPKAYA	Credit Management
	Carlo VİVALDİ	Financial Planning and Control
	Alpar ERGÜN	Legal
	Muzaffer ÖZTÜRK	Retail Sales
	Ali Bahadır MİNİBAŞ	General Services
	Ahmet İLERİGELEN	Large Corporate Sales
	Luca RUBAGA	Organisation
	Kemal SEMERCİLER	Compliance Officer
	Hüseyin İMECE	Investor Relations, Capital Activities and Financial Institutions
Statutory Auditors:	Mehmet Erkan ÖZDEMİR	Auditor
	Adil G. ÖZTOPRAK	Auditor

The board of directors president and vice presidents mentioned above have no significant shares in the Bank.

GENERAL INFORMATION (Continued)

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

The Bank's core business activities include retail banking, corporate banking, foreign exchange, money market and securities transactions (Treasury transactions) and international banking. As at 30 September 2006, the Bank has 179 branches (31 December 2005: 173) operating in Turkey, 1 branch operating abroad and 3.783 employees (31 December 2005: 3.590).

V. EXPLANATIONS AND NOTES ON INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS:

a. Accounting policies and methods used in year end unconsolidated financial statements are applied in interim unconsolidated financial statements without any change. These accounting policies are explained in detail in section three.

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

c. There are no fundamental errors or significant temporary transactions 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 materiality principle.

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

g. No dividend payment took place within the period.

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

i. Major transactions which will affect the structure of the bank by acquisition or disposal, restructuring and abolishment of partnerships:

Koçbank purchased 9,09% of Yapı ve Kredi Bankası A.Ş ("YKB") shares traded in Istanbul Stock Exchange ("ISE") and 0,79% of the shares under a foreign mutual fund in YKB's available for sale portfolio during April and as a result, ownership of the Bank increases to 67,31%.

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

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I. BALANCE SHEET

	ASSETS	Note (Section Five)	30 September 2006 YTL	30 September 2006 FC	30 September 2006 Total	31 December 2005 YTL	31 December 2005 FC	31 December 2005 Total
I.	**CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY**	**I-a**	**35.842**	**314.379**	**350.221**	**41.726**	**278.019**	**319.745**
1.1.	Cash		35.748	-	35.748	41.630	-	41.630
1.2.	Foreign currency		-	52.292	52.292	-	106.031	106.031
1.3.	Balances with the Central Bank of Turkey		94	260.587	260.681	96	170.910	171.006
1.4.	Other		-	1.500	1.500	-	1.078	1.078
II.	**TRADING SECURITIES (Net)**	**I-b**	**2.704**	**46.563**	**49.267**	**8.906**	**39.955**	**48.861**
2.1.	Public sector debt securities		2.704	46.563	49.267	8.906	39.955	48.861
2.1.1.	Government bonds		2.452	46.563	49.015	7.557	39.955	47.512
2.1.2.	Treasury bills		252	-	252	1.349	-	1.349
2.1.3.	Other		-	-	-	-	-	-
2.2.	Share certificates		-	-	-	-	-	-
2.3.	Other marketable securities		-	-	-	-	-	-
III.	**BANKS AND OTHER FINANCIAL INSTITUTIONS**		**797.589**	**703.932**	**1.501.521**	**143.451**	**311.761**	**455.212**
3.1.	Due from banks		797.589	703.932	1.501.521	143.451	311.761	455.212
3.1.1.	Domestic banks		792.660	765	793.425	112.880	8.816	121.696
3.1.2.	Foreign banks		4.929	703.167	708.096	30.571	302.945	333.516
3.1.3.	Branches and offices abroad		-	-	-	-	-	-
3.2.	Other financial institutions		-	-	-	-	-	-
IV.	**MONEY MARKETS**		**-**	**-**	**-**	**-**	**-**	**-**
4.1.	Interbank money market placements		-	-	-	-	-	-
4.2.	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3.	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	**AVAILABLE-FOR-SALE SECURITIES (Net)**	**I-c**	**65.239**	**137.860**	**203.099**	**56.248**	**47.760**	**104.008**
5.1.	Share certificates		2.361	144	2.505	2.361	147	2.508
5.2.	Other marketable securities		62.878	137.716	200.594	53.887	47.613	101.500
VI.	**LOANS**	**I-d**	**4.616.994**	**3.385.488**	**8.002.482**	**4.669.673**	**2.510.573**	**7.180.246**
6.1.	Short-term		2.792.772	1.684.917	4.477.689	3.228.762	1.385.171	4.613.933
6.2.	Medium- and long-term		1.714.914	1.700.571	3.415.485	1.367.622	1.125.402	2.493.024
6.3.	Loans under follow-up		438.922	-	438.922	408.998	-	408.998
6.4.	Specific provisions (-)		(329.614)	-	(329.614)	(335.709)	-	(335.709)
VII.	**FACTORING RECEIVABLES**		**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**HELD-TO- MATURITY SECURITIES**	**I-e**	**2.174.537**	**2.750.607**	**4.925.144**	**1.508.963**	**2.112.451**	**3.621.414**
8.1.	Public sector debt securities		2.174.537	2.750.607	4.925.144	1.508.963	2.112.451	3.621.414
8.1.1.	Government bonds		2.174.537	2.750.607	4.925.144	1.508.963	2.112.451	3.621.414
8.1.2.	Treasury bills		-	-	-	-	-	-
8.1.3.	Other		-	-	-	-	-	-
8.2.	Other marketable securities		-	-	-	-	-	-
IX.	**INVESTMENTS AND ASSOCIATES (Net)**	**I-f**	**7**	**-**	**7**	**297**	**-**	**297**
9.1.	Financial investments and associates		-	-	-	-	-	-
9.2.	Non-financial investments and associates		7	-	7	297	-	297
X.	**SUBSIDIARIES (Net)**	**I-g**	**3.235.291**	**-**	**3.235.291**	**1.966.087**	**-**	**1.966.087**
10.1.	Financial subsidiaries		3.235.291	-	3.235.291	1.966.087	-	1.966.087
10.2.	Non-financial subsidiaries		-	-	-	-	-	-
XI.	**OTHER INVESTMENTS (Net)**	**I-h**	**-**	**-**	**-**	**-**	**-**	**-**
XII.	**FINANCE LEASE RECEIVABLES (Net)**	**I-i**	**-**	**-**	**-**	**-**	**-**	**-**
12.1.	Gross finance lease receivables		-	-	-	-	-	-
12.2.	Unearned income (-)		-	-	-	-	-	-
XIII.	**RESERVE DEPOSITS**		**335.978**	**675.965**	**1.011.943**	**37.184**	**492.127**	**529.311**
XIV.	**MISCELLANEOUS RECEIVABLES**		**101.915**	**137.524**	**239.439**	**3.631**	**5.853**	**9.484**
XV.	**ACCRUED INTEREST AND INCOME RECEIVABLE**	**I-j**	**262.616**	**76.460**	**339.076**	**204.593**	**74.751**	**279.344**
15.1.	Loans		77.826	37.371	115.197	37.526	20.704	58.230
15.2.	Marketable securities		85.989	29.834	115.823	136.410	42.484	178.894
15.3.	Other		98.801	9.255	108.056	30.657	11.563	42.220
XVI.	**PROPERTY AND EQUIPMENT (Net)**		**98.605**	**-**	**98.605**	**131.840**	**-**	**131.840**
16.1.	Book value		401.138	-	401.138	497.039	-	497.039
16.2.	Accumulated depreciation (-)		(302.533)	-	(302.533)	(365.199)	-	(365.199)
XVII.	**INTANGIBLE ASSETS [Net]**		**5.842**	**-**	**5.842**	**10.862**	**-**	**10.862**
17.1.	Goodwill		-	-	-	-	-	-
17.2.	Other		62.124	-	62.124	63.363	-	63.363
17.3.	Accumulated amortisation (-)		(56.282)	-	(56.282)	(52.501)	-	(52.501)
XVIII.	**DEFERRED TAX ASSET**	**I-k**	**-**	**-**	**-**	**19.442**	**-**	**19.442**
XIX.	**OTHER ASSETS**	**I-l**	**40.745**	**25.812**	**66.557**	**111.357**	**4.431**	**115.788**
TOTAL ASSETS			**11.773.904**	**8.254.590**	**20.028.494**	**8.914.260**	**5.877.681**	**14.791.941**

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

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

I. BALANCE SHEET

		Note	30 September 2006			31 December 2005		
	LIABILITIES	**(Section Five)**	**YTL**	**FC**	**Total**	**YTL**	**FC**	**Total**
I.	**DEPOSITS**	**II-a**	**5.808.419**	**5.770.870**	**11.579.289**	**4.627.193**	**4.907.557**	**9.534.750**
1.1.	Interbank deposits		38.264	40.633	78.897	71.603	228.534	300.137
1.2.	Saving deposits		3.593.762	-	3.593.762	2.402.085	-	2.402.085
1.3.	Public sector deposits		44.894	-	44.894	20.887	-	20.887
1.4.	Commercial deposits		1.890.584	-	1.890.584	2.116.476	-	2.116.476
1.5.	Other institutions deposits		240.915	-	240.915	16.142	-	16.142
1.6.	Foreign currency deposits		-	5.457.523	5.457.523	-	4.506.805	4.506.805
1.7.	Precious metals deposits		-	272.714	272.714	-	172.218	172.218
II.	**INTERBANK MONEY MARKET**	**II-b**	**878.691**	**-**	**878.691**	**179.546**	**-**	**179.546**
2.1.	Interbank money market takings		-	-	-	-	-	-
2.2.	Istanbul Stock Exchange money market takings		6.692	-	6.692	40.000	-	40.000
2.3.	Funds provided under repurchase agreements		871.999	-	871.999	139.546	-	139.546
III.	**FUNDS BORROWED**	**II-c**	**105.635**	**2.143.900**	**2.249.535**	**84.491**	**1.323.716**	**1.408.207**
3.1.	Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2.	Other funds borrowed		105.635	2.143.900	2.249.535	84.491	1.323.716	1.408.207
3.2.1.	Domestic banks and institutions		101.984	59.802	161.786	84.397	49.666	134.063
3.2.2	Foreign banks, institutions and funds		3.651	2.084.098	2.087.749	94	1.274.050	1.274.144
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**	**86.820**	**81.874**	**168.694**	**111.621**	**71.954**	**183.575**
VII.	**OTHER EXTERNAL RESOURCES**	**II-g**	**88.690**	**256.271**	**344.961**	**75.983**	**176.561**	**252.544**
VIII.	**TAXES AND OTHER DUTIES PAYABLE**		**30.571**	**-**	**30.571**	**25.974**	**-**	**25.974**
IX.	**FACTORING PAYABLES**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**FINANCE LEASE PAYABLES (Net)**	**II-h**	**-**	**244**	**244**	**6**	**753**	**759**
10.1.	Finance leasing payables		2	256	258	12	790	802
10.2.	Deferred finance leasing expenses (-)		(2)	(12)	(14)	(6)	(37)	(43)
XI.	**ACCRUED INTEREST AND EXPENSES PAYABLE**	**II-i**	**71.403**	**56.004**	**127.407**	**75.039**	**36.797**	**111.836**
11.1.	Deposits		51.385	18.878	70.263	46.270	12.169	58.439
11.2.	Borrowings		3.342	33.851	37.193	3.073	13.680	16.753
11.3.	Repurchase agreements		896	-	896	150	-	150
11.4.	Other		15.780	3.275	19.055	25.546	10.948	36.494
XII.	**PROVISIONS**	**II-j**	**277.171**	**-**	**277.171**	**370.266**	**-**	**370.266**
12.1.	General provisions		161.451	-	161.451	162.211	-	162.211
12.2.	Reserve for employee termination benefits		2.645	-	2.645	9.923	-	9.923
12.3.	Provisions for income taxes		23.057	-	23.057	104.036	-	104.036
12.4.	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5.	Other provisions		90.018	-	90.018	94.096	-	94.096
XIII.	**SUBORDINATED LOANS**	**II-j**	**-**	**647.360**	**647.360**	**-**	**-**	**-**
XIV.	**DEFERRED TAX LIABILITY**	**I-l**	**19.164**	**-**	**19.164**	**-**	**-**	**-**
XV.	**SHAREHOLDERS' EQUITY**	**II-k**	**3.705.353**	**54**	**3.705.407**	**2.724.013**	**471**	**2.724.484**
15.1.	Paid-in capital		2.345.246	-	2.345.246	2.342.316	-	2.342.316
15.2.	Supplementary capital		690.580	54	690.634	38.512	471	38.983
15.2.1.	Share premium	**II-l**	35.000	-	35.000	35.000	-	35.000
15.2.2.	Share cancellation profits		-	-	-	-	-	-
15.2.3.	Marketable securities value increase fund		(1.621)	54	(1.567)	582	471	1.053
15.2.4.	Revaluation fund		-	-	-	2.930	-	2.930
15.2.5.	Value increase in revaluation fund		657.201	-	657.201	-	-	-
15.2.6.	Other capital reserves		-	-	-	-	-	-
15.2.7.	Adjustment to paid-in capital		-	-	-	-	-	-
15.3.	Profit reserves		343.185	-	343.185	104.740	-	104.740
15.3.1.	Legal reserves		17.159	-	17.159	5.237	-	5.237
15.3.2.	Status reserves		-	-	-	-	-	-
15.3.3.	Extraordinary reserves		326.026	-	326.026	99.503	-	99.503
15.3.4.	Other profit reserves		-	-	-	-	-	-
15.4.	Profit or loss		326.342	-	326.342	238.445	-	238.445
15.4.1.	Prior period income/loss		-	-	-	-	-	-
15.4.2.	Current year income/loss		326.342	-	326.342	238.445	-	238.445
TOTAL LIABILITIES			**11.071.917**	**8.956.577**	**20.028.494**	**8.274.132**	**6.517.809**	**14.791.941**

