NEAR EAST UNIVERSITY

faculty of business and administration science
For

MAN 400

Financial statement analysis
of YAPI KREDİ BANK

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INTRODUCTION

Yapi kredi,with its state-of-of-the-art technology infrastructure, provıde telephone bankıng,ınternet bankıng,PC bankıng and WAP bankıng servıces to ıts clients.The Bank, with high service quality, also provides payroll distribution, automatic bill payments and social security premium collection services.As of September 30, 2001, the Bank is the third largest in terms of total assets, reaching a level of $ 8,977 mio. Yapi Kredi has a strong position in the Turkish market in consumer and retail banking. It handles the largest credit card business volume, amounting to 27% of total market volume, along with a wide POS network and has more than 1,300 ATM machines. The Bank is actively involved in trade finance and provides highly specialized services to local producers, industrialists and companies involved in import/export businesses.

However we are going to show how our YAPIKREDI bank performance have been improving among fierce competition in the industry through showing improving in ROA and ROE and also all ratios that associate in showing our bank ability to go ahead with comparison with old banks like IS bank .SO from this point our hypotheses arise of searching and proving that a young bank like YAPIKREDI made a good profit in compare to its capita, as we see from ıts rank as the thırd ın the ındustry:

Financial Highlights

Financial Highlights	Size (US$ mn)*	Rank**
Total Assets	8,977	3
Deposits	6,313	3
Loans	3,693	1
Shareholders' Equity	1,037	1
Income from banking services	100	1

So we are going apply many tools of analysing from accounting and finance texts to give wild picture about our bank YAPIKREDI and its position in the market.

Dollar and Percentage changes The dollar amount of changes from year to year is significant , and expressing the change in percentage terms adds perspective . For example , if

Trend Percentages The change in financial statement items from the base year to following years are often expressed as trend percentages to show the extent and direction of change.

Component percentages indicate the relative size of each item included in a total . For example , each item on a balance sheet could be expressed as a percentage of total assets.

Ratios A ratio is a simple mathematical expression of the relationship of one item to another . Every percentage may be viewed as a ratio , that is , one number expressed as a percentage of another . Ratios are particularly important in understanding financial statements because they permit us to compare information from one financial statement with information from another financial statement .

Also we will defer much of our discussion of how ratios are used and some problems that come up with using them so we consider several questions that come to mind

How is it computed?

What is it intened to measure?

What is the unit of measurment?

What might a high or low value be telling us?

Finally financial ratios are traditionally grouped into the following categories

1)short term solvency or liquidity ratios.

2)long term solvency or financial leverage ratios.

3)asset management or turnover ratios.

4)profitability ratios.

5)market value ratios.

1. HISTORICAL BACKGROUND OF YAPIKREDI BANK

OVERVIEW

Yapi kredi,with its state-of-of-the-art technology infrastructure,provide telephone banking,internet banking,PC banking and WAP banking services to its clients. The Bank, with high service quality, also provides payroll distribution, automatic bill payments and social security premium collection services

1.1. HISTORICAL EVALUATION

Established on September 9, 1944 as the first national bank founded with private capital, Yapi Kredi initiated a new era in Turkey, the "era of private sector banking". In the first year of its "Journey to Innovation", Yapi Kredi introduced the new concept of a "savings account with Yapi Kredi began to pay interest on state bonds deposited for certain periods of time without charging custodian or coupon fees. This created an increase in the value of state bonds for the first time, and, just like money, secured the earning of a clear deposit cost. Yapi Kredi also became the first bank in Turkey to grant loans to tradesmen, villagers and artisans a premium" to the banking sector. Yapi Kredi has always aimed to contribute to the increase in skilled manpower in Turkey. To this end, in 1952, it introduced the concept of educational loans to Turkish banking by issuing loans to Turks pursuing their students at European universities, technical internship loans to graduates of technical and art schools doing internships in Europe, and health loans to pharmacists and doctors to enable them to continue their education. Yapi Kredi signed a collective labor agreement with its workers' union for the first time in the Turkish banking sector on October 28,1964

Yapi Kredi was the first bank to use computers. Banking transactions and lotteries were connected to the Electronic Accounting Center. Yapi Kredi became the first bank to authorize taking foreign exchange positions as a way to develop foreign trade. With this authority, which requires wide knowledge of the techniques of foreign banking, fast communications, close monitoring of world developments and a very good organization, Yapi Kredi increased its experience in international foreign currency transactions and contributed to Turkey's integration into the international banking system. In 1978 Yapi Kredi established the first Electronic Banking Center in Turkey. In addition, it began publishing an international bulletin titled "Economic Conditions" in English and Turkish. The majority of Yapi Kredi shares were acquired by the Cukurova Group. Yapi Kred initiated a new era in Turkish banking by automating its branch network. Establishment of the first on-line, real time system in Turkey, it connected the branches with each other as well as with the head office. Yapi Kredi established an on-line connection with overseas branches and began electronic data processing in many European countries, especially Germany. In addition, Yapi Kredi became the first bank to sign an agreement with Merrill Lynch, one of the biggest investment houses in the world. As a result, Yapi Kredi facilitated the acceptance of its bonds and certificates in the international capital markets.