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

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

	II. INCOME STATEMENT	**Note (Section Five)**	**1 January -30 September 2006**	**1 January-30 September 2005**
I.	**INTEREST INCOME**	**III-a**	**1.207.637**	**956.666**
1.1.	Interest on loans		690.071	499.817
1.1.1.	Interest on YTL loans		551.356	413.921
1.1.1.1.	Short-term loans		366.174	306.923
1.1.1.2.	Medium- and long-term loans		185.182	106.998
1.1.2.	Interest on FC loans		130.973	78.184
1.1.2.1.	Short-term loans		62.226	43.809
1.1.2.2.	Medium- and long-term loans		68.747	34.375
1.1.3.	Interest on loans under follow-up		7.742	7.712
1.1.4.	Premiums received from Resource Utilisation Support Fund		-	-
1.2.	Interest received from reserve deposits		35.886	19.180
1.3.	Interest received from banks		43.783	24.340
1.3.1.	The Central Bank of Turkey		1.423	49
1.3.2.	Domestic banks		28.121	6.524
1.3.3.	Foreign banks		14.239	17.767
1.3.4.	Branches and offices abroad		-	-
1.4.	Interest received from money market transactions		14.837	2.296
1.5.	Interest received from marketable securities portfolio		422.149	410.540
1.5.1.	Trading securities		2.292	5.138
1.5.2.	Available-for-sale securities		9.186	13.524
1.5.3.	Held-to-maturity securities		410.671	391.878
1.6.	Other interest income		911	493
II.	**INTEREST EXPENSE**	**III-b**	**(846.081)**	**(508.257)**
2.1.	Interest on deposits		(725.931)	(431.340)
2.1.1.	Interbank deposits		(15.022)	(11.072)
2.1.2.	Saving deposits		(361.329)	(217.201)
2.1.3.	Public sector deposits		(278)	(28)
2.1.4.	Commercial deposits		(227.373)	(115.615)
2.1.5.	Other institutions deposits		(3.362)	(6.227)
2.1.6.	Foreign currency deposits		(117.771)	(80.714)
2.1.7.	Precious metals deposits		(796)	(483)
2.2.	Interest on money market transactions		(13.877)	(31.736)
2.3.	Interest on funds borrowed		(101.107)	(43.989)
2.3.1.	The Central Bank of Turkey		-	-
2.3.2.	Domestic banks		(10.529)	(10.571)
2.3.3	Foreign banks		(46.938)	(26.127)
2.3.4.	Branches and offices abroad		-	-
2.3.5.	Other financial institutions		(43.640)	(7.291)
2.4.	Interest on securities issued		-	-
2.5.	Other interest expense		(5.166)	(1.192)
III.	**NET INTEREST INCOME (I - II)**		**361.556**	**448.409**
IV.	**NET FEES AND COMMISSIONS INCOME**		**164.056**	**155.675**
4.1.	Fees and commissions received		192.263	187.601
4.1.1.	Cash loans		17.232	13.844
4.1.2.	Non-cash loans		28.388	27.068
4.1.3.	Other		146.643	146.689
4.2.	Fees and commissions paid		(28.207)	(31.926)
4.2.1.	Cash loans		(3.426)	(5.022)
4.2.2.	Non-cash loans		(11)	(50)
4.2.3.	Other		(24.770)	(26.854)
V.	**DIVIDEND INCOME**		**605**	**-**
5.1.	Trading securities		-	-
5.2.	Available-for-sale securities		605	-
VI.	**NET TRADING INCOME**		**(62.758)**	**36.788**
6.1.	Profit/losses on trading account securities (Net)		209.996	19.547
6.1.1.	Profit on trading account securities		1.196.304	499.956
6.1.1.1.	Profit on derivative financial instruments		1.188.693	486.313
6.1.1.2.	Other		7.611	13.643
6.1.2.	Losses on trading account securities (-)		(986.308)	(480.409)
6.1.2.1.	Losses on derivative financial instruments		(983.645)	(478.646)
6.1.2.2.	Other		(2.663)	(1.763)
6.2.	Foreign exchange gains/losses (Net)		(272.754)	17.241
6.2.1.	Foreign exchange gains		3.015.156	3.231.704
6.2.2.	Foreign exchange losses (-)		(3.287.910)	(3.214.463)
VII.	**OTHER OPERATING INCOME**	**III-c**	**188.129**	**37.014**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**651.588**	**677.886**
IX.	**PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)**	**III-d**	**(64.815)**	**(82.591)**
X.	**OTHER OPERATING EXPENSES (-)**		**(320.834)**	**(306.024)**
XI.	**NET OPERATING INCOME (VIII-IX-X)**		**265.939**	**289.271**
XII.	**PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES**	**III-e**	**-**	**2**
XIII.	**NET MONETARY POSITION GAIN/LOSS**		**-**	**-**
XIV.	**INCOME BEFORE TAXES (XI+XII+XIII)**		**265.939**	**289.273**
XV.	**PROVISION FOR TAXES ON INCOME (-)**	**III-f**	**49.887**	**(110.836)**
15.1.	Current year tax provision		(20.428)	(108.105)
15.2.	Deferred tax provision		70.315	(2.731)
XVI.	**NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)**		**315.826**	**178.437**
XVII.	**EXTRAORDINARY INCOME/EXPENSE AFTER TAXES**		**10.516**	**-**
17.1.	Extraordinary net income/expense before taxes		13.145	-
17.1.1.	Extraordinary income		13.145	-
17.1.2.	Extraordinary expense (-)		-	-
17.2.	Provision for taxes on extraordinary income		(2.629)	-
XVIII.	**NET PROFIT/LOSSES (XVI+XVII)**	**III-g**	**326.342**	**178.437**
	Profit / Loss per share (YTL)		0.00139	0.00041

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

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

	II. INCOME STATEMENT	**Note (Section Five)**	**1 July-30 September 2006**	**1 July- 30-September 2005**
I.	**INTEREST INCOME**		**457.796**	**327.419**
1.1.	Interest on loans		265.426	178.829
1.1.1.	Interest on YTL loans		209.187	147.735
1.1.1.1.	Short-term loans		143.322	102.639
1.1.1.2.	Medium- and long-term loans		65.865	45.096
1.1.2.	Interest on FC loans		53.908	28.222
1.1.2.1.	Short-term loans		24.327	15.049
1.1.2.2.	Medium- and long-term loans		29.581	13.173
1.1.3.	Interest on loans under follow-up		2.331	2.872
1.1.4.	Premiums received from Resource Utilisation Support Fund		-	-
1.2.	Interest received from reserve deposits		15.234	6.935
1.3.	Interest received from banks		23.497	8.645
1.3.1.	The Central Bank of Turkey		717	16
1.3.2.	Domestic banks		15.527	2.420
1.3.3.	Foreign banks		7.253	6.209
1.3.4.	Branches and offices abroad		-	-
1.4.	Interest received from money market transactions		876	768
1.5.	Interest received from marketable securities portfolio		152.763	131.771
1.5.1.	Trading securities		618	1.331
1.5.2.	Available-for-sale securities		1.979	2.587
1.5.3.	Held-to-maturity securities		150.166	127.853
1.6.	Other interest income		-	471
II.	**INTEREST EXPENSE**		**(364.726)**	**(179.679)**
2.1.	Interest on deposits		(312.549)	(156.458)
2.1.1.	Interbank deposits		(3.406)	(4.083)
2.1.2.	Saving deposits		(160.004)	(80.688)
2.1.3.	Public sector deposits		(256)	(14)
2.1.4.	Commercial deposits		(96.794)	(40.093)
2.1.5.	Other institutions deposits		107	(2.121)
2.1.6.	Foreign currency deposits		(51.925)	(29.252)
2.1.7.	Precious metals deposits		(271)	(207)
2.2.	Interest on money market transactions		(8.904)	(6.354)
2.3.	Interest on funds borrowed		(42.498)	(16.566)
2.3.1.	The Central Bank of Turkey		-	-
2.3.2.	Domestic banks		(4.095)	(3.254)
2.3.3	Foreign banks		(22.012)	(8.542)
2.3.4.	Branches and offices abroad		-	-
2.3.5.	Other financial institutions		(16.391)	(4.770)
2.4.	Interest on securities issued		-	-
2.5.	Other interest expense		(775)	(301)
III.	**NET INTEREST INCOME (I - II)**		**93.070**	**147.740**
IV.	**NET FEES AND COMMISSIONS INCOME**		**51.478**	**55.455**
4.1.	Fees and commissions received		60.892	65.750
4.1.1.	Cash loans		6.296	4.776
4.1.2.	Non-cash loans		10.070	9.177
4.1.3.	Other		44.526	51.797
4.2.	Fees and commissions paid		(9.414)	(10.295)
4.2.1.	Cash loans		(959)	(1.533)
4.2.2.	Non-cash loans		(3)	(2)
4.2.3.	Other		(8.452)	(8.760)
V.	**DIVIDEND INCOME**		-	-
5.1.	Trading securities		-	-
5.2.	Available-for-sale securities		-	-
VI.	**NET TRADING INCOME**		**62.592**	**6.073**
6.1.	Profit/losses on trading account securities (Net)		(59.881)	24.066
6.1.1.	Profit on trading account securities		180.887	198.729
6.1.1.1.	Profit on derivative financial instruments		178.286	196.032
6.1.1.2.	Other		2.601	2.697
6.1.2.	Losses on trading account securities (-)		(240.768)	(174.663)
6.1.2.1.	Losses on derivative financial instruments		(240.666)	(174.338)
6.1.2.2.	Other		(102)	(325)
6.2.	Foreign exchange gains/losses (Net)		122.473	(17.993)
6.2.1.	Foreign exchange gains		944.238	1.129.105
6.2.2.	Foreign exchange losses (-)		(821.765)	(1.147.098)
VII.	**OTHER OPERATING INCOME**		**(16.937)**	**19.191**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**190.203**	**228.459**
IX.	**PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)**		**(34.514)**	**4.224**
X.	**OTHER OPERATING EXPENSES (-)**		**(103.440)**	**(104.181)**
XI.	**NET OPERATING INCOME (VIII-IX-X)**		**52.249**	**128.502**
XII.	**PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES**		**-**	**-**
XIII.	**NET MONETARY POSITION GAIN/LOSS**		**-**	**-**
XIV.	**INCOME BEFORE TAXES (XI+XII+XIII)**		**52.249**	**128.502**
XV.	**PROVISION FOR TAXES ON INCOME (-)**		**100.858**	**(42.993)**
15.1.	Current year tax provision		(20.428)	(34.341)
15.2.	Deferred tax provision		121.286	(8.652)
XVI.	**NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)**		**153.107**	**85.509**
XVII.	**EXTRAORDINARY INCOME/EXPENSE AFTER TAXES**		**10.516**	**-**
17.1.	Extraordinary net income/expense before taxes		13.145	-
17.1.1.	Extraordinary income		13.145	-
17.1.2.	Extraordinary expense (-)		-	-
17.2.	Provision for taxes on extraordinary income		(2.629)	-
XVIII.	**NET PROFIT/LOSSES (XVI+XVII)**		**163.623**	**85.509**
	Profit / Loss per share (YTL)		0.00070	0,00019

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

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

	III. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five)	30 September 2006			31 December 2005		
			YTL	FC	Total	YTL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS(I+II+III)**		**4.197.061**	**5.025.423**	**9.222.484**	**3.350.269**	**4.773.976**	**8.124.245**
I.	**GUARANTEES AND WARRANTIES**	**IV-c**	**1.581.701**	**2.695.187**	**4.276.888**	**1.375.246**	**2.378.808**	**3.754.054**
1.1.	Letters of guarantee		1.320.448	1.544.110	2.864.558	1.246.094	1.321.717	2.567.811
1.1.1.	Guarantees subject to State Tender Law		136.658	302.307	438.965	125.870	275.320	401.190
1.1.2.	Guarantees given for foreign trade operations		197.294	1.241.803	1.439.097	181.105	1.046.397	1.227.502
1.1.3.	Other letters of guarantee		986.496	-	986.496	939.119	-	939.119
1.2.	Bank acceptances		-	123.153	123.153	-	84.578	84.578
1.2.1.	Import letter of acceptance		-	123.153	123.153	-	84.578	84.578
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		-	925.334	925.334	-	860.032	860.032
1.3.1.	Documentary letters of credit		-	925.334	925.334	-	860.032	860.032
1.3.2.	Other letters of credit		-	-	-	-	-	-
1.4.	Prefinancing given as guarantees		143	1.989	2.132	143	1.791	1.934
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		261.110	56.767	317.877	129.009	69.646	198.655
1.9.	Other warranties		-	43.834	43.834	-	41.044	41.044
II.	**COMMITMENTS**	**IV-b**	**1.097.202**	**2.007**	**1.099.209**	**1.231.362**	**22**	**1.231.384**
2.1.	Irrevocable commitments		1.097.202	2.007	1.099.209	1.231.362	22	1.231.384
2.1.1.	Asset purchase commitments		-	-	-	-	-	-
2.1.2.	Deposit purchase and sales commitments		-	1.983	1.983	-	-	-
2.1.3.	Share capital commitment 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.	Payment commitments for cheques		348.882	-	348.882	309.287	-	309.287
2.1.8.	Tax and fund liabilities from export commitments		12.251	-	12.251	11.183	-	11.183
2.1.9.	Commitments for credit card expenditure limits		735.944	-	735.944	910.767	-	910.767
2.1.10.	Receivables from short-sale commitments		-	-	-	-	-	-
2.1.11.	Payables for short-sale commitments		-	-	-	-	-	-
2.1.12.	Other irrevocable commitments		125	24	149	125	22	147
2.2.	Revocable commitments		-	-	-	-	-	-
2.2.1.	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**1.518.158**	**2.328.229**	**3.846.387**	**743.661**	**2.395.146**	**3.138.807**
3.1.	Forward foreign currency buy/sell transactions		641.376	806.728	1.448.104	428.729	874.106	1.302.835
3.1.1.	Forward foreign currency transactions-buy		373.141	359.089	732.230	250.716	400.662	651.378
3.1.2.	Forward foreign currency transactions-sell		268.235	447.639	715.874	178.013	473.444	651.457
3.2.	Currency and interest rate swap transactions		603.634	1.083.609	1.687.243	309.182	1.521.040	1.830.222
3.2.1.	Currency swap-buy		229.496	301.654	531.150	109.000	623.010	732.010
3.2.2.	Currency swap-sell		136.338	368.393	504.731	64.082	677.084	741.166
3.2.3.	Interest rate swaps-buy		-	335.256	335.256	-	175.943	175.943
3.2.4.	Interest rate swaps-sell		237.800	78.306	316.106	136.100	45.003	181.103
3.3.	Currency. interest rate and security options		272.576	437.892	710.468	-	-	-
3.3.1.	Foreign currency options-buy		136.288	218.946	355.234	-	-	-
3.3.2.	Foreign currency options-sell		136.288	218.946	355.234	-	-	-
3.3.3.	Interest rate options-buy		-	-	-	-	-	-
3.3.4.	Interest rate options-sell		-	-	-	-	-	-
3.3.5.	Security options-buy		-	-	-	-	-	-
3.3.6.	Security options-sell		-	-	-	-	-	-
3.4.	Currency futures		-	-	-	-	-	-
3.4.1.	Currency futures-buy		-	-	-	-	-	-
3.4.2.	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		572	-	572	5.750	-	5.750
B.	**CUSTODY AND PLEDGED SECURITIES (IV+V+VI)**		**10.333.867**	**1.218.697**	**11.552.564**	**10.926.099**	**1.030.646**	**11.956.745**
IV.	**ITEMS HELD IN CUSTODY**		**8.288.289**	**1.164.127**	**9.452.416**	**9.385.242**	**998.455**	**10.383.697**
4.1.	Assets under management		-	-	-	-	-	-
4.2.	Investment securities held in custody		4.990.616	1.072.366	6.062.982	6.556.500	921.192	7.477.692
4.3.	Cheques received for collection		2.301.661	10.486	2.312.147	1.883.891	14.941	1.898.832
4.4.	Commercial notes received for collection		996.012	81.275	1.077.287	944.851	62.322	1.007.173
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		-	-	-	-	-	-
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**2.045.578**	**54.570**	**2.100.148**	**1.540.857**	**32.191**	**1.573.048**
5.1.	Marketable securities		15	-	15	15	-	15
5.2.	Guarantee notes		106.408	52.749	159.157	81.772	30.552	112.324
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovables		1.937.150	-	1.937.150	1.459.070	-	1.459.070
5.6.	Other pledged items		2.005	1.821	3.826	-	1.639	1.639
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEEES**		**-**	**-**	**-**	**-**	**-**	**-**
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			**14.530.928**	**6.244.120**	**20.775.048**	**14.276.368**	**5.804.622**	**20.080.990**

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

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

IV.STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in Capital	Adjustment to share Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Net Current Period income/(Loss)	Prior Period income (Loss)	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total
1 Opening Balance (1 January 2006)	**2.342.316**	**-**	**35.000**	**-**	**5.237**	**-**	**99.503**	**-**	**238.445**	**-**	**2.930**	**-**	**1.053**	**2.724.484**
Increases in the period:														
2 Investment Securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	**(2.428)**	**(2.428)**
2.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	(2.428)	(2.428)
3 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Other	-	-	-	-	-	-	-	-	-	-	-	657.201	-	657.201
Transferred Amounts:														
5 Investment Securities available for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(192)**	**(192)**
5.1Transfered to net income	-	-	-	-	-	-	-	-	-	-	-	-	(192)	(192)
6 Cash Flow Hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
6.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Transferred to assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Net Profit or Losses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**326.342**	**-**	**-**	**-**	**-**	**326.342**
8 Profit distribution	**-**	**-**	**-**	**-**	**11.922**	**-**	**226.523**	**-**	**(238.445)**	**-**	**-**	**-**	**-**	**-**
8.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Transfers to legal reserves	-	-	-	-	11.922	-	226.523	-	(238.445)	-	-	-	-	-
8.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Increase in capital	**2.930**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.930)**	**-**	**-**	**-**
9.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2 Revaluation Fund	2.930	-	-	-	-	-	-	-	-	-	(2.930)	-	-	-
9.3 Revaluation Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4 Marketable Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5 Paid-in Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6 Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7 Other	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Convertible bonds	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balances (30 September 2006) (1+2+3+4+5+6+7+8+9+10)	**2.345.246**	**-**	**35.000**	**-**	**17.159**	**-**	**326.026**	**-**	**326.342**	**-**	**-**	**657.201**	**(1.567)**	**3.705.407**

The accompanying notes form an integral part of these financial statements

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in Capital	Adjustment to share Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net income/ (Loss)	Prior Period Net income (Loss)	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total
1 Opening Balance (1 January 2005)	**430.000**	**86.310**	**96.914**	**-**	**-**	**-**	**-**	**-**	**104.740**	**-**	**4.679**	**-**	**3.474**	**726.117**
Increases in the period:	**-**	**-**	-	-	-	-	-	-	-	-	-	-	-	**-**
2 Investment Securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts:														
4 Investment Securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	**(2.201)**	**(2.201)**
4.1Transfered to net income	-	-	-	-	-	-	-	-	-	-	-	-	(2.201)	(2.201)
5 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
5.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Net Profit or Losses	**-**	-	-	-	-	-	-	-	**178.437**	-	-	-	-	**178.437**
7 Profit distribution	**-**	-	-	-	**5.237**	**99.503**	-	-	**(104.740)**	-	-	-	-	**-**
7.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.2 Transfers to legal reserves	-	-	-	-	5.237	**99.503**	-	-	(104.740)	-	-	-	-	-
7.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Increase in capital	**9.000**	**(4.119)**	-	-	-	-	-	-	-	-	**(4.881)**	-	-	**-**
8.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Revaluation Fund	4.881	-	-	-	-	-	-	-	-	-	(4.881)	-	-	-
8.3 Revaluation Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Paid-in Capital Inflation Adjustment	4.119	(4.119)	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Other	**-**	-	-	-	-	-	-	-	-	-	**202**	-	-	**202**
10 Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balances (30 September 2005) (1+2+3+4+5+6+7+8+9+10)	**439.000**	**82.191**	**96.914**	-	**5.237**	**99.503**	**-**	**-**	**178.437**	-	-	-	**1.273**	**902.555**

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK (Continued)

	V. STATEMENTS OF CASH FLOW	**Note Section Five**	**30 September 2006**	**30 September 2005**
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1.	**Operating profit before changes in operating assets and liabilities**		**(4.241)**	**210.022**
1.1.1.	Interest received		1.213.742	873.522
1.1.2.	Interest paid		(813.072)	(462.995)
1.1.3.	Dividend received		605	-
1.1.4.	Fees and commissions received		164.056	155.675
1.1.5.	Other income		-	-
1.1.6.	Collections from previously written-off loans and other receivables		79.555	46.850
1.1.7.	Payments to personnel and service suppliers		(139.931)	(146.510)
1.1.8.	Taxes paid		(35.665)	(73.210)
1.1.9.	Extraordinary items		13.145	-
1.1.10.	Other		(486.676)	(183.310)
1.2.	**Changes in operating assets and liabilities**		**2.715.496**	**1.589.370**
1.2.1.	Net (increase) in trading securities		(406)	(5.825)
1.2.2.	Net (increase) in due from banks and other financial institutions		(93.252)	(87.885)
1.2.3.	Net (increase) in loans		(809.605)	(1.700.667)
1.2.4.	Net (increase) / decrease in other assets		(708.670)	(89.066)
1.2.5.	Net (decrease) / increase in bank deposits		(221.240)	176.368
1.2.6.	Net increase in other deposits		2.265.779	719.866
1.2.7.	Net increase in funds borrowed		2.187.833	588.180
1.2.8.	Net increase / (decrease) in matured payables		-	-
1.2.9.	Net increase in other liabilities		95.057	1.988.399
I.	**Net cash provided from banking operations**		**2.711.255**	**1.799.392**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(1.727.722)**	**(2.269.281)**
2.1.	Cash paid for purchase of investments, associates and subsidiaries		(612.003)	(1.966.087)
2.2.	Cash obtained from sale of investments, associates and subsidiaries		-	-
2.3.	Fixed assets purchases		-	-
2.4.	Fixed assets sales		7.533	32.387
2.5.	Cash paid for purchase of investments available-for-sale		(99.091)	-
2.6.	Cash obtained from sale of investments available-for-sale		-	100.980
2.7.	Cash paid for purchase of investment securities		(1.024.161)	(436.561)
2.8.	Cash obtained from sale of investment securities		-	-
2.9.	Extraordinary items		-	-
2.10.	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from financing activities**		**-**	**-**
3.1.	Cash obtained from funds borrowed and securities issued		-	-
3.2.	Cash used for repayment of funds borrowed and securities issued		-	-
3.3.	Capital increase		-	-
3.4.	Dividends paid		-	-
3.5.	Payments for finance leases		-	-
3.6.	Extraordinary items		-	-
3.7.	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**-**	**-**
V.	**Net increase / (decrease) in cash and cash equivalents**		**983.533**	**(469.889)**
VI.	**Cash and cash equivalents at the beginning of the period**	**V-a**	**765.957**	**1.628.734**
VII.	**Cash and cash equivalents at the end of the period (V+VI)**	**V-a**	**1.749.490**	**1.158.845**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON THE BASIS OF PRESENTATION

The Bank maintains its books of account and prepares its statutory financial statements in Turkish lira in accordance with the Banking Law, 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.

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 on application of inflationary accounting is presented in the part "VII. Explanation on inflation accounting" in section five "Information and notes on unconsolidated financial statements"

Accounting policies related to the preparation of financial statements and methods used in valuation are applied in accordance with AAR. These policies and methods are disclosed in the related notes to the financial statements which are between II and XXII.

II. EXPLANATIONS ON SUBSIDIARIES, ASSOCIATES AND SHARE CERTIFICATES INCLUDED IN THE AVAILABLE-FOR-SALE PORTFOLIO

Turkish lira denominated investments and associates, subsidiaries and share certificates in the available-for-sale portfolio are adjusted for the effects of inflation 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.

Adjusted values of foreign currency denominated subsidiaries, associates and share certificates included in the available-for-sale portfolio are calculated through the translation of the historical foreign currency amounts by using exchange rates prevailing at the balance sheet date.

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

III. EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS

The foreign currency monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the account of foreign exchange gain or loss.

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

At 30 September 2006, assets and liabilities denominated in foreign currency were translated into New Turkish Lira using foreign exchange rates of YTL1,4546 for US$, YTL1,8496 for EUR and YTL0,0123 for Yen (31 December 2005: YTL1,3094 for US$, YTL1,5506 for EUR and YTL0,0111 for Yen).

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The foreign exchange gain included in the net loss for the year is (-) YTL272.754 thousand (At 30 September 2005: YTL17.241 thousand) and net profit on trading account securities is YTL209.996 thousand (At 30 September 2005: YTL19.547 thousand). In addition to these, net foreign exchange gain from foreign currency indexed loans is YTL60.089 thousand and net foreign exchange gain from foreign currency indexed marketable security portfolio is YTL30.034 thousand. Net foreign exchange gain from currency indexed loan is included in "Other Operating Income", loss is included in "Provision for Loan Losses or Other Receivables".

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

The Bank has no foreign currency valuation fund.

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

As explained in part "V. Currency risk" in section four "Information related to financial position of the Bank" the net foreign currency position of the Bank is at a low level.

e. Capitalised foreign exchange differences:

There are no capitalised foreign exchange differences.

f. Fundamental principles of foreign exchange risk management policy:

The fundamentals of foreign exchange risk management policy are disclosed in "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:

The Bank has no net investments in foreign subsidiaries and associates, loans and other hedging instruments.

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:

During the current period the Bank has not acquired any foreign subsidiaries and the Bank has no goodwill arising from foreign subsidiaries.

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

There are no accounts used to record the results arising from the disposal of a foreign subsidiary.

j. Status and recognition of foreign exchange differences arising from the translation of debt securities issued and monetary financial assets in the income statement:

No debt securities have been issued. Foreign exchange differences arising from the currency translation of monetary financial assets are included in the "Foreign exchange gains/losses" in the income statement.

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

The derivative instruments of the Bank mostly consist of foreign currency forward and swap agreements.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

The Bank classifies its derivative instruments as "Hedging" or "Trading" in accordance with "Accounting of Financial Instruments'' ("AAR 1"). Although some of the derivative instruments protect the bank from risks effectively from an economic point of view, they are accounted as "Trading" in the scope of AAR 1.