In 1978Yapi Kredi introduced a new system to Turkish banking with automated trading of capital market instruments. Connection of 80 branches all over the country with Yapi Kredi Securities Center made it possible to buy and sell all kinds of bills, bonds and stocks profitably, in as little as three seconds. Yapi Kredi launched "Individual Banking" as part of its "Active Banking" system and thus began to offer customers new and modern services. The Yapi Kredi VISA Classic card was the first real credit card in Turkey, enabling customers to withdraw cash at 28,000 ATMs and 20,000 bank branches all over the world and to charge purchases made abroad. For the first time, domestic expenditures were made payable in installments. Yapi Kredi was the first bank in Turkey to offer such new and modern credit instruments as Personal Loans, Automobile Loans and Home Mortgage Loa Yapi Kredi introduced Point of Sale terminals to Turkish banking, and thus made it possible to use bank cards instead of cash at stores, hotels, restaurants, hospitals and gas stations. Additionally, Yapi Kredi launched a "Business Card" for companies. A representative office was opened in Moscow. Yapi Kredi brought IBM PS2 systems to Turkey, adopting second generation technology for its electronic processing system. Thus, balance sheet and income statements began to be produced by the computer network. In 1990, Yapi Kredi became the first Turkish bank to secure a large medium-term credit from a consortium of 13 international banks without the guarantee of the state or an international organization. In 1991 Yapi Kredi introduced a telephone banking system. This enabled bankcard holders to check their balances, make payments and obtain foreign exchange rate and the stock market information over the telephone. Yapi Kredi introduced two new types of accounts: Deposit Account with an Overdraft Facility and Commercial Accounts with an Overdraft Facility. Yapi Kredi bank cards were connected to the Plus System, enabling cardholders to access their demand deposits anywhere in the world through ATMs. Yapi Kredi became the first bank in Turkey to trade stocks and bonds internationally and to issue asset backed securiti Yapi Kredi launched a "supercard" connected to international VISA and Plus System. This allowed customers to withdraw cash, make payments and use credit all over Turkey and around the world. Yapi Kredi broke new ground by introducing University Banking, serving university students with debit cards, credit cards and Deposit Account with an Overdraft Facility. In addition, Yapi Kredi became the first Turkish bank to have its financials and activities reviewed by an international rating agency and to set its strategy according to the data obtained from this review. Turkcell, an affiliate of Yapi Kredi, introduced GSM (Global System for Mobile Communications) to Turkey. The Bank commences a wide-ranging five-year change program. Turkcell, an affiliate of Yapi Kredi, introduced GSM (Global System for Mobile Communications) to Turkey. The Bank commences a wide-ranging five-year change program.Yapi Kredi endowed its bankcard with a new and extraordinary advantage by providing complimentary insurance coverage to deposit holders. Thus cardholders were able to benefit for insurance coverage in the case of hospitalization or death as the result of an accident . Superonline, an affiliate of Yapi Kredi, pioneered Business-to-Consumer Internet services in Turkey and quickly become the country's leading ISP. Yapi Kredi Banking Operations Base became operational, giving impetus to Yapi Kredi's comprehensive change program. TELEROM, a computer banking system ensuring secure transactions through a telephone line and modem, was offered to companies. Yapi Kredi Yatirim Menkul Degerler A.S. (Yapi Kredi Securities) began to operate as a separate company in line with a change in the regulatory environment. Yapi Kredi began providing all banking services round the clock through its telephone banking system TELETEL.

Taksitcard, a special credit card designed for installment purchases, enabled cardholders to make their payments in 2-12 monthly installments. Automated payment of mobile telephone bills with Turkcell Card was initiated. Businesses accepting credit card payments for sales were offered great convenience through the use of Teleposmobil, Turkey's first wireless mobile shopping terminal. Yapi Kredi became the first in Turkey to pilot the SET protocol for ensuring secure shopping on the Internet simultaneously with other renowned organizations in the world. Change in senior management from within the Bank ensured continuity in management and strategy.The new Headquarters at Yapi Kredi Plaza D Blok became operational on January 18. Finalization of change program increases efficiency and reduces the cost/income ratio.

In 2000Yapi Kredi launched Internet and WAP banking applications.The Call Center was recognized as one of the best in Europe and Technology, Operations and Production received ISO 9001 Quality Certification. Syndicated facilities increased from $420 million to $ 750 million, a reflection of Yapi Kredi's credibility in the international financial markets. The Initial Public Offering of Turkcell netted Yapi Kredi $160 million from the divestiture of 0.95% of its stake in the mobile communications company. The security of Yapi Kredi's Internet banking branch, Teleweb, received the e-Sure certificate from Arthur Andersen. Worldcard Travel Ticket Program was started. This enables Worldcard cardholders to use domestic or international air tickets against a guarantee of future spending.

RecentlyYapi Kredi introduced a new distribution channel on digital television. The new service, called TeleVizyon, enables customers to access account and credit card information as well as general information about Bank rates, services and campaigns over Digiturk, Turkey's first digital TV platform. The service is available to Digiturk subscribers who are also registered users of Yapi Kredi's telephone or web based banking services.The retail marketing organization of Halk Sigorta and Halk Yasam Sigorta were combined as Yapi Kredi Sigorta ve Aracilik Hizmetleri A.S. Halk Sigorta's name was changed to Yapi Kredi Sigorta A.S. while Halk Yasam Sigorta was renamed Yapi Kredi Yasam Sigorta A.S .

1.2. The major subsidiaries whose results are included in the consolidated financial statements of Yapi Kredi are:

- Yapi Kredi Leasing, a market leader in providing highly specialised financial services in the commercial and corporate based leasing industry with a 9% market share..
- Yapi Kredi Factoring, with a 13% market share, is a full member of Factors Chain International and an associate member of Heller International Group..
- Yapi Kredi Sigorta, a leading provider of non-life insurance products that is listed on the ISE.
- Yapi Kredi Yasam, a very successful life and health insurance company.
- Yapi Kredi Yatirim, the full service investment banking and brokerage arm of Yapi Kredi, serving corporate clients and institutional and retail investors in Turkey and abroad.
- Yapi Kredi-Koray Real Estate Investment Co., an independent and professionally managed REIC that is well-positioned in the market in terms of image, funding and access to investment opportunities.

- Yapi Kredi Deutschland A.G., focusing on corporate banking and foreign trade and treasury business for the European market.
- Yapi Kredi Bank Nederland N.V. Yapi Kredi Bank Nederland N.V. Is a recently established wholly owned indirect subsidiary of Yapi ve Kredi Bankasi A.S. that has recently commenced its banking activities in the Netherlands.
- Yapi Kredi Moscow, providing services to Turkish and multinational corporations and individuals, with an emphasis on fee-based business in Russia.
- Banque de Commerce et de Placements, concentrating on financing of commercial transactions in the field of international trade and portfolio management for private banking clients.

1.3. NON-Financial Group

Turkcell: Turkcell is the leading provider of mobile communications services in Turkey. The company has approximately 11.3 million customers using Turkcell's mobile communications network as of June 30, 2001.

Turkcell's mobile communications network is based on the Global System for Communications, or GSM, technology. GSM is a pan-European mobile communications system based on digital transmission. Turkcell provides high-quality mobile voice and data services and also developed the premier mobile brand in Turkey by differentiating ourselves from our competition based on quality of service. As part of its focus on customer service and customer growth, it has introduced a wide range of mobile services intended to attract and retain customers with various service needs.