Derivative instruments are measured at historical cost on initial recognition and the related transaction costs are included in the initial measurement. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts in 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 Expense 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 "Profit/losses on trading account securities" in the income statement.

At 30 September 2006 the fair value of the derivative instruments of the Bank is YTL65.644 thousand (31 December 2005: (-) YTL5.078 thousand).

V. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle 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 reserves rediscounts recorded up to that date and does not record any income until the collection is made.

VII. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fee and commission income or expense, excluding income or expense which is recorded as revenue or expense respectively as it is received, is recognised in the income statement on an accrual basis. Fee and commission income/ (expense) received/ (paid) from/ (to) other loan institutions is recognised as transaction expense on an "Internal Rate of Return" basis. Fee and commission income from consulting and project services regarding purchase and sale of assets and partnerships on behalf of real or legal entities are recognised as income when they are received.

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 gains and losses arising from changes in the fair value of securities included separately in trading income.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Securities subject to repurchase agreements 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.

Funds given against securities purchased under agreements to resell are accounted under "Receivables from Reverse Repo Transactions" 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.

As of 30 September 2006 and 31 December 2005, the Bank has no securities sold subject to lending and reverse repo transactions.

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

The Bank classifies and accounts for its financial assets as "Trading", "Available-for-sale", and "Held-to-maturity". 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.

Held-to-maturity securities:

Held-to-maturity investments are securities with fixed maturity and fixed or variable payments where management has the intent and ability to hold the investments to maturity. Held-to-maturity securities are initially recognised at cost, and subsequently carried at amortised cost using the effective yield method. Interest income earned from held-to-maturity securities is reported as interest income.

The Bank has no financial assets that were initially classified as held-to-maturity; however, due to subsequent changes in classification, none will be classified as held-to-maturity investments for the following two years.

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 remeasured at fair value. When the prices cannot be determined reliably in the market, then either the amortised cost using the effective yield method or the guidance price of the Central Bank of Republic of Turkey ("CBRT") 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", unless there is a permanent decline in the fair values of such assets or they are disposed of. When these securities are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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 September 2001, No.24448 and article 53 of the Banks Act No.5411. In this context, credit risk policies of the Bank, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic condition 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 period. If a receivable for which provision has been provided is subsequently collected, it is deducted from the specific provisions and included in "Other operating income". Uncollectible receivables are written-off after all 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 order for its intended use are included in the initial measurement. Subsequently, intangible assets are restated after deduction of accumulated depreciation and provision for value decrease from the historical cost.

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 made to utilise the economic benefit of the asset.

Software development costs	3 years
Other costs	5 years

Costs associated with maintaining computer software programs and expenditures that enhance and extend the benefits of computer software programs 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 residual useful lives.

As of 30 September 2006 and 31 December 2005 the Bank has no goodwill.

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Buildings	50 years
Machinery, furniture, fixtures and vehicles	5 years
Special Cost	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.

The Bank assesses whether there are any value decreases in the fixed assets in every balance sheet period. Where the carrying amount of an asset is greater than its estimated recoverable amount ("higher of net realisable value or value in use"), it is written-down immediately to its recoverable amount and the provision for the diminution in value is charged to income statement. Where the carrying value of an asset is less than its recoverable amount, it is estimated that there is no diminution in value.

Property and equipment has not been revalued for presentation at fair value in 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 cash sales revenue.

Expenditure for regular repair and maintenance of property and equipment is charged against income. Capital expenditures made in order to increase the capacity of the tangible asset to increase the future benefit of the asset 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 and commitments given to acquire property and equipment and there are no other limitations on property and equipment which restrict the right to use them.

The Bank does not expect any changes in the accounting estimates that will have a significant impact in the current or future periods.

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 "Finance 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 finance leasing transactions as lessor.

Transactions regarding operational lease agreements are accounted on an 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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the "Matching principle". When a reliable estimate of the amount of obligation cannot be made, the obligation is recognised as "Contingent Liability". Provision is recognised when it is highly 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 6,01% , and notice pay is 3,18%.

As of 30 September 2006, the Bank has no employees with fixed period agreements, with ends dated of more than 12 months starting from the balance sheet date.

In addition, as of 30 September 2006, the Bank reflected a provision for vacation liability amounting to YTL8.968 thousand in these financial statements.

There are no foundations, funds and similar institutions that the Bank's employees are affiliated with.

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 an office in Turkey or are 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 thus is not subject to withholding tax.

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 sales of immovable assets and associate 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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening 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:

Liabilities regarding derivative instruments are valued at fair value and all other financial liabilities are amortised with the effective interest rate method subsequent to recognition.

Various hedging techniques are used for the liabilities that represent borrowing including liquidity risk, interest rate risk and foreign currency risk.

No convertible bonds are issued.

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

In 2006, the Bank's paid-in capital is increased to YTL2.345.246 thousand from YTL2.342.316 thousand and registered. Transaction costs regarding the issuance of share certificates are accounted as expense in the income statement.

XX. EXPLANATIONS ON AVALISED DRAFTS AND ACCEPTANCES:

Avalised drafts and acceptances are realised simultaneously with customers' orders and included in the off-balance sheet commitments as the Bank's probable obligations.

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 September 2006, the Bank has no government grants (31 December 2005: None.) for property and equipment. The Bank's property and equipment acquired with investment incentive is YTL17.880 thousand (31 December 2005: YTL31.088 thousand).

XXII. COMPARATIVES:

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

SECTION FOUR

INFORMATION ON FINANCIAL POSITION

I. INFORMATION ON THE UTILISATION 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 placements.

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 commodity markets are leveled at a minimum and, mostly, utilised for customer needs.

Detailed explanation on the Bank's risk management policy is available in note III, and VII, in this section.

INFORMATION ON FINANCIAL POSITION (Continued)

II. EXPLANATIONS ON CAPITAL ADEQUACY RATIO

a. The unconsolidated capital adequacy of the Bank for 30 September 2006 and 31 December 2005 is above the standard ratio 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.

Information on unconsolidated capital adequacy standard ratio: YTL thousand, %

	Risk Weights							
	30 September 2006				31 December 2005			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets and Non-Cash Loans								
Balance Sheet items (Net)	**4.542.228**	**1.518.188**	**1.477.518**	**6.035.339**	**4.162.711**	**467.689**	**975.646**	**5.463.052**
Cash	88.040	1.500	-	-	147.661	1.078	-	-
Banks	260.681	1.501.398	-	123	171.006	455.095	-	117
Interbank money market placements	-	-	-	-	-	-	-	-
Receivable from reverse repo transactions	-	-	-	-	-	-	-	-
Reserve deposits	1.011.943	-	-	-	529.311	-	-	-
Special finance house	-	-	-	-	-	-	-	-
Loans	810.149	15.290	1.477.518	5.590.217	861.468	11.516	975.646	5.258.327
Loans under follow-up (Net)	-	-	-	109.308	-	-	-	73.289
Subsidiaries. associates and AFS investments	116.172	-	-	2.512	21.651	-	-	2.805
Miscellaneous receivables	-	-	-	239.439	-	-	-	9.484
Marketable securities held-to-maturity (Net)	2.206.018	-	-	-	2.312.172	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-	-	-	-	-
Financial lease receivables	-	-	-	-	-	-	-	-
Leased assets (Net)	-	-	-	-	-	-	-	-
Fixed assets (Net)	-	-	-	83.052	-	-	-	112.466
Other assets	49.225	-	-	10.688	119.442	-	-	6.564
Off-balance sheet items	**212.010**	**630.604**	**2.031.472**	**331.437**	**176.430**	**577.222**	**2.155.697**	**207.930**
Guarantees and pledges	140.223	606.026	1.183.532	226.766	50.103	558.349	1.156.672	145.745
Commitments	-	-	826.376	-	-	-	991.031	-
Other off-balance sheet items	-	-	-	-	-	-	-	-
Transactions related with derivative financial ins.	-	20.713	-	14.444	-	16.139	-	10.209
Interest and income accruals	71.787	3.865	21.564	90.227	126.327	2.734	7.994	51.976
Non risk weighted accounts	-	-	-	-	-	-	-	-
Total risk weighted assets	**4.754.238**	**2.148.792**	**3.508.990**	**6.366.776**	**4.339.141**	**1.044.911**	**3.131.343**	**5.670.982**

c. Summary information on the unconsolidated capital adequacy standard ratio:

	30 September 2006	31 December 2005
Total risk weighted assets ("RWA")	8.551.029	7.445.636
Value at Risk ("VAR")	613.738	380.963
Shareholders' Equity	1.274.707	905.863
Shareholders' Equity / (RWA+VAR)*100	13,91	11,57

INFORMATION ON FINANCIAL POSITION (Continued)

d. Information on the shareholders' equity items:

	30 September 2006	31 December 2005
I. CORE CAPITAL		
Paid-in capital	2.345.246	2.342.316
Nominal capital	2.345.246	2.342.316
Capital commitments (-)	-	-
Capital reserves due to inflation adjustment of paid-in capital	-	-
Common stock issued premiums and cancellation profits	35.000	35.000
Legal reserves	17.159	5.237
First series legal reserve (Turkish Commercial Code 466/1)	17.159	5.237
Second series legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	326.026	99.503
Reserves allocated by the General Assembly	326.026	99.503
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	326.342	238.445
Current period profit	326.342	238.445
Prior periods profit	-	-
Loss (-)	-	-
Current period loss	-	-
Prior periods loss	-	-
Total Core Capital	**3.049.773**	**2.720.501**
II. SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	2.930
- Securities	-	-
- Immovables	-	-
- Associates and subsidiaries to be transferred to share capital and profit on sale of immovables	-	2.930
- Special costs revaluation fund	-	-
Increase in the value of revaluation fund	657.201	-
Foreign exchange differences	-	-
General reserves	161.451	162.211
Provisions for possible losses	23.819	24.715
Subordinated loans	647.360	-
Marketable securities and investment securities value increase fund	(1.567)	1.053
- Associates and subsidiaries	-	-
- Investments available-for-sale	(1.567)	1.053
- Investments held for structural transactions	-	-
Total Supplementary Capital	**1.488.264**	**190.909**
III. TIER III CAPITAL	**-**	**-**
IV. CAPITAL (per Communiqué) (I+II+III)	**4.538.037**	**2.911.410**

INFORMATION ON FINANCIAL POSITION (Continued)

	30 September 2006	31 December 2005
V. DEDUCTIONS FROM THE CAPITAL	**3.263.330**	**2.005.547**
Investments in unconsolidated financial companies whose main activities are money and capital markets or insurance and that operate with licenses provided in accordance with special laws	3.235.291	1.966.087
- Special costs	15.553	19.374
- Installation costs	-	-
- Prepaid expenses	6.644	9.224
The negative difference between the market values and the carrying amounts for unconsolidated investments subsidiaries. other investments and fixed assets	-	-
-Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalised expenses	5.842	10.862
Total Shareholders' Equity (IV-V)	**1.274.707**	**905.863**

III. EXPLANATIONS ON CREDIT RISK

a. Bank assigns individual credit limits to each customers and these limits are managed with reference to internal credit risk ratings, inquiry and yearly announced 'Credit Policy'. Treasury transactions such as placements or derivative instruments with correspondent and domestic banks are managed by Treasury Department reference to limits set for each banks Board of Directors. While determining credit risks, criteria such as granting limit in line with the customers' cash generation capacity (first repayment sources) and if necessary customers' second cash generation capacity (collaterals) are evaluated. With loan review system, the bank aims to manage the credit risk according to Basel-2 requirements. While determining credit granting to long term and project finance loans, customers' cash generation capacities are evaluated by Credit Underwriting Department. Treasury management are integrated to pricing to long term commitments since these commitments are more vulnerable to credit and interest rate risk than short term commitments.

Credit offers from branches internal credit rating system, which do not include detailed financial information about the customers, are not recognised by the system and all customers (excluding construction firms) are monitored with reference to their credit ratings. Risky rated customers are closely monitored by Loan Management - Risk Monitoring Department.

Documents of audited account positions are obtained for the material loans.

b. Forward and option agreements are limited in terms of amount and quantity. Credit risk attributable to these instruments is managed with market risk.

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. Provision is provided for non performing customers' non cash loans 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".

Restructured and rescheduled loans are followed within the scope of Credit Risk policies of the Bank. Accordingly, the related customer's financial position and commercial organisations are analyzed and whether principal and interest payments are done accordingly to the renewed schedule is tracked.

e. The Bank's banking activities in foreign countries and crediting transactions do not constitute an important risk in terms of credibility of the customers. These customers are monitored and controlled centrally in accordance with Credit Policy. Countries' economic conditions are also considered for minimizing the credit risk.

Foreign branch of the Bank mainly extends loans to customers accommodated in Turkey. Therefore, country risk attributable to these loans is assessed in the same category with loans extended by the Bank.

f. As of 30 September 2006, the Bank provided a general provision amounting to YTL161.451 thousand (31 December 2005: YTL162.211).

INFORMATION ON FINANCIAL POSITION (Continued)

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 31 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".

	30 September 2006	31 December 2005
Capital to be employed for interest rate risk – standard method	**47.340**	**29.359**
Capital to be employed for general market risk	47.340	29.359
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	**-**	**-**
Capital to be employed for general market risk	-	-
Capital to be employed for specific risk	-	-
Capital to be employed for options subject to common stock position risk	-	-
Capital to be employed for currency risk – standard method	**1.759**	**1.118**
Capital liability	1.759	1.118
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 (*)	**49.099**	**30.477**
Amount subject to market risk (*)	**613.738**	**380.963**

(*) Not the total YTL613.738 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 YTL49.099 thousand represents the amount subject to market risk which is 8% of the total amount. Additionally, YTL49.099 thousand also expresses the minimum amount of capital that can hedge the mentioned risk.

INFORMATION ON FINANCIAL POSITION (Continued)

V. EXPLANATIONS ON CURRENCY RISK

a. Limits for foreign currency positions are followed in parallel with the limits determined by the Board of Directors and the standard ratio on foreign currency net position. "Standard method" and "value at risk" methods are used in calculation of the foreign currency risk.

Calculations exercised in line with the standard method are performed on a weekly basis and calculations exercised in line with the value at risk are performed on a daily basis.

b. Derivative instruments in the domestic and the foreign markets are used to hedge foreign currency risk when necessary.

c. Risks are identified through the daily value at risk reports and scenario analysis performed on a periodic basis. Foreign currency risk is monitored in this report and followed if it is within the determined limits.

d. The Bank's spot foreign exchange bid rates as of the date of the financial statements and for the five days prior to that date are as follows:

	USD	EURO	Yen
As of 30 September 2006	1,4546	1,8496	0,0123
1. Day bid rate	1,4500	1,8404	0,0123
2. Day bid rate	1,4788	1,8801	0,0127
3. Day bid rate	1,4644	1,8713	0,0126
4. Day bid rate	1,4870	1,9065	0,0128
5. Day bid rate	1,4850	1,8900	0,0127

e. The simple arithmetic averages of the Bank's foreign exchange bid rates for the last thirty days are as follows:

	30 September 2006	31 December 2005
USD	1,4393	1,3123
EURO	1,8350	1,5559
Yen	0,0123	0,0110

f. Information on currency risk of the Bank: (YTL thousand)

The foreign currency position of the Bank is disclosed in terms of major currencies in the following table. Foreign currency indexed assets are presented in local currency in the financial statements and included in foreign currency items in the calculation of the foreign currency position in accordance with the Uniform Chart of Accounts. As a result of this, there is a difference between the total value of foreign currency assets disclosed below and the total value of foreign currency assets in the balance sheet which is equal to the value of foreign currency indexed assets. The actual foreign currency position of the Bank from a financial and economic perspective is as follows:

INFORMATION ON FINANCIAL POSITION (Continued)

30 September 2006	EURO	USD	Yen	Other FC (*)	Total (**)
Assets					
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	272.003	38.636	31	3.709	314.379
Due from other banks and financial institutions	355.166	249.191	968	98.607	703.932
Trading securities	5.776	40.787	-	-	46.563
Money market placements	-	-	-	-	-
Available-for-sale securities	144	21.544	-	116.172	137.860
Loans	1.076.884	2.727.772	17.584	111.310	3.933.550
Investments in subsidiaries and associates	-	-	-	-	-
Held-to-maturity securities	261.325	2.489.282	-	-	2.750.607
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	374.925	507.795	88	61.594	944.402
Total Assets	**2.346.223**	**6.075.007**	**18.671**	**391.392**	**8.831.293**
Liabilities					
Interbank deposits	8.663	30.701	113	1.156	40.633
Foreign currency deposits	1.444.822	3.914.669	4.128	366.618	5.730.237
Money market takings	-	-	-	-	-
Funds provided from other financial institutions	852.308	1.937.802	740	410	2.791.260
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	56.906	23.628	142	1.198	81.874
Other liabilities	141.770	153.818	314	13.663	309.565
Total liabilities	**2.504.469**	**6.060.618**	**5.437**	**383.045**	**8.953.569**
Net On Balance Sheet Position	**(158.246)**	**14.389**	**13.234**	**8.347**	**(122.276)**
Net Off Balance Sheet Position	**156.189**	**(34.072)**	**(13.243)**	**(7.213)**	**101.661**
Financial derivative assets	449.095	730.941	7.042	27.867	1.214.945
Financial derivative liabilities	292.906	765.013	20.285	35.080	1.113.284
Non-cash loans	**897.909**	**1.753.521**	**20.373**	**23.384**	**2.695.187**
31 December 2005					
Total Assets	1.303.157	4.991.504	13.573	194.980	6.503.214
Total Liabilities	1.713.904	4.535.436	5.230	262.768	6.517.338
Net On Balance Sheet Position	**(410.747)**	**456.068**	**8.343**	**(67.788)**	**(14.124)**
Net Off Balance Sheet Position	**409.425**	**(466.876)**	**(8.199)**	**69.734**	**4.084**
Non-cash loans	**748.029**	**1.581.406**	**13.876**	**35.497**	**2.378.808**

(*) Of the "other FC" total assets amounting YTL391.392 thousand (31 December 2005: YTL194.980 thousand). YTL276.184 thousand is in Gold (31 December 2005: YTL180.327 thousand), and YTL94.996 thousand in British Pounds (31 December 2005: YTL9.237 thousand). Of the total liabilities amounting YTL383.045 thousand (31 December 2005: YTL262.768 thousand), YTL273.807 thousand is in Gold (31 December 2005: YTL176.876 thousand) and YTL92.305 thousand in British Pounds (31 December 2005: YTL70.510 thousand).

(**) Foreign currency indexed assets presented in local currency in the financial statements are YTL548.062 thousand, YTL32.890 thousand accrued interest income disclosed in other assets.

INFORMATION ON FINANCIAL POSITION (Continued)

VI. EXPLANATIONS ON INTEREST RATE RISK

a. Market developments are taken into consideration in the measurement of interest rate sensitivity of the assets, liabilities and off-balance sheet items. The standard method and stress test analyses, used in legal reporting, are used to calculate interest rate risk. Calculations exercised in respect of the standard method and calculations exercised in respect of the stress test analyses are performed on once in a month. The return of the assets and liabilities of the Bank is positive.

b. The effects of the interest rate fluctuations on the foreign currency positions and cash flows are followed and expectations are made using the past patterns.

c. The Bank tries to manage the interest rate risk up to a limited level through matching the re-pricing maturities of the assets with liabilities in the current period.

d. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on re-pricing dates are as follows overleaf:

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, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	350.221	350.221
Due from banks and other financial institutions	1.260.977	9.000	99.252	3.000	-	129.292	1.501.521
Trading securities	1.742	10.152	4.218	2.730	30.425	-	49.267
Due from interbank money market	-	-	-	-	-	-	-
Available-for-sale securities	-	8	-	15.417	61.666	126.008	203.099
Loans	943.359	1.613.170	1.355.819	1.385.592	2.593.789	110.753	8.002.482
Held-to-maturity securities	54.252	354.619	1.462.016	466.363	2.587.894	-	4.925.144
Other assets	899.380	169.384	93.348	82.516	95.517	3.656.615	4.996.760
Total assets	**3.159.710**	**2.156.333**	**3.014.653**	**1.955.618**	**5.369.291**	**4.372.889**	**20.028.494**
Liabilities							
Interbank deposits	16.000	8.000	-	-	-	54.897	78.897
Other deposits	8.157.909	986.472	263.039	180.049	12.359	1.900.564	11.500.392
Due to interbank money market	877.485	1.206	-	-	-	-	878.691
Miscellaneous payables	-	-	-	-	-	168.694	168.694
Funds provided from other financial institutions	1.071.575	128.274	1.637.610	25.934	33.502	-	2.896.895
Marketable securities issued	-	-	-	-	-	-	-
Other liabilities and shareholders' equity	115.085	274.984	24.173	9.814	11.440	4.069.429	4.504.925
Total liabilities and shareholders' equity	**10.238.054**	**1.398.936**	**1.924.822**	**215.797**	**57.301**	**6.193.584**	**20.028.494**
Balance sheet interest sensitivity gap	**(7.078.344)**	**757.397**	**1.089.831**	**1.739.821**	**5.311.990**	**(1.820.695)**	**-**
Off-balance sheet interest sensitivity gap	**1.438**	**30.794**	**20.955**	**8.166**	**-**	**-**	**61.353**
Total interest sensitivity gap	**(7.076.906)**	**788.191**	**1.110.786**	**1.747.987**	**5.311.990**	**(1.820.695)**	**61.353**

INFORMATION ON FINANCIAL POSITION (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, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	319.745	319.745
Due from banks and other financial institutions	176.572	81.356	-	9.000	-	188.284	455.212
Trading securities	163	3.890	11.840	3.109	29.859	-	48.861
Due from interbank money market	-	-	-	-	-	-	-
Available-for-sale securities	-	26.484	19.383	-	25.961	32.180	104.008
Loans	1.750.233	2.326.879	1.209.051	1.118.432	700.932	74.719	7.180.246
Held-to-maturity securities	235.868	698.436	636.119	108.067	1.942.924	-	3.621.414
Other assets	459.310	114.162	122.434	51.674	52.175	2.262.700	3.062.455
Total assets	**2.622.146**	**3.251.207**	**1.998.827**	**1.290.282**	**2.751.851**	**2.877.628**	**14.791.941**
Liabilities							
Interbank deposits	247.980	1.000	7.000	8.000	-	36.157	300.137
Other deposits	5.863.457	845.647	197.227	312.050	40.438	1.975.794	9.234.613
Due to interbank money market	178.673	873	-	-	-	-	179.546
Miscellaneous payables	-	-	-	-	-	183.575	183.575
Funds provided from other financial institutions	264.325	150.309	136.481	826.987	30.105	-	1.408.207
Marketable securities issued	-	-	-	-	-	-	-
Other liabilities and shareholders' equity	83.131	303.616	12.233	28.009	14.107	3.044.767	3.485.863
Total liabilities and shareholders' equity	**6.637.566**	**1.301.445**	**352.941**	**1.175.046**	**84.650**	**5.240.293**	**14.791.941**
Balance sheet interest sensitivity gap	**(4.015.420)**	**1.949.762**	**1.645.886**	**115.236**	**2.667.201**	**(2.362.665)**	**-**
Off-balance sheet interest sensitivity gap	**(2.741)**	**126.699**	**(3.739)**	**(4.226)**	**(136.138)**	**-**	**(20.145)**
Total interest sensitivity gap	**(4.018.161)**	**2.076.461**	**1.642.147**	**111.010**	**2.531.063**	**(2.362.665)**	**(20.145)**

INFORMATION ON FINANCIAL POSITION (Continued)

e. Weighted average interest rates applied to monetary financial instruments:

30 September 2006	EURO (%)	USD (%)	Yen (%)	YTL (%)
Assets				
Cash (cash in vault, foreign currency, money 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	3,04	5,50	-	19,23
Trading securities	4,94	6,43	-	20,08
Due from interbank money market	-	-	-	-
Available-for-sale securities	-	7,40	-	18,60
Loans	5,07	6,35	2,32	21,97
Held-to-maturity securities	7,49	8,23	-	18,97
Liabilities				
Interbank deposits	-	-	-	17,73
Other deposits	2,67	5,00	0,30	20,37
Due to interbank money market	-	-	-	19,68
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4,14	5,61	1,24	14,49

31 December 2005	EURO (%)	USD (%)	Yen (%)	YTL (%)
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Turkey	1,00	1,88	-	10,25
Due from banks and other financial institutions	2,77	4,11	-	15,33
Trading securities	3,99	6,07	-	14,51
Due from interbank money market	-	-	-	-
Available-for-sale securities	-	6,57	-	20,37
Loans	5,06	5,41	2,28	15,06
Held-to-maturity securities	7,58	8,34	-	19,99
Liabilities				
Interbank deposits	2,52	4,51	-	16,86
Other deposits	2,80	3,64	0,30	17,54
Due to interbank money market	-	-	-	14,10
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3,55	4,54	1,61	13,09

VII. EXPLANATIONS ON LIQUIDITY RISK

a. Liquidity risk arises from the mismatch of maturities of assets and liabilities. The Bank holds cash and cash equivalent items at an adequate level and differentiates the sources of funds in order to hedge the liquidity risk. Limits on the liquidity risk are followed through the reports which show the cash flows at the maturity dates and strategies are determined by the views of Asset and Liabilities Committee within the defined limits in the case of non-liquidity.