Turkcell completed an initial public offering of 24 billion ordinary shares of Turkcell representing 10% of the outstanding shares in the form of ordinary shares and American Depositary Shares (with each ADS representing 250 ordinary shares). The ordinary shares are listed on the Istanbul Stock Exchange and the American Depositary Shares are listed on the New York Stock Exchange and on SEAQ International. As of December 31, 2000, according to financial results reported in accordance with accounting principles generally accepted in the United States (US GAAP), Turkcell's subscriber base grew 4% to 11.3 million at June 30, 2001 from 10.9 million at March 31, 2001. Revenue for the second quarter of 2001 declined 22% to $415.6 million from $530.3 million for the first quarter as a result of the depressed economic conditions in Turkey, the decrease in value of the Turkish Lira and the lagged impact of tariff increases. Turkcell reported a net loss of $40.7 million in the second quarter of 2001.

Fintur Holdings B.V. Yapi Kredi acquired a 20% stake in Fintur Holdings B.V. in 2000. The company -- a joint venture between Yapi Kredi, Turkcell, Cukurova Group and Sonera of Finland -- manages and guides investments in converging technologies, specifically in mobile telecommunications, broadband and the Internet.
Fintur Holdings is committed to maintain a market leading role in the Turkish mobile communications and Internet sectors and aspires to be a global leader in these areas through a strategic investment program that emphasizes innovative technologies and quality customer service. Companies owned by Fintur include Superonline (Leading ISP and Portal in Turkey), Digital Platform (Digital TV technical service & content provider), Mobicom (Data transmission), Verinet (Data transmission through Satellite), Topaz (Cable TV infrastructure), and International Mobile Operations, Azercell, Geocell, Kcell and Moldcell.

Yapi Kredi Cultural Activities, Arts and Publishing in 2000

Yapi Kredi Cultural Activities, Arts and Publishing, Inc. engages in artistic, cultural, and publishing activities on behalf of Yapi Kredi. The company organizes many performances and concerts in a wide range, from classical music to jazz, blues and rock, from classical ballet to dance of every description. In all, twenty-one performances took place as part of the "Four Seasons Yapi Kredi Arts Festival" in 1999. In addition to this regular musical and performance activities, the third "Yapi Kredi International Leyla Gencer Voice Competition" had been held in 2000.The Bank's Cultural Center houses The Kazim Taskent Art Gallery, The Vedat Nedim Tor Museum and The Sermet Cifter Library. The Vedat Nedim Tor Museum has a world-class numismatics and excellent ethnographical collections such as embroidery, Turkish fabrics, metal works, prayer beads and other collections, which are regularly displayed on a thematic and rotational basis. The Sermet Cifter Library, which contains 80,000 antique and rare books as well as 2000 manuscripts, has recently been renovated and reorganized in order to serve the researchers in the fields of Turkish culture, Turkish history and Istanbul City.

In 2000, Yapi Kredi Cultural Center organized 22 exhibitions in total. In the Kazim Taskent Art Gallery and the other three galleries in Izmir, Adana and Balikesir, 14 different art exhibitions took place, including the works of local artists. Among them, "the great masters of

Turkish painting" such as Ferruh Basaga, Cevat Dereli, Sukriye Dikmen and "Paris School and Turkish Painters" are important ones. The Vedat Nedim Tor Museum organized three thematic exhibitions, namely "Images of the Earth" (Anatolian Maps since the Antiquity), "Radio Days" (The Story of Radio in Turkey) and "Suggestions for a Beyoglu Museum". The last exhibition had been enriched by three different projects on Beyoglu. "A Beyoglu Photo-Romance" had been realized on Istiklal Street; "Behind the Walls" was a photograph exhibition about the interiors of the famous buildings of Beyoglu. In addition some contemporary artists participated with their own projects in Beyoglu exhibitions. Yapi Kredi Publications is among the largest and most influential publishing houses in Turkey today. Publications include high quality books in such fields as literature, philosophy, arts, children's books and periodicals. With more than 1400 books appearing to date, the company published 159 books and 14 periodicals in 1999. Some exemplary titles of the world literature, such as Moby Dick and Billy Budd by Hermann Melville, and The Man Without Qualities by Robert Musil have been translated and published in this year. The 700th anniversary of Ottoman Empire caused a series of scholarly activities such as panel discussions and new publications on Ottoman literature, art, history and biographies.

2.OVERVIEW ABOUT FINANCIAL STATEMENTS

2.1. FINANCIAL STATEMENTS

The preparation of financial statements is not tie first step in the accounting process, but it is a convenient point to begin the study of accounting. The financial statements are the means of conveying to management and to interested outsiders a concise picture of the profitability and financial position of the business. Since these financial statements are in a sense the end product of the accounting process, the student who acquires a clear understanding of the content and meaning of financial statements will be in an excellent position to appreciate the purpose of the earlier steps of recording and classifying business transactions. The two most widely used financial statements are the *balance sheet* and the *income statement.* Together, these two statements (perhaps a page each in length) summarize all the information contained in the hundreds or thousands of pages comprising the detailed accounting records of a business. In this chapter, we shall explore the nature of the balance sheet, or statement of financial position, as it is sometimes called. Once we have become familiar with the form and arrangement of the balance sheet and with the meaning of technical terms such as *assets, liabilities,* and *owner's equity,* it will be as easy to read and understand a report on the financial position of a business as it is 'for an architect to read the blueprints of proposed building.

2.2. The Balance sheet

The purpose of a balance sheet is to show the financial position of a business at a particular date. Every business prepare a balance sheet at the end of the year, and most companies prepare one at the end of each month. A balance sheet consists of a listing of the assets and liabilities of a business and of the owner's equity.

Assets: *assets are economic resources which are owned by a business and are expected to benefit future operations.* Assets may have definite physical form such as, buildings, machinery or merchandise. On the other hand, some assets exist not in physical or tangible form, but in the form of valuable legal claims or rights; examples are Amounts due from customers, investments in government bonds, and patent rights.One of the most basic and at the some time most controversial problems in accounting is determining the dollar values for the various assets of a business .At present general accepted accounting principle call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.

The specific accounting principles supporting cost as the basis for asset valuation are discussed below:

The cost Principle Assets such as land, buildings, merchandise, and equipment are typical of the many economic resources that will be used in producing income for the business. The prevailing accounting view is that such assets should be recorded at their cost. When we say that an asset is shown in the balance sheet at its *historical cost*, we mean the dollar amount originally paid to acquire the asset; this amount-pay very different from what we would have to pay today to replace it. For example, let us assume that a business buys a tract of land for use as a building site, paying $100,000 in cash .the amount to be entered in the accounting records as the value of the asset will be the cost of $100,000. If we assume a booming real estate market, a fair estimate of the sales value of the land 10 years later might be $250,000. Although the market price or economic value of the land has raisen greatly, the accounting value as shown in the accounting records and on the balance sheet would continue unchanged at the cost of $100,000. This policy of accounting for assets at their cost is often referred to as the *cost principle* of accounting. In reading a balance sheet, it is important to bear in mind that the dollar Amounts listed do not indicate the prices at which the assets could be sold, nor the prices at which they could be replaced. One useful generalization to be drawn from this discussion is that a balance sheet does *not* show how much a business is worth."

The Going-Concern Assumption: It is appropriate to ask *why* accountants do not change the recorded values of assets to correspond with changing market prices for these properties. One reason is that the land and building being used to house the business were acquired for *use* and not for resale; in fact, these assets cannot be sold without disrupting the business. The balance sheet of a business is prepaid on the assumption that the business is a continuing enterprise, a going concern. Consequently, the present estimated prices at which the land and buildings could be sold are of less importance than if these properties were intended for sale.

The Objectivity Principle: Another reason for using cost rather than current market values in accounting for assets is the need for a definite, factual basis for valuation. Accountants use the term *objective* to describe asset valuations that are factual and can be verified by independent experts. For example, if land is shown on the balance sheet at cost, any CPA who performed an audit of the business would be able find objective evidence that the land was actually valued at the cost incurred in acquiring it. Estimated market values, on the other hand, for Assets such as buildings and specialized machinery are not factual and objective. Market values are constantly changing and estimates of the prices at which assets could be sold are largely matter of personal opinion. Of course at the date an asset is acquired, the cost and market value are usually the same because the bargaining process which results in the sale of an asset serves to establish both the current market value of the property and the cost to the buyer. With the passage of time, however, the current market value of asset is likely differ considerably from the cost recorded in the owner's accounting records.

The Stable-Dollar Assumptions: Severe inflation in several countries in recent years has raised serious doubts as tm the adequacy of the conventional cost basis in accounting for assets. When inflation becomes very severe, historical cost values for assets simply lose their relevance as a basis for making business decisions. Much consideration has been given to the use of balance sheets which would show assets at current appraised values or at replacement costs rather than at historical cost. Accountants in the United States by adhering to the cost basis of accounting no implying that the dollar is a *stable unit of measurement,* as is the gallon, the acre, or the mile. The cost principle and the stable-dollar assumption work very well in periods of stable prices, but are less satisfactory under conditions of rapid inflation.

Liabilities: Liabilities are debts. All business concerns have liabilities; even the largest and most successful companies find it convenient to purchase merchandise and supplies on credit rather than to pay cash at the time of each purchase. The liability arising from the purchase of goods or services on credit is called an *account payable,* and the person or company to whom the account payable is owed is called a creditor. A business concern frequently finds it desirable to borrow money as a means of supplementing the funds invested by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example, be used to buy merchandise which can be sold at a profit to the firm's customers. Or, the borrowed money might be used to buy new and more efficient machinery, thus enabling the company to turn out a larger volume of products at lower cost. When a business borrows money for any reason, a liability is incurred and the lender becomes a creditor of the business. The form of the liability when money is borrowed is usually a *note payable,* a formal written promise to pay a certain amount of money, plus interest, at a definite future time. An *account payable,* as contrasted with a *note-payable,* does not involve the issuance of a formal written promise to the creditor, and it does not call for payment of interest. When a business has both notes payable and accounts payable, the two types of liabilities are shown separately in the balance sheet, with notes payable usually listed first. The creditors have claims against the assets of the business, usually not against any particular asset but against the assets in general. The claims of the creditors are liabilities of the business and have priority over the claims of owners. Creditors are entitled to be paid in full even if such payment should exhaust the assets of the business, leaving nothing for the owner.

2.3. Owner's Equity: The owner's equity in a business represents the resources invested by the

owner; it is equal to the total assets minus the liabilities. The equity of the owner is a *residual claim* because the claims of the creditors legally come first. If you are the owner of a business, you are entitled to whatever remains after the claims of the creditors are fully satisfied.

Increases in owner's Equity: The owner's equity in a business comes from two sources:

1- Investment by the owner

2 - Earnings from profitable operation of the business

2.4. USE OF FINANCIAL STATEMENTS BY OUTSIDERS

Through careful study of a company's financial statements, an outsider with, knowledge of accounting can gain an understanding of the financial position of the business and become aware of significant changes since the date of the preceding balance sheet. Bear in mind, however, those financial statements have limitations. Only those factors which can be reduced to monetary terms appear in the balance sheet. Let us consider for a moment some important business factors which are not set forth in financial statements. Perhaps a competing store has just opened for business across the street; the prospect of intensified competition in the future will not be described in the balance sheet. As another example, the health, experience, and managerial skills of the key people in the management group are extremely important in the success of a business, but these qualities cannot be measured and expressed in dollars in the financial statements.

Bankers and Other Creditors: Bankers who have loaned money to a business or who are considering making such a loan will be vitally interested in the balance sheet of the business. By studying the amount and kinds of assets in relation to the amount and payment dates of the liabilities, a banker can form an opinion as to the ability of the business to pay its debts promptly. The banker gives particular attention to the amount of cash and of other assets (such as accounts receivable) which will soon be converted into cash and then compares the amount of these assets with the amount of liabilities falling due in the near future. The banker is also interested in the amount of the owner's equity, as this ownership capital serves as a protecting beer between the banker and any losses which may befall the business. Bankers are seldom if ever, willing to make a loan unless the balance sheet and other information concerning the prospective borrower offer reasonable assurance that the loan can and will be repaid promptly at the maturity date. Another group making constant use of balance sheets consists of the credit managers of manufacturing and wholesaling firms, who must decide whether prospective customers are to be allowed to buy merchandise on credit. The credit manager, like the banker, studies the balance sheets of customers and prospective customers for the purpose of appraising their debt-paying ability. Credit agencies such as Dun & Bradstreet, lnc, make a business of obtaining financial statements from virtually all business concerns and establishing credit ratings for them. The conclusions reached by these credit agencies are available to business managers willing to pay for credit reports about prospective customers.