INFORMATION ON FINANCIAL POSITION (Continued)

b. Mismatch of the interest rates of payments, assets and liabilities is controlled through gap reports prepared on a monthly basis and the effects of the mismatch on the profitability are calculated.

c. The Bank's short-term liquidity need is funded with deposits and long-term liquidity needs are met by the foreign funding resources such as securitisation and syndication loans.

d. Cash inflows mostly consist of New Turkish Lira, USD and EURO. The segregation of the cash flows is monitored throughout the year and mismatch of cash flow in any currency is not allowed. Whereas asset based cash flows depend mostly on government bonds and loan types, floating rate balance sheet items create less liquidity risk. Liability based cash flows stem from deposits and have shorter maturities.

e. Breakdown of assets and liabilities according to their outstanding maturities:

30 September 2006	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and over	Not distributed (*)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Turkey	350.221	-	-	-	-	-	-	350.221
Due from banks and other financial institutions	129.292	1.260.977	9.000	99.252	3.000	-	-	1.501.521
Trading securities	-	63	2.877	244	2.730	43.353	-	49.267
Due from interbank money market	-	-	-	-	-	-	-	-
Available-for-sale securities	126.008	-	8	-	15.417	61.666	-	203.099
Loans	1.445	926.510	1.615.170	1.355.637	1.394.378	2.600.034	109.308	8.002.482
Held-to-maturity securities	-	-	63.901	67.025	466.363	4.327.855	-	4.925.144
Other assets	281.014	894.842	189.079	65.850	82.544	137.042	3.346.389	4.996.760
Total assets	**887.980**	**3.082.392**	**1.880.035**	**1.588.008**	**1.964.432**	**7.169.950**	**3.455.697**	**20.028.494**
Liabilities								
Interbank deposits	54.897	16.000	8.000	-	-	-	-	78.897
Other deposits	1.900.564	8.157.565	986.590	263.103	180.208	12.362	-	11.500.392
Due to interbank money market	-	877.485	1.206	-	-	-	-	878.691
Funds provided from other financial institutions	-	424.215	128.274	507.160	971.424	865.822	-	2.896.895
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	168.694	-	-	-	-	-	-	168.694
Other liabilities and sh.equity (**)	340.966	100.364	298.041	15.108	13.665	31.374	3.705.407	4.504.925
Total liabilities and Sh. Equity	**2.465.121**	**9.575.629**	**1.422.111**	**785.371**	**1.165.297**	**909.558**	**3.705.407**	**20.028.494**
Net Liquidity Gap	**(1.577.141)**	**(6.493.237)**	**457.924**	**802.637**	**799.135**	**6.260.392**	**(249.710)**	**-**
31 December 2005								
Total assets	588.475	2.665.516	2.747.708	1.776.857	1.402.837	3.418.949	2.191.599	14.791.941
Total liabilities	2.515.809	6.633.831	1.298.358	353.160	1.023.469	242.830	2.724.484	14.791.941
Net Liquidity Gap	**(1.927.334)**	**(3.968.315)**	**1.449.350**	**1.423.697**	**379.368**	**3.176.119**	**(532.885)**	**-**

(*) Fixed assets, loans under follow up, subsidiaries and participations, pre-paid, expenses and stationary which have no possibility for cash conversion in the short term and are essential for ongoing banking activities are shown under this column.

(**) "Shareholders' equity" is disclosed in "Other liabilities and shareholders' equity" under the "Not distributed" column.

SECTION FIVE

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	94	260.587	96	170.910
Time Unrestricted Amount	-	-	-	-
Total	**94**	**260.587**	**96**	**170.910**

b. Information on trading securities:

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

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bonds. Treasury bills and similar investment securities	1	-	346	-
Other	-	-	-	-
Total	**1**	**-**	**346**	**-**

2. Trading securities subject to repo transactions:

None.

c. Information on the available-for-sale securities:

1. Main types of available-for-sale securities:

Available-for-sale securities portfolio consists of discounted Treasury bills, discounted, floating rate and fixed rate government bonds. The main available-for-sale securities are discounted government bonds. As of 30 September 2006, there is no available-for-sale securities (31 December 2005: none) subject to repo transactions.

2. Information on securities available-for-sale:

	30 September 2006	31 December 2005
Debt securities	**79.117**	**71.828**
Quoted in a stock exchange	79.117	71.828
Not quoted	-	-
Share certificates	**2.505**	**2.508**
Quoted in a stock exchange	-	-
Not quoted	2.505	2.508
Impairment provision (-)	**(2.027)**	-
Other(*)	**123.504**	**29.672**
Total	**203.099**	**104.008**

(*) Other securities consist of YTL116.172 thousand gold, YTL7.332 thousand liquid fund.

3. Information on available-for-sale securities given as collateral and their carrying value:

The available-for-sale securities given as collateral consist of government bonds. Total book value of these securities is YTL19.980 thousand made up of YTL19.936 thousand cost of the securities and YTL44 thousand accrued interest (31 December 2005: YTL29.062 thousand).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Information on the available-for-sale securities given as guarantee/blocked:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bonds, Treasury bills and similar investment securities	19.936	-	29.062	-
Other	-	-	-	-
Total	**19.936**	**-**	**29.062**	**-**

5. Available-for-sale securities subject to repo transactions:

None.

d. Information on loans:

1. Information on all types of loans and advances 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	**2.056**	**35**	**1.992**	**337**
Corporate shareholders	-	-	-	-
Real person shareholders	2.056	35	1.992	337
Indirect loans granted to shareholders (*)	**111.216**	**400.640**	**143.418**	**229.076**
Loans granted to personnel	**8.231**	**-**	**9.920**	**-**
Total	**121.503**	**400.675**	**155.330**	**229.413**

(*) The balance of indirect loans granted to shareholders is given to the risk group that is defined in paragraph 2, article 20 of the Regulation on the Establishment and Operations of Banks.

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

30 September 2006	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	**7.673.016**	**-**	**186.835**	**33.323**
Discount notes	124.247	-	482	-
Export loans	1.435.132	-	21.487	11.457
Import loans	-	-	-	-
Loans given to financial sector	145.522	-	-	-
International loans	60.082	-	-	-
Consumer loans	987.454	-	40.272	-
Credit cards	100.768	-	28.293	-
Precious metals loans	98.115	-	531	-
Other	4.721.696	-	95.770	21.866
Specialised loans	-	**-**	-	-
Other receivables	-	**-**	-	-
Total	**7.673.016**	**-**	**186.835**	**33.323**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

30 September 2006	Short Term	Medium and Long term	Total	Interest and income Accr.and Redisc.
Consumer Loans-YTL	**50.857**	**906.425**	**957.282**	**7.138**
Real Estate Loans	1.852	483.317	485.169	3.283
Automobile Loans	10.061	317.850	327.911	2.360
Personal Loans	1.412	1.299	2.711	26
Other	37.532	103.959	141.491	1.469
Consumer Loans-Indexed to FC	**1.432**	**61.962**	**63.394**	**5.911**
Real Estate Loans	308	48.251	48.559	4.560
Automobile Loans	744	10.048	10.792	907
Personal Loans	100	96	196	18
Other	280	3.567	3.847	426
Consumer Loans-FC	**-**	**-**	**-**	**-**
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Loans	-	-	-	-
Other	-	-	-	-
Retail Credit Cards-YTL	**120.855**	**-**	**120.855**	**-**
With installment	6.802	-	6.802	-
Without installment	114.053	-	114.053	-
Retail Credit Cards-FC	**-**	**-**	**-**	**-**
With installment	-	-	-	-
Without installment	-	-	-	-
Personnel Loans	**2.081**	**4.473**	**6.554**	**22**
Real Estate Loans	-	139	139	-
Automobile Loans	26	162	188	-
Personal Loans	5	-	5	-
Other	2.050	4.172	6.222	22
Personnel Loans Indexed to FC	**12**	**484**	**496**	**44**
Real Estate Loans	-	309	309	22
Automobile Loans	-	34	34	5
Personal Loans	-	-	-	-
Other	12	141	153	17
Personnel Loans-FC	**-**	**-**	**-**	**-**
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-YTL	**1.181**	**-**	**1.181**	**-**
With installment	154	-	154	-
Without installment	1.027	-	1.027	-
Personnel Credit Cards-FC	**-**	**-**	**-**	**-**
With installment	-	-	-	-
Without installment	-	-	-	-
Total	**176.418**	**973.344**	**1.149.762**	**13.115**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

30 September 2006	Short Term	Medium and Long term	Total	Interest and income Accr.and Redisc.
Commercial Loans by Installment-YTL	**81.749**	**623.760**	**705.509**	**5.494**
Business Property Loans	9	1.313	1.322	8
Automobile Loans	36.106	480.103	516.209	3.481
Personal Loans	-	-	-	-
Other	45.634	142.344	187.978	2.005
Commercial Loans by installment Indexed to FC	**13.185**	**87.584**	**100.769**	**8.287**
Business Property Loans	-	183	183	108
Automobile Loans	641	25.751	26.392	2.391
Personal Loans	-	-	-	-
Other	12.544	61.650	74.194	5.788
Commercial Loans by Installment-FC	**-**	**-**	**-**	**-**
Business Property Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-YTL	**7.025**	**-**	**7.025**	**-**
With installment	-	-	-	-
Without installment	7.025	-	7.025	-
Corporate Credit Cards-FC	**-**	**-**	**-**	**-**
With installment	-	-	-	-
Without installment	-	-	-	-
Total	**101.959**	**711.344**	**813.303**	**13.781**

5. Domestic and foreign loans:

	30 September 2006	31 December 2005
Domestic loans	7.833.092	7.085.071
Foreign loans	60.082	21.886
Total	**7.893.174**	**7.106.957**

6. Loans granted to subsidiaries and investments:

	30 September 2006	31 December 2005
Loans granted to subsidiaries and investments	751.667	6.829
Total	**751.667**	**6.829**

7. Specific provisions on loans:

Specific Provisions	30 September 2006	31 December 2005
Loans and receivables with limited collectibility	2.206	2.219
Loans and receivables with doubtful collectibility	34.854	10.680
Uncollectible loans and receivables	292.554	322.810
Total	**329.614**	**335.709**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Information on loans and other receivables included in loans under follow-up accounts (Net):

8.i. Information on loans and other receivables renewed, refunded or restructured, and classified under follow-up accounts:

	III. Group Loans and receivables with limited collectibility	**IV. Group Loans and receivables with doubtful collectibility**	**V. Group Uncollectible Loans and receivables**
30 September 2006 (Gross amounts before the specific reserves)	**404**	**3**	**181.267**
Loans and other receivables which are restructured	404	3	181.267
Rescheduled loans and other receivables	-	-	-
31 December 2005 (Gross amounts before the specific reserves)	**4.176**	**-**	**187.990**
Loans and other receivables which are restructured	4.176	-	187.990
Rescheduled loans and other receivables	-	-	-

8.ii. Movement of total loans and other receivables under follow-up accounts:

30 September 2006	**III. Group: Loans and receivables with limited collectibility**	**IV. Group: Loans and receivables with doubtful collectibility**	**V. Group: Uncollectible Loans and receivables**
31 December 2005 balance	**14.542**	**19.016**	**375.440**
Additions (+)	98.592	5.517	15.107
Transfers from other categories of loans under follow-up (+)	-	88.435	27.951
Transfers to other categories of loans under follow-up (-)	(88.439)	(27.947)	-
Collections (-)	(12.921)	(7.998)	(58.636)
Write-offs (-)	-	(31)	(9.706)
Period end balance	**11.774**	**76.992**	**350.156**
Specific Provision (-)	(2.206)	(34.854)	(292.554)
Net balance on balance sheet	**9.568**	**42.138**	**57.602**

8. iii. Information on non performing foreign loans:

The Bank does not have any non-performing foreign loans.

9. Information on the liquidation of non performing loans and receivables:

Non performing loans and receivables are liquidated by cashing in collaterals.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on held-to-maturity securities:

	30 September 2006	31 December 2005
Debt securities	4.925.144	3.661.799
Quoted in a stock exchange	4.925.144	3.424.291
Not quoted	-	237.508
Impairment provision (-) (*)	-	(40.385)
Total	**4.925.144**	**3.621.414**

(*) In accordance with the Uniform Chart of Accounts, the differences in the carrying values of foreign exchange indexed securities due to decreases in foreign exchange rates are accounted under this account.

2. The movement of held-to-maturity securities:

	30 September 2006	31 December 2005
Balance at the beginning of the period	**3.621.414**	**3.213.936**
Foreign currency differences on monetary assets	319.954	(33.202)
Purchases during year	2.178.129	1.154.401
Disposals through sales and repayments	(1.194.353)	(708.075)
Impairment provision	-	(5.646)
Monetary gain/loss	-	-
Period end balance	**4.925.144**	**3.621.414**

3.i. Information on accounts in which held-to-maturity securities are recorded:

	30 September 2006				31 December 2005			
	Historical Cost		Carrying Value		Historical Cost		Carrying Value	
	YTL	FC	YTL	FC	YTL	FC	YTL	FC
Given as collateral or blocked	459.804	1.387.323	470.239	1.404.328	354.427	815.269	358.373	835.618
Subject to repo transactions	871.999	-	913.483	-	139.546	-	141.947	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Other	842.734	1.363.284	875.354	1.375.381	1.014.990	1.297.182	1.137.992	1.318.357
Total	**2.174.537**	**2.750.607**	**2.259.076**	**2.779.709**	**1.508.963**	**2.112.451**	**1.638.312**	**2.153.975**

3.ii. Held-to-maturity securities given as collateral or blocked:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Treasury Bills	-	-	-	-
Bonds and similar investment securities	459.804	1.387.323	354.427	815.269
Other	-	-	-	-
Total	**459.804**	**1.387.323**	**354.427**	**815.269**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Government bonds	871.999	-	139.546	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Assets backed securities	-	-	-	-
Other	-	-	-	-
Total	**871.999**	**-**	**139.546**	**-**

3. iv. Held-to-maturity securities for structured position:

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

f. Information on investments (Net):

1. General information on investments:

Name	Address	The Bank Share(%)	The Bank's Risk Group Share(%)
Vadeli İşlem Eğitim Danışmanlık	İzmir/Türkiye	10,39	10,39

2. Information on investments:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Marketable Security Income	Current Period (Loss)	Prior Period (Loss)	Fair Value
(*) 73	73	-	3	-	(1)	(1)	-

(*) Information on investments were derived from 30 September 2006 interim financial tables.

3. Information on valuation of investments: Described at section 3 note II.

4. Movement schedule of investments:

	30 September 2006	31 December 2005
Balance at the beginning of the period	**297**	**297**
Movements during the period	**(290)**	**-**
Purchases	-	-
Free shares obtained	-	-
Transfers	-	-
Sales	-	-
Revaluation increase	-	-
Impairment provision	(290)	-
Balance at the end of the period	**7**	**297**
Capital commitments	**-**	**-**
Share percentage at the end of the period (%)	**10,39**	**10,39**

5. Valuation of the investment made in investments:

	30 September 2006	31 December 2005
Valuation with cost	-	-
Valuation with fair value	-	-
Valuation with equity method	7	297

6. Investments quoted:

   The Bank has no investments quoted.