Owners: The financial statements of corporations listed on the stock exchanges are eagerly awaited by millions of stockholders. A favorable set of financial statements may cause the market price of the company's stock to rise dramatically; an unfavorable set of financial statements may cause the bottom to fall out" of the market price. Current dependable financial statements are one if the essential ingredients for successful investment in securities. Of course, financial statements are equally important in a business organized as a sole proprietorship or as a partnership. The financial statements %11 the owners just how successful the business has been and also summarize in concise form its present financial position.

Wide Distribution of Financial Statements: In addition to owners, managers, bankers, and merchandise creditors, other groups making use of accounting data include financial analysts, governmental agencies, employees, investors, and writers for business magazines. Some very large corporations have more than a million stockholders; these giant corporations send copies of their annual financial statements to each of these many owners and to anyone else who requests one. Financial statements are important not only to existing stockholders but also to potential investors and to the financial analysts and consultants who are constantly searching for promising investment opportunities.

3.1. TOOLS OF ANALYSIS

Dollar and Percentage changes The dollar amount of changes from year to year is significant , and expressing the change in percentage terms adds perspective . For example , if sales this year have increased by $100,000 , the fact that this is an increase of 10% over last year's sales of $1 million puts it in different prospective than if it represented a 1% increase over sales of $10 million for the prior year. The dollar amount of any change is the difference the amount for a comparison year and the amount for a base year. The percentage change is computed by dividing the amount of the dollar change between years by the amount for the base year.

Trend Percentages The change in financial statement items from the base year to following years are often expressed as trend percentages to show the extent and direction of change . Two steps are necessary to compute trend percentages . First , a base year is selected and each item in the financial statements for the base year is given a weight of 100% . The second step is to express each item in the financial statements for following years as a percentage of its base-year amount . This computation consists of dividing an item such as sales in the years after the base year by the amount of sales in the base year.

Component percentages indicate the relative size of each item included in a total. For example, each item on a balance sheet could be expressed as a percentage of total assets. This show quickly the relative importance of each type of asset as well as the relative amount of financing obtained from current creditors, long-term creditors, and stockholders. By computing component percentages for several successive balance sheets, we can see which items are increasing in importance and which are becoming less significant.

Ratios A ratio is a simple mathematical expression of the relationship of one item to another. Every percentage may be viewed as a ratio, that is, one number expressed as a percentage of another. Ratios are particularly important in understanding financial statements because they permit us to compare information from one financial statement with information from another financial statement. For example, we might compare net income (taken from the income statement) with total assets (taken from the balance sheet) to see how effectively management is using available resources. For a ratio to be useful, however, the two amounts being compared must be logically related. In subsequent sections of the chapters, we will make extensive use of ratios in better understanding important dimensions of an enterprise's financial activities. However through using these techniques we must search for some standard of comparison to judge whether the relationships are favorable or unfavorable .such standard are past performance of YAPIKREDI bank and the performance of other banks in the same industry like IS bank.

3.2. Ratio or Other Measurement Method of Computation

Measures of short-term liquidity

Current ratio: which is the most used measure of short term debt paying ability ant it computed as Current Assets /current Liabilities.

Quick ratio: which is a measure of the most liquid current asset and it is computed as Quick Assets / Current Liabilities.

Working capital: which is a measurement often used to express the relationship between current asset and current liabilities as Current Assets - Current Liabilities.

Receivables turnover rate: This indicates how quickly receivables are collected and computed as Net Sales /Average Accounts Receivable.

Days to collect average accounts receivable: Indicates in days how quickly receivables are collected and computed as days365/ Receivables Turnover Rate.

Inventory turnover rate: Indicates how quickly inventory Sells and is computed as Cost of Goods Sold/ Average Inventory.

Days to sell the average inventory: Indicates in days how quickly inventory Sells and computed as 365 days /Inventory Turnover Rate.

Operating cycle: Indicates in days how quickly inventory converts into cash and computed as Days to Sell Inventory + Days to Collect Receivables.

Free cash flow: Excess of operating cash flow over basic needs and computed as Net Cash from Operating Activities - Cash Used for Investing Activities and Dividends.

Measures of long-term credit risk

Debt ratio: This states total liabilities as a percentage of total assets and computed as Total Liabilities/ Total Assets.

Interest coverage ratio: Indicator of a company's ability to meet its interest payment obligations and computed as Operating Income/ Annual Interest Expense.

'Measures of profitability

Percentage changes; that is, in net sales and net income: The rate at which a key measure is increasing or decreasing', the growth rate" and computed as Dollar Amount of Change/ Financial Statement Amount in the Earlier Year

Gross profit rate: A measure of the profitability of the company's products and computed as Dollar Gross Profit/ Net sales.

Operating expense ratio: A measure of management's ability to control expenses and computed as Operating Expenses/ Net sales.

Operating income: This measures the profitability of a company's basic business activities and computed as Gross Profit - Operating Expenses.

Net income as a percentage of net sales: This is an indicator of management's ability to Control costs and computed as Net Income/ Net Sales.

Earnings per share: Net income applicable to each share of Common stock and computed as Net Income - Preferred Dividends/ Average Number of Common Shares Outstanding.

Return on assets: A measure of the productivity of assets, regardless of how the assets are financed and computed as Operating Income/ Average Total Assets.

Return on equity: The rate of return earned on the stock- holders' equity in the business and computed as Net Income/Average Total Equity.

Return on common stockholders' equity: The rate of return earned on the common Stockholders' equity (appropriate when company has both common and preferred stock) and computed as Net Income - Preferred Dividends/ Average Common Stockholders' Equity.

Measures for evaluating the current market price of common stock

Market value of financial Quoted in financial press or disclosed Reflects both investors' expectations and

Instruments in financial statements current market conditions

Price-earnings ratio: A measure of investors' expectations about the company's future prospects and computed as Current Stock Price/ Earnings per Share.

Dividend yield: Dividends expressed as a rate of return on the market price of the stock and computed as Annual Dividend/ Current Stock Price.

Book value per share: The recorded value of net assets underlying each share of common stock and computed as Common Stockholders' Equity/ Shares of Common Stock Outstanding.[1]

[1] Robert Meigs and others, Accounting, USA: Mc Graw-Hill, 1999, p. 611.

4. FINANCIAL STATEMENT ANALYSIS OF OUR YAPIKREDI BANK

As Yapı Kredı is a bank so its financial statement differ from merchendise companies and so its ratios. So by looking to capital ratios of our *yapikredi bank* from 1996 to 2000 we see that there were an increase in capital ratios with little drop in 1999 but it return and increase a head, and so the same to *is bank.*

Capital Ratios %					
Years	**2000**	**1999**	**1998**	**1997**	**1996**
Standard Capital Ratio	27,0	14,0	13,0	13,2	12,1
(Shareholders' Equity + T. Income) / Total Assets	22,2	12,5	13,3	13,0	11,8
(Shareholders' Equity+ Total ıncome) / (Deposits + Non profit deposits)	30,5	15,3	16,6	16,0	14,6
Net Working Capital / Total Assets	4,5	3,3	3,6	4,9	2,5
(Shareholders' Equity+T. Income) / (T. Assets+contin. And con.	11,0	6,2	6,9	7,1	5,7
Fx position / Shareholders' Equity	48,7	76,6	78,3	86,3	64,1

Also by looking to the assets quality we see that total loans over total assets decrease which mean that there lending decrease but in the same time they are keeping liquid (cash) at hard

Assets Quality %					
Years	**2000**	**1999**	**1998**	**1997**	**1996**
Total Loans / Total Assets	39,2	39,7	50,0	51,7	53,1
Non Performing Loans/ Total Loans	4,3	4,6	3,1	1,5	0,8
Permanent Assets / Total Assets	22,3	11,6	9,8	8,2	9,4
Fx Assets / Fx Liabilities	83,5	90,3	87,6	89,3	91,9

However total income over total expenditure are in increasing through the five years for yapikredi but for *is bank* it was in increase until 1999 but it dropped in the year 2000. Also if we look to our yapikredi interest expense structure and especially to interest income over total income we see that it decrease through the five years together with *is bank*, But if we look to the non-interest income over total income we notice that it decrease from 1996 to 1998 but it return to increase in 1999.

Income-Expenditure Structure %					
Years	**2000**	**1999**	**1998**	**1997**	**1996**
Net interest income after provision / Av. T. Assets	6,1	5,9	8,4	7,7	6,4
Interest income / Interest Expenses	178,1	144,9	161,5	168,3	157,0
Non-Interest income / Non-Interest Expenses	82,3	112,8	38,6	69,5	68,5
Total Income / Total Expenditure	141,9	137,1	125,9	139,8	131,0
Interest Income /Av. Profitable Assets	22,9	28,7	31,7	26,2	25,9
Interest Expenses / Av. Non-profitable Assets	11,6	17,5	17,7	14,2	14,7
Interest Expenses / Av. Profitable Assets	12,8	19,8	19,6	15,6	16,5
Interest Income / Total Income	78,1	80,1	91,1	85,6	84,6
Non-Interest Income / Total Income	21,9	19,9	8,9	14,4	15,4
Interest Expenses / Total Expenses	62,2	75,9	71,0	71,1	70,6
Non-Interest Expenses / Total Expenses	37,8	24,1	29,0	28,9	29,4

CONCLUSION AND RECOMINDATION

In conclusion, banks serves Turkish economy in different formats, from supporting small enterprises do maximum support of turkish lira all around the world in addition of fund drafts from and to Turkey in maximum speed, so by looking to chapter four to the ratios analysis of our bank and comparing this performance of several years and so comparing to other big competitors in the industry like *is bank* we notice that by looking to capital ratios of our *yapikredi bank* from 1996 to 2000 we see that there were an increase in capital ratios with little drop in 1999 but it return and increase a head, and so the same to *is bank*. Also by looking to the assets quality we see that total loans over total assets decrease which mean that there lending decrease but in the same time they are keeping liquid (cash) at hard on the other hand if we look to the liquid assets over total assets we notice that it is increasing. Moreover by looking to the profitability ratios of our yapikredi bank and especially to the interest income over interest expense we notice that there was an increase through the years 1996 and 1997 but it decrease in 1998 and 1999 and finally it return and increase in 2000, All of that in the counter of is bank that its interest income over interest expenses were in decreasing. However total income over total expenditure are in increasing through the five years for yapikredi but for *is bank* it was in increase until 1999 but it dropped in the year 2000. Also if we look to our yapikredi interest expense structure and especially to interest income over total income we see that it decrease through the five years together with *is bank*, But if we look to the non-interest income over total income we notice that it decrease from 1996 to 1998 but it return to increase in 1999. However in the year 2000 ourYapi Kredi announced a record increase in shareholders' equity, which has been raised from TL 456 trillion to TL 1,657 trillion. Thus shareholders' equity grew four-fold as of September 30 2000. Yapi Kredi said the increase in shareholders' equity was accompanied by successful growth in other key balance sheet items: assets were up 77% to reach TL 7,000 trillion and net income improved by 118% during the first three quarters of 2000 to TL 238.2 trillion. Also Yapi Kredi has finalized a one-year $300 million syndicated loan facility from the international markets priced at Libor plus 5 basis points. Twenty-three banks participated in the syndication. The Bank had gone into the market to renew a $170 million loan facility but heavy demand increased the amount to $300 million. In another development, Yapi Kredi's Call Center was awarded a European Call Center Award by Call Center Focus magazine, which is published in the U.K.

Finally Yapi Kredi stands at the forefront among Turkish financial institutions to enjoy the benefits of the new economic reform program. The new program announced in the aftermath of recent financial market turmoil aims to put Turkey into a long run sustainable economic growth path. Primary objective being to lessen the ill effects of the unattainable dynamics of domestic debt and the reform of the Turkish banking sector with special emphasis on the state owned banks. Hence, the prospect of more stable financial markets set a great opportunity for Yapi Kredi to expand on its real-banking business outlook.Yapi Kredi committed itself to the development of strong ties with the real sector through real banking practices. It is well equipped to undertake this mission for the necessary infrastructure that has been erected over a very solid platform with extensive investments both in operational technology and in the so-called "new economy" - Internet and telecom- during the last few years. As a result, Yapi Kredi uniquely positioned itself to increase revenues and manage costs and generate substantial synergy between banking operations and technology. The Bank's top ranking in terms of number of customers, total assets, deposits and loans in the Turkish banking sector is a clear indication of this positioning. And, thanks to this business outlook, Yapi Kredi is able to give priority to the real needs of its clients, employees, creditors and shareholders. In fact, for many years Yapi Kredi was the best performer in terms of share price increases, among financial institutions quoted on the Istanbul Stock Exchange and destined to match its past performance under any favorable economic climate.