7. Investments sold in the current period:

   There are no investments sold in the current period.

8. Investments purchased in the current period:

   The Bank has no investments purchased in the current period.

g. Information on subsidiaries (Net):

1. Movement schedule of subsidiaries:

	30 September 2006	31 December 2005
Balance at the beginning of the period	**1.966.087**	**-**
Movements during the period	**1.269.204**	**1.966.087**
Purchases(*)	612.003	1.966.087
Free shares obtained(**)	657.201	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Liquidation	-	-
Transfers	-	-
Foreign exchange/inflation difference	-	-
Impairment provision	-	-
Balance at the end of the period	**3.235.291**	**1.966.087**
Capital commitments	**-**	**-**
Share percentage at the end of the period (%)	**67,31**	**58,22**

(*) Koçbank purchased 9,09% of YKB shares traded in ISE and 0,79% of the shares under a foreign mutual fund in YKB's available for sale portfolio during April and as a result, ownership of the Bank increases to 67,31%. Furthermore, the Bank has capitalized the advisory expense amounting to YTL2.737 thousand regarding stock purchases from ISE in its financial statements in the current period.

(**) Regarding the 31 March 2006 dated General Assembly decision YKB has added YTL1.144.318 thousand investment sale profits to capital. The increase is recorded under "Subsidiaries" in the assets side and under "Revaluation value increase fund" in the shareholders' equity part in the liabilities side.

2. Valuation of the investment made in subsidiaries

	30 September 2006	31 December 2005
Valuation with cost	3.235.291	1.966.087
Valuation with fair value	-	-
Valuation with equity method	-	-

3.i. Information on subsidiaries:

Name	Address	The Banks Share(%)	The Bank's Risk Group Share(%)
Yapı ve Kredi Bankası A.Ş. (*)	Istanbul/Turkiye	67,31	67,31

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3.ii. Information on Subsidiaries:

Total Assets	S.Equity	Total Fixed Assets	Interest Income	Marketable Security Income	Current Year Income	Prior Period Income	Fair Value
28.134.219	1.764.126	1.258.793	2.371.332	494.368	77.252	(2.501.116)	3.344.806

(*) Obtained from 30 September 2006 financial statements.

4. Subsidiaries quoted:

	30 September 2006	31 December 2005
Quoted on a domestic stock exchange	3.235.291	1.966.087
Quoted on a foreign stock exchange	-	-

5. Subsidiaries sold in the current period:

There are no subsidiaries sold in the current period.

6. Subsidiaries purchased in the current period:

Koçbank purchased 9,09% of YKB shares traded in ISE and 0,79% of the shares under a foreign mutual fund in YKB's available for sale portfolio during April and as a result, ownership of the Bank increases to 67,31%.

h. Information on other investments:

None.

i. Information on financial leasing receivables (Net):

None.

j. Information on accrued interest and income receivables:

1. Information on accrued interest and income receivables:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Accrued interest and income receivables				
Interest receivables	-	-	-	-
Interest accruals	77.826	37.371	37.526	20.704
Loan commissions and other income receivables	-	-	-	-
Loan commissions and other income accruals	-	-	-	-
Total	**77.826**	**37.371**	**37.526**	**20.704**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on other accrued interest and income receivables:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
Other accrued interest and income				
Trading securities	16	406	91	219
Available-for-sale securities	1.434	326	6.970	741
Held-to-maturity securities	84.539	29.102	129.349	41.524
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	11.876	3.372	5.517	2.272
Income accruals of financial derivative instruments	76.278	4.249	16.111	6.788
Interest and expense accruals	18.552	4.249	16.111	6.788
Foreign exchange gain/loss accrual	57.726	-	-	-
Income accruals of financial lease income	-	-	-	-
Other	10.647	1.634	9.029	2.503
Total	**184.790**	**39.089**	**167.067**	**54.047**

k. Information on deferred tax assets:

As of 30 September 2006, the Bank has no deferred tax assets.

Net deferred tax liability, amounting to YTL19.164 thousand is calculated on all deductible temporary differences between tax values and BRSA values.

l. Information on other assets:

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

30 September 2006	Demand	With 7 days Maturity	Up to1 month	1-3 Months	3-6Months	6 Months-1 Year	1 Year and over
Saving deposits	166.070	-	892.058	2.397.631	58.003	51.548	28.452
Foreign currency deposits	1.223.518	-	1.192.171	2.419.962	216.869	159.678	245.325
Residents in Turkey	1.184.682	-	1.159.313	2.383.110	189.912	156.578	238.520
Residents abroad	38.836	-	32.858	36.852	26.957	3.100	6.805
Public sector deposits	27.707	-	2.904	14.283	-	-	-
Commercial deposits	310.295	-	1.124.324	416.032	7.199	929	31.805
Other institution deposits	5.987	-	106.859	127.991	27	3	48
Precious metals deposits	166.987	-	104.055	456	237	423	556
Interbank deposits	54.897	-	14.000	-	2.000	-	8.000
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	1.527	-	14.000	-	2.000	-	8.000
Foreign Banks	53.355	-	-	-	-	-	-
Special financial institutions	15	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	**1.955.461**	**-**	**3.436.371**	**5.376.355**	**284.335**	**212.581**	**314.186**

31 December 2005	Demand	With 7 days Maturity	Up to1 month	1-3 Months	3-6Months	6 Months-1 Year	1 Year and over
Saving deposits	166.980	-	1.047.742	849.576	176.183	88.555	73.049
Foreign currency deposits	948.439	-	1.010.010	1.879.822	306.537	72.794	289.203
Residents in Turkey	928.694	-	985.411	1.859.679	305.060	71.528	284.836
Residents abroad	19.745	-	24.599	20.143	1.477	1.266	4.367
Public sector deposits	19.854	-	1.033	-	-	-	-
Commercial deposits	768.140	-	924.973	329.510	26.761	25.449	41.643
Other institution deposits	2.931	-	9.657	2.826	66	629	33
Precious metals deposits	69.450	-	101.981	138	130	229	290
Interbank deposits	36.157	-	247.980	-	-	5.000	11.000
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	95	-	224.732	-	-	5.000	11.000
Foreign Banks	36.049	-	-	-	-	-	-
Special financial institutions	13	-	23.248	-	-	-	-
Other	-	-	-	-	-	-	-
Total	**2.011.951**	**-**	**3.343.376**	**3.061.872**	**509.677**	**192.656**	**415.218**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on saving deposits:

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

	Under the guarantee of deposits		Exceeding the limit of insurance deposits	
Saving deposits	**30 September 2006**	**31 December 2005**	**30 September 2006**	**31 December 2005**
Saving deposits	1.612.689	1.054.895	1.981.073	1.347.190
Foreign currency saving deposits	959.821	1.005.945	2.213.256	2.045.356
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches deposits under foreign authorities insurance	-	-	-	-
Off-shore banking regions deposits under foreign authorities insurance	-	-	-	-
Total	**2.572.510**	**2.060.840**	**4.194.329**	**3.392.546**

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

	30 September 2006	**31 December 2005**
Foreign branches saving deposits	-	-
Off-share banking regions saving deposits	35.574	9.754
Total	**35.574**	**9.754**

b. Information on funds provided from repurchase agreement transactions:

	30 September 2006		**31 December 2005**	
	YTL	**FC**	**YTL**	**FC**
From domestic transactions	**871.914**	**-**	**139.546**	**-**
Financial institutions	-	-	110.000	-
Other institutions	847.883	-	18.472	-
Real persons	24.031	-	11.074	-
From foreign transactions	**85**	**-**	**-**	**-**
Financial institutions	-	-	-	-
Other institutions	-	-	-	-
Real persons	85	-	-	-
Total	**871.999**	**-**	**139.546**	**-**

c. Information on borrowings:

	30 September 2006		**31 December 2005**	
	YTL	**FC**	**YTL**	**FC**
Short-term	105.635	1.924.464	84.491	1.135.684
Medium and long-term	-	219.436	-	188.032
Total	**105.635**	**2.143.900**	**84.491**	**1.323.716**

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	41.266	311

The cash collaterals obtained are related with loan customers and money market operations.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

g. Other liabilities:

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

h. Information on financial leasing:

	30 September 2006		31 December 2005	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	255	241	795	754
Between 1-4 Years	3	3	7	5
Over 4 Years	-	-	-	-
Total	**258**	**244**	**802**	**759**

i. Information on accrued interest and expenses payables:

	30 September 2006		31 December 2005	
	YTL	**FC**	**YTL**	**FC**
Accrued interest on deposits	51.385	18.878	46.270	12.169
Accrued interest on borrowings	3.342	33.851	3.073	13.680
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreement transactions	896	-	150	-
Accrued interest on financial derivative instruments	12.808	2.075	18.877	9.100
Accrued interest and expense	3.458	2.075	18.877	9.100
Foreign exchange losses accrued	9.350	-	-	-
Accruals on factoring payables	-	-	-	-
Other interest and expense accruals	2.972	1.200	6.669	1.848
Total	**71.403**	**56.004**	**75.039**	**36.797**

j. Information on general provisions and subordinated loans:

1. Information on general provisions:

	30 September 2006	**31 December 2005**
General provisions	**161.451**	**162.211**
Provisions for first group loans and receivables	112.335	109.440
Provisions for second group loans and receivables	23.720	29.285
Provisions for non-cash loans	20.070	21.285
Others	5.326	2.201

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on provisions for possible risks:

	30 September 2006	31 December 2005
Provisions for possible losses	23.819	24.715

As of 30 September 2006 the Bank has recorded YTL9.788 thousand provision for an ongoing tax review based on prudence (31 December 2005: YTL9.788 thousand).

Moreover, Bank management has estimated losses that may arise from export loans to customers under legal follow-up that do not have the ability to fulfill their export commitments and has recognised provision of YTL12.250 thousand (31 December 2005: YTL14.000 thousand).

At 30 September 2006, the Bank has recognised a provision of YTL1.781 thousand (31 December 2005: YTL927 thousand) based on prudence to settle legal disputes in which the Bank is involved.

3. Information on subordinated loans:

	30 September 2006		31 December 2005	
	YTL	FC	YTL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	647.360	-	-
From other foreign institutions	-	-	-	-
Total	**-**	**647.360**	**-**	**-**

At 28 April 2006, the Bank obtained a subordinated loan amounting to EUR350 million, with ten years maturity and repayment option at the end of five years. The interest rate is determined as EURIBOR+2.25% for the first five years. The loan has been obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. With the letter of BRSA dated 2 May 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 (nominal values. inflation unadjusted balances):

	30 September 2006	31 December 2005
Common stock	2.345.246	2.342.316

2. Amount of paid-in capital, explanation on the registered share capital system, and ceiling of registered share capital if this system is used:

The registered capital system is not used in the Bank.

3. Increases in capital in the current period and the sources of the increase:

Date	Amount	Cash	Reserves	Other Funds
27 June 2006	2.930	-	-	2.930

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Additions to the share capital from revaluation fund in the current period:

Fixed Asset Value Increase	Investment Value Increase	Immovables Sales Profit	Investment Sales Profit	Special Cost Revaluation Fund
-	-	2.930	-	-

5. The Bank has no capital commitments until the end of the fiscal year and the subsequent interim period.

6. There are no privileges given to shares representing the capital in the current period.

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

	30 September 2006	31 December 2005
Number of shares (thousand)	234.524.670	234.231.648
Preferred stock	-	-
Common stock issue premium	35.000	35.000
Common stock cancellation profit	-	-
Other equity instruments	-	-
Total common stock issue	-	**-**

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

Name/Commercial title	Share amounts	Share percentage	Paid-in capital	Unpaid portion
Koç Financial Services A.Ş.	2.339.998	99,78	2.339.998	-

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	19.349	-

2. Information on financial leasing income:

None.

3. Interest received from reverse repurchase agreement transactions:

	30 September 2006	30 September 2005
Interest received from reverse repurchase agreement transactions	160	493

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Information on interest expenses:

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

	30 September 2006	30 September 2005
Information on interest expense given to associates and subsidiaries	3.114	-

2. Information on financial leasing expense:

	30 September 2006	30 September 2005
Information on financial leasing expense:	38	162

3. Maturity structure of the interest expense on deposits:

30 September 2006	Demand Deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Total
Account name							
YTL							
Interbank deposits	836	2.632	-	376	-	1.504	5.348
Saving deposits	23	121.464	208.407	12.236	11.515	7.684	361.329
Public sector deposits	-	124	154	-	-	-	278
Commercial deposits	18.982	144.441	55.442	3.882	427	4.199	227.373
Other deposits	-	69	3.211	44	33	5	3.362
Deposits with 7 days notification	-	-	-	-	-	-	-
Total YTL	**19.841**	**268.730**	**267.214**	**16.538**	**11.975**	**13.392**	**597.690**
FC							
Foreign currency deposits	5.801	36.106	59.640	6.115	2.764	7.345	117.771
Interbank deposits	-	9.674	-	-	-	-	9.674
Deposits with 7 days notification	-	-	-	-	-	-	-
Precious metal deposits	-	39	2	2	4	749	796
Total FC	**5.801**	**45.819**	**59.642**	**6.117**	**2.768**	**8.094**	**128.241**
Grand Total	**25.642**	**314.549**	**326.856**	**22.655**	**14.743**	**21.486**	**725.931**

4. Interest given to repurchase agreement transactions:

	30 September 2006		30 September 2005	
	YTL	FC	YTL	FC
Interest given to repurchase agreement transactions	13.294	-	25.029	-

5. Interest given to factoring payables:

None.

c. Information on other operating income:

None.

d. Provision expense on loans and other receivables of the Bank:

	30 September 2006	30 September 2005
Specific provisions for loans and other receivables	26.266	14.087
Group III. loans and receivables	-	275
Group IV. loans and receivables	25.776	2.132
Group V. loans and receivables	490	11.680
General provision expenses	9.454	36.535
Possible risks provision expenses	1.454	5.000
Foreign exchange losses from foreign currency indexed loans	27.351	19.351
Marketable securities impairment expense	-	-
Trading securities	-	-
Available-for-sale securities	-	-
Impairment provision expense	290	6.679
Investments and associates	290	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity securities	-	6.679
Other	-	939
Total	**64.815**	**82.591**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

e. The profit and loss from subsidiaries and associates:

1. The profit and loss from subsidiaries and associates:

   The Bank has YTL605 thousand total dividend income from Koç Portföy A.Ş. and from Kredi Kayıt Bürosu.