Furthermore, Yapi Kredi holds strong conviction and commitment both in share value creation and long-term value of the real banking rather than in portfolio management. This is strikingly evident, not just in the track record of constructive corporate lending, but also apparent in the foresight borne by our continuous encouragement of investment in the products and technology best suited for the future needs of its customers.

A good example of this business outlook from the 1980's was Yapi Kredi's early entry into consumer banking and in particular into the credit card business. The Bank holds the highest market share in terms of card business, with a large percentage difference from the closest competitor. Similarly, it has always been a leader in the market for point-of-sale outlets, and takes high share volume among the transactions done via alternative distribution channels, i.e. ATM, call center, Internet, wap and digital TV banking. All these initiatives allowed Yapi Kredi generate service-based income and distribute more products to a broader client base. This is one of the reasons why today the Bank's non-interest income to expenses ratio is the highest in the sector. The Bank continues to make progress in "operational efficiency" and "commercial effectiveness" to prepare for a much more competitive environment than that already exists in the Turkish banking system. An important strategy under implementation since 1994 is the progressive reduction of holdings in non-core activities. Turkey is on the edge of a radical change, and we regard the country has highly competitive young and dynamic human resource and private sector. Along with the country's overall evolution, the evolution in the banking sector puts the importance of "scale" into a higher rank. Yapi Kredi surely enjoys this advantageous condition while it already holds ample amount of resource, i.e. number of customers. We believe that our extensive and well-diversified branch network, strong capital and human resources bases, technological infrastructure, and finally long lasting institutional culture will allow us to penetrate new areas in the financial services sector. Yapi Kredi's impressive track record, coupled with careful and far-sighted investments suggests that our objectives in real banking are certainly attainable. Yapi Kredi will keep its reputation as being the leading bank in Turkey, while pursuing a strategy of becoming a "world class" service bank.

At last while I'm doing this project I did face many problem that may have affect of analyzing yapikredi bank like there were no enough information available in the ISE web side and the financial statement analyses of banks were different than what we learned about merchandize companies.

YAPI VE KREDİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000
(Currency -- Billions of Turkish Lira)

	2000	1999	1998
INTEREST INCOME :			
Interest and fees on loans	878,361	1,079,209	969,176
Interest on marketable securities	388,507	542,867	298,490
Interest on deposits in banks	68,889	59,172	70,253
Interest income from financial leases	12,588	48,503	63,327
Interest income from factoring advances (Note 3)	8,080	10,989	11,273
Other interest income	4,135	40,923	26,416
Total interest income	1,360,560	1,781,663	1,438,935
INTEREST EXPENSE :			
Interest on deposits	(434,671)	(892,743)	(768,945)
Interest on funds borrowed from banks and notes issued	(206,029)	(155,771)	(45,167)
Total interest expense	(640,700)	(1,048,514)	(814,112)
Net interest income	719,860	733,149	624,823
PROVISION FOR LOAN LOSSES AND DOUBTFUL RECEIVABLES (Note 3)	(88,425)	(55,871)	(52,524)
FOREIGN EXCHANGE LOSS, net (Note 3)	(132,231)	(225,931)	(177,605)
Net interest income after provision for loan losses and doubtful receivables and foreign exchange loss	499,204	451,347	394,694
NON-INTEREST INCOME :			
Income from capital market operations, net	31,416	162,416	91,079
Income from banking services, net	175,888	155,490	145,170
Insurance technical income (Notes 3 and 24)	163,414	255,977	189,640
Factoring commission income (Note 3)	1,465	1,445	1,388
Dividend income from equity participations	6,399	4,537	6,716
Income from sale of equity participations, net (Note 11)	149,760	69,947	33,683
Other income (Note 25)	148,512	101,120	90,747
Total non-interest income	676,854	750,932	558,423
NON-INTEREST EXPENSE :			
Insurance technical expenses (Notes 3 and 24)	(159,855)	(245,788)	(181,228)
Salaries and employee benefits	(164,993)	(185,987)	(172,023)
General and administrative expenses	(194,978)	(142,791)	(117,302)
Depreciation and amortization (Note 3)	(82,132)	(76,974)	(57,881)
Provision for retirement pay	(6,265)	(5,235)	(8,120)
Transaction taxes and duties	(34,692)	(22,614)	(26,759)
Other expense (Note 25)	(166,691)	(86,527)	(96,943)
Total non-interest expense	(809,606)	(765,916)	(660,256)
Income before taxation, extraordinary items, minority interest and loss on net monetary position	366,452	436,363	292,861
TAXATION CHARGE :			
Current (Note 19)	(59,533)	(81,885)	(27,369)
Deferred (Notes 3 and 19)	(29,334)	(80,205)	(52,053)
	(88,867)	(162,090)	(79,422)
Net income before extraordinary items, minority interest and loss on net monetary position	277,585	274,273	213,439
EXTRAORDINARY ITEMS (Note 32)	(75,963)	(11,547)	-
MINORITY INTEREST	1,679	(9,804)	(848)
Net income before loss on net monetary position	203,301	252,922	212,591
LOSS ON NET MONETARY POSITION (Note 3)	(79,968)	(90,735)	(80,202)
Net income	123,333	162,187	132,389
Weighted average number of shares	319,002,023,887	139,222,004,000	117,305,807,000
Basic / diluted earnings per share in full TL (Note 3)	387	1,165	1,128

See Notes to Consolidated Financial Statements.
(For Parent Bank Financial Statements See Note 27)

YAPI VE KREDİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2000

(Currency - Billions of Turkish Lira)

	2000	1999	1998
ASSETS			
CASH AND DUE FROM BANKS (Note 5)	172,053	130,902	133,702
SHORT-TERM PLACEMENTS (Note 6)	747,536	333,559	310,299
RESERVE DEPOSITS (Note 7)	318,379	306,602	176,350
MARKETABLE SECURITIES (Notes 3 and 8)	2,273,398	2,110,447	1,561,532
LOANS, net (Notes 3 and 9)	3,282,530	2,797,664	2,537,559
MINIMUM LEASE PAYMENTS RECEIVABLE, net (Note 3)	97,384	64,409	73,022
FACTORING RECEIVABLES, net (Note 3)	57,799	56,006	41,461
ACCRUED INTEREST INCOME (Note 10)	392,930	542,981	650,468
INVESTMENTS IN ASSOCIATES (Notes 3 and 11)	111,368	95,358	23,696
EQUITY PARTICIPATIONS (Notes 3 and 11)	152,740	99,903	149,967
GOODWILL, net (Notes 3 and 12)	20,084	6,027	14,084
PREMISES, EQUIPMENT, LEASEHOLD IMPROVEMENTS AND INTANGIBLES, net (Notes 3 and 13)	971,290	1,158,065	1,068,492
OTHER ASSETS, net (Note 14)	244,665	248,218	265,011
Total assets	8,842,156	7,950,141	7,005,643
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS- (Note 15)			
Turkish Lira deposits	1,107,803	862,622	948,487
Foreign currency deposits	2,862,590	2,829,570	2,543,089
Interbank deposits	494,063	583,414	188,821
	4,464,456	4,275,606	3,680,397
FUNDS BORROWED FROM BANKS (Note 16)	1,103,456	581,402	379,400
OBLIGATIONS FOR REPURCHASE AGREEMENTS (Notes 3 and 17)	734,633	553,967	723,747
NOTES ISSUED (Note 18)	149,593	175,379	180,774
INSURANCE TECHNICAL RESERVES (Notes 3 and 24)	222,079	226,656	183,287
FACTORING PAYABLES (Note 3)	16,137	31,255	16,073
ACCRUED INTEREST EXPENSE (Note 10)	135,393	125,821	139,128
DEFERRED TAX LIABILITY (Notes 3 and 19)	134,503	152,651	131,823
OTHER LIABILITIES (Note 20)	138,699	186,089	121,475
TAXATION ON INCOME (Note 19)	34,944	27,648	3,832
Total liabilities	7,133,893	6,336,474	5,559,936
MINORITY INTEREST PAYABLE	29,631	64,484	61,837
SHAREHOLDERS' EQUITY :			
Share capital (Note 22)	1,000,507	773,245	642,900
Retained earnings (Note 23)	554,792	613,751	608,581
Income for the year	123,333	162,187	132,389
Total shareholders' equity	1,678,632	1,549,183	1,383,870
COMMITMENTS AND CONTINGENCIES (Notes 3 and 26)			
	8,842,156	7,950,141	7,005,643

See Notes to Consolidated Financial Statements.
(For Parent Bank Financial Statements See Note 27)

YAPI ve KREDI BANKASI A.S.
UNCONSOLIDATED IAS* FINANCIAL STATEMENTS
BALANCE SHEETS
AS OF JUNE 30, 2001 and 2000

(Currency - Billions of Turkish Lira, expressed in the equivalent purchasing power of Turkish Lira as of June 30, 2001)

	Unaudited June 30, 2001	Unaudited June 30, 2000
ASSETS		
CASH AND DUE FROM BANKS	303,762	221,218
SHORT-TERM PLACEMENTS	1,697,443	1,374,857
RESERVE DEPOSITS	511,621	452,148
INVESTMENT SECURITIES, net	1,636,852	2,010,467
LOANS, net	4,331,839	4,066,110
ACCRUED INTEREST INCOME	908,927	558,047
EQUITY PARTICIPATIONS	746,630	671,999
PREMISES AND EQUIPMENT, net	1,281,834	1,340,578
OTHER ASSETS	289,976	347,962
	11,708,884	**11,043,386**
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEPOSITS		
Turkish Lira deposits	1,916,964	1,176,273
Foreign currency deposits	4,625,129	4,101,693
Interbank deposits	621,035	1,224,066
	7,163,128	6,502,032
FUNDS BORROWED FROM BANKS	1,197,620	718,052
NOTES ISSUED	248,040	237,060
OBLIGATIONS FOR REPURCHASE AGREEMENTS	349,902	637,089
ACCRUED INTEREST EXPENSE	157,196	121,460
DEFERRED TAX LIABILITY	25,397	204,169
TAXATION ON INCOME	-	16,217
OTHER LIABILITIES	146,444	159,766
Total liabilities	9,287,727	8,595,845
SHAREHOLDERS' EQUITY		
Share capital	1,626,438	1,445,942
Retained earnings	899,474	883,370
Income for the period	-104,755	118,229
Total shareholders' equity	2,421,157	2,447,541
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**11,708,884**	**11,043,386**

* IAS39 is not applied

YAPI ve KREDI BANKASI A.S.
UNAUDITED & UNCONSOLIDATED IAS* FINANCIAL STATEMENTS
STATEMENT OF INCOME
FOR THE PERIODS ENDED JUNE 30, 2001 and 2000

(Currency - Billions of Turkish Lira, expressed in the
equivalent purchasing power of Turkish Lira as of June 30, 2001)

	Unaudited June 30, 2001	Unaudited June 30, 2000
INTEREST INCOME		
Interest and fees on loans	889,052	584,758
Interest on investment securities	395,874	260,940
Interest on deposit in banks	153,301	74,886
Other interest income	26,566	5,174
Total interest income	**1,464,793**	**925,758**
INTEREST EXPENSE		
Interest on deposits	-806,233	-423,895
Interest on funds borrowed from banks and notes issued	-202,011	-87,895
Total interest expense	**-1,008,244**	**-511,790**
Net interest income	**456,549**	**413,968**
PROVISION FOR LOAN LOSSES AND BANKING RISKS	**-90,140**	**-52,334**
FOREIGN EXCHANGE LOSS, net	**-350,336**	**-72,341**
Net interest income after provision for loan losses and foreign exchange loss	**16,073**	**289,293**
NON-INTEREST INCOME		
Income from capital market operations, net	29,609	92,948
Income from banking services	122,019	102,319
Income from sale of equity participations	-	55,997
Dividend income from equity participations	87,334	21,233
Total non-interest income	**238,962**	**272,497**
NON-INTEREST EXPENSE		
Salaries and employee benefits	-99,645	-105,969
General and administrative expenses	-96,777	-82,042
Depreciation and amortization	-52,550	-45,343
Provision for retirement pay	-4,491	-2,940
Transaction taxes and duties	-33,472	-89,032
Other expense, net	-13,670	-22,121
Total non-interest expense	**-300,605**	**-347,447**
Income/loss before taxation and loss on net monetary position	**-45,570**	**214,343**
TAXATION CHARGE, current and deferred	**126,183**	**-57,120**
Net income before loss on net monetary position	**80,613**	**157,223**
LOSS ON NET MONETARY POSITION	**-185,368**	**-38,994**
Net income/loss	**-104,755**	**118,229**

* IAS39 is not applied

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