2. The Bank's share in profit or loss from associates that is accounted for using the equity method of accounting:

   Investments and associates are valued accordingly with equity method and the value decrease amounting to YTL290 thousand are disclosed in the "impairment losses for investments and subsidiaries" account.

3. 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 part VI "Information and notes on the Bank's risk group", of Section five "Information and notes on unconsolidated financial statements.

f. Information on tax provision:

1. 5024 numbered Law published in 30 December 2003 dated and 25332 numbered Official Gazette, and tax legislation concerning the application of inflation accounting as from 1 January 2004 came into force. According to Law, if increase in Wholesale Price Index (WPI) is greater than 100% in last 36 months and is greater than 10% in last 12 months, corporate tax base will be calculated by taking into account inflation accounting adjustment. Accordingly, for year 2004, conditions for applying inflation accounting are met, and as from 31 December 2004 corporate tax base is calculated by taking into account inflation accounting adjustment.

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

2. Information on current year and deferred tax income or expenses:

   As of 30 September 2006, the Bank's deferred tax income is YTL70.315 thousand, current tax expense is YTL23.057.

3. Information on deferred tax income or expense coming from temporary differences, financial loss, tax incentives and deductions that were reflected to the income statement:

   Deferred tax income coming from temporary differences is YTL70.315 thousand.

   The tax litigations against the corporation tax of 2003 and 2004 fiscal year, witholding tax of 2004/4 period and have been decided in favor of the Bank. Tax Office has already appealed to the Council of State against the resolutions of Tax Courts and appeal investigations are continuing. Based on the resolutions of Tax Courts, YTL109.328 thousand, the tax amount subject to litigation has been refunded from Tax Office by the Bank and shifted to the Bank's financials as deferred tax income as of 30 September 2006.

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

The quality, dimension and frequency ratio of income and expense items originated from the Bank's ordinary banking operations are not necessary to figure out the Bank's performance in the current period except deferred tax income rising from tax court explained in section five part f.3.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

None.

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

a. Information on contingent liabilities:

1. As of 30 September 2006 and 31 December 2005, the Bank has no contingent liabilities related to joint ventures.

2. As of 30 September 2006 and 31 December 2005, the Bank has no contingent assets:

For 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 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.

Provisions for these contingent assets are explained in detail in article l of the part 2 "Information on notes on liabilities" in section five "Information and notes on unconsolidated financial statements".

b. Information on off-balance sheet:

1. Type and amount of commitments without recourse:

As of 30 September 2006, all commitments of the Bank are in the form of loan commitments without recourse. Commitments of the Bank amount to YTL1.099.209 thousand at the end of the period (31 December 2005: YTL1.231.384 thousand).

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

The Bank has no probable losses 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 avalised and acceptance loans, collaterals that are accepted as financial commitments and other letter of credits:

	30 September 2006	**31 December 2005**
Bank acceptance loans	123.153	84.578
Letter of credits	925.334	860.032
Other guarantees	363.843	241.633
Total	**1.412.330**	**1.186.243**

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

	30 September 2006	**31 December 2005**
Temporary and definite letter of guarantees	2.159.750	1.974.384
Letter of guarantees given against cash	69.526	83.232
Letter of guarantees given with foreign bank's guarantee	68.960	39.771
Other letter of guarantees	566.322	470.424
Total	**2.864.558**	**2.567.811**

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

c. Total amount of non-cash loans:

1. Total amount of non-cash loans:

	30 September 2006	31 December 2005
Guarantees given against cash loans	69.526	83.232
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	69.526	83.232
Other non-cash loans	4.207.362	3.670.822
Total	**4.276.888**	**3.754.054**

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

As of 30 September 2006, there is no pledge, mortgage or other restriction on property and equipment, nor there is any commitment for the purchase of property and equipment. There are no material expenditures on property and equipment during constructions within the current period.

d. Information related to services delivered in the name and account of others:

The Bank carries out custody services on behalf of others and on their account. Custody securities are shown at off-balance sheet commitments statement.

e. Brief information on rating carried out by international rating firms:

FITCH RATINGS		
August 2006	**Note**	**Outlook**
Foreign Currency Rating		
Long Term	BB	Positive
Short Term	B	
Local Currency Rating		
Long Term	BB+	Positive
Short Term	B	
National Rating		
Long Term	AA (tur)	Stable
Individual Rating	D	
Support	3	

MOODY'S		
December 2005	**Note**	**Outlook**
Bank Financial Strength	D	Negative
Short Term FC Deposits	NP	
Long Term FC Deposits	B1	Stable

STANDARD&POORS		
June 2006	**Note**	**Outlook**
Rating		
Long Term	BB-	Stable
Short Term	B	Stable

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES RELATED TO STATEMENTS OF CASH FLOW

a. Information on cash and cash equivalents:

1. Items included in cash and cash equivalents and accounting policy used to determine cash and cash equivalents:

   Cash, foreign currency and demand deposits in the banks including the Central Bank of Turkey are described as "Cash". Interbank money market placements and time deposits in the banks with original maturity of less than three months are described as "Cash equivalents".

2. Information on changes in accounting policy:

   None.

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

	30 September 2005	31 December 2004
Cash	**296.816**	**189.529**
Cash, foreign currency	112.903	69.530
Demand Deposits in the Banks	183.913	119.999
Cash Equivalents	**862.029**	**1.439.205**
Interbank Money Market Placements	185.744	138.995
Time Deposits in the Banks	676.285	1.300.210
Total Cash and Cash Equivalents	**1.158.845**	**1.628.734**

The total value calculated as a result of the transactions realised in the previous year is equal to the current years beginning cash and cash equivalents total.

(ii) Information on cash and cash equivalents at the end of the period:

	30 September 2006	31 December 2005
Cash	**479.513**	**508.029**
Cash, foreign currency	89.540	148.739
Demand Deposits in the Banks	389.973	359.290
Cash Equivalents	**1.269.977**	**257.928**
Interbank Money Market Placements	-	-
Time Deposits in the Banks	1.269.977	257.928
Total Cash and Cash Equivalents	**1.749.490**	**765.957**

b. There are no cash and cash equivalents of the Bank those are not freely useable due to legal restrictions or other reasons.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. EXPLANATIONS AND NOTES RELATED TO THE BANKS'S GROUP

a. Information on the volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions at the end of the period and profit and loss for the period:

1. 30 September 2006:

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	6.829	1.125	145.410	229.413	-	-
Balance at the end of the period	751.667	1.138	113.272	400.675	-	2.774
Interest and commission income received	**19.349**	**3**	**11.514**	**1.737**	**-**	**-**

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

2. 31 December 2005:

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	194.889	172.965	-	-
Balance at the end of the period	6.829	1.125	145.410	229.413	-	-
Interest and commission income received (**)	**-**	**-**	**23.872**	**598**	**-**	**-**

(*) Defined in the 2nd Article of subsection 20 of the "Regulation on the Establishment and Operations of Banks".
(**) Shows 30 September 2005 values.

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

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	30 Sept 2006	31 Dec 2005	30 Sept 2006	31 Dec 2005	30 Sept 2006	31 Dec 2005
Deposits						
Balance at the beginning of the period	36.301	-	1.395.021	1.194.582	398	-
Balance at the end of the period	4.418	36.301	2.224.306	1.395.021	1.100	398
Interest on deposits (**)	**3.114**	**-**	**158.786**	**67.323**	**186**	**-**

(*) 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 similar other agreements with the Bank's risk group:

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	30 Sept 2006	31 Dec 2005	30 Sept 2006	31 Dec 2005	30 Sept 2006	31 Dec 2005
Transactions for trading purposes						
Beginning of the period	-	-	371.650	393.654	-	-
End of the period	2.965	-	270.943	371.650	-	-
Total income/loss (**)	**(54)**	**-**	**(76)**	**(20.372)**	**-**	**-**
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".
(**) 31 December 2005 column shows the 30 September 2005 values.

b. Information on 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 transactions with entities that are included in the Bank's risk group are in line with the legislation.

2. In addition to the nature of the relationship, the type of transaction, the amount and ratio of total transactional volume, the amount of significant items, and ratio in all items, pricing policy and other:

	Total Risk Group	Total Transaction Volume	%
Loans	109.761	8.002.482	1
Due from banks	755.178	1.501.521	50
Deposits	1.778.279	11.579.289	15
Repurchase agreement	1.912	871.999	-
Funds borrowed	449.633	2.896.895	16
Non-cash loans	404.587	4.276.888	9
Transactions for Trading Purposes	273.908	3.846.387	7
Interest income received	30.863	1.207.637	3
Interest expense paid on deposits and borrowings	162.086	827.038	20
Commission income received	1.740	28.388	6
Income for trading activities (net)	(130)	205.048	-

3. Transactions accounted for using the equity method:

   The Bank has no transactions that are accounted for using the equity method.

4. Information on transactions under conditions such as purchase-sell of property plant and equipment and assets, purchase-sell of services, agency agreements, leasing agreements, data transfer as a result of research and development, license agreements, financing (including loans and cash. or capital aid in kind), guarantees and collaterals and management agreements:

   All of the financial leasing transactions are performed with Koç Finansal Kiralama A.Ş. which is in the Bank's risk group.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. EXPLANATIONS ON INFLATION ACCOUNTING

As explained in part I in section three, 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 necessary criteria that should be met for the application of inflationary accounting as well as the inflation rate no longer exists. According to AAR 14, period end restated amounts constitute next period's opening amounts. As a result inflationary accounting was applied to the Bank's financial statements till 31 December 2004 and ended on 1 January 2005. Prior period amounts on these financial statements are expressed as restated amounts with the purchasing power of the Turkish Lira at 31 December 2004.

Explanation on inflationary accounting applied in line with AAR 14 till 31 December 2004 is presented below.

a. Financial statements have been restated to eliminate the effect on the financial statements of the changes in the purchasing power parity of the Turkish lira at the balance sheet date.

b. The following conversion factors and wholesale price indices announced monthly on the same basis by State Institute of Statistics have been used to preparing financial statements:

Date	Price index	Conversion factor
31 December 2004	8.403,8	1,0000
31 December 2003	7.382,1	1,1384
31 December 2002	6.478,8	1,2971

c. Monetary assets and liabilities, which are carried at current amounts at the balance sheet date are not restated because they are already expressed in terms of the monetary current unit 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 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, inappropriate profit, 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 increased 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.

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

- Subsidiaries. associates and share certificates included in the available-for-sale portfolio that are denominated in New Turkish Lira are adjusted by considering 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. Adjusted values of the subsidiaries, associates and share certificates included in the available-for-sale portfolio that are denominated in foreign currency are calculated through the translation of the historical foreign currency amounts using exchange rates current 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 realisable or the fair value depending on the criteria, for instance, the permanency and the amount of the impairment.

d. 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 on the useful lives of the assets is disclosed in the related footnotes. Expertise values are determined by the independent valuation institutions for the assets regarding the materiality.

e. Registered value of reserves and registered value of paid-in capital (inflation unadjusted balances) under the Turkish Commercial Code and the Articles of Association of the Bank are as follows:

	30 September 2006	31 December 2005
Paid-in Capital	2.345.246	2.342.316
Legal Reserves	17.159	5.237
General Reserves	326.026	99.503

f. Unconsolidated Financial statements as at and for the year ended 31 December 2005 were audited by Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers.

g. Income and expenses accrued for 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 are evenly distributed.

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 the Bank with all of its rights, receivables, liabilities and obligations to YKB and the consequential dissolution of the Bank without liquidation; and the transfer of all its rights, receivables, liabilities and obligations to YKB 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 YKB was registered with the İstanbul Commercial Registrar on 2 October 2006. YKB's current capital has increased from YTL1.896.662.493,80 to YTL3.142.818.454,10 and a distribution of the increased portion amounting to YTL1.246.155.960,30 has been made to the shareholders of the Bank starting from 10 October 2006. The shareholders of the Bank have the right to purchase 1Ykr nominal valued 0,5313538 units of shares in exchange for each 1Ykr nominal valued the Bank share. As the Bank has been terminated and not liquidated following the transfer, it is deregistered from the commercial register on 2 October 2006.

INFORMATION AND NOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on the effect on foreign currency transactions and unconsolidated financial statements of significant changes in foreign exchange rates after balance sheet date and foreign operations of the Bank.

None.

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON BANK'S OPERATING AREAS

None.

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

EXPLANATION 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. ADDITIONAL INFORMATION AND NOTES PREPARED BY AUDITOR

None.

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