

12.5.2006



**Earnings announcement for
1Q06 consolidated financial results
according to BRSA**

“Stable Resilience”

- **Total loans, which include leasing and factoring receivables, rose 17% q-o-q. TL loans soared 19% while FX loans increased 14%.**
- **Fastest growing loan segments are retail and SME, mainly as a result of the intensive focus given to these products.**
- **Home loans increased 36% since YE05. General purpose loans also increased significantly, rising 86%.**
- **Liquidity (cash and banks) has decreased 34% q-o-q. The liquidity ratio came down to 14.6% from 22.6%.**
- **Total assets reached TRY 12,210 mn (USD 9,101 mn). TL assets grew 14%, now comprising 51% of total assets.**
- **Customer deposits rose 5%, reaching TRY 7,350 mn (USD 5,478 mn). TL deposits have increased 17% while FX deposits have decreased 2%.**
- **Net commissions figure equalled TRY 46 mn (USD 34 mn) with a 58% y-o-y increase.**
- **Operational expenses came down by 21% versus the previous quarter. The 20% shrinkage in personnel expenses is the main reason behind this decline.**
- **Core profitability, including ZOREN adjustments, increased 24% y-o-y. Due to the prudent loan placement practices of the Bank, the NPL ratio came down to 2.0% from 2.1% a quarter ago.**
- **A first in Turkey, DenizBank and Istanbul Seabus and Ferry Authority (IDO) joined forces for the “Sea & Miles” program, based on award mileage collection in return for spending done on DenizBank Sea & Miles Credit Cards.**

- **Securities**

The share of government securities including G7 bonds and equity in assets continued to decline in the same manner as last year, by 19%. Securities now comprise 12% of total assets.

A detailed breakdown of the portfolio can be seen in the table below.

| 31.3.2006 | TRY | | | FX | | | TOTAL | | |
|------------------|----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|------------------|
| TRY 000 | Fix | Floating | Total | Fix | Floating | Total | Fix | Floating | Total |
| TRD | 45,396 | 9,750 | 55,146 | 117,535 | 7,313 | 124,848 | 162,921 | 17,063 | 179,994 |
| AFS | 55,392 | 471,702 | 527,094 | 281,618 | 166,005 | 447,623 | 337,010 | 637,707 | 974,717 |
| HTM | 0 | 0 | 0 | 13,898 | 180,559 | 194,457 | 13898 | 180,559 | 194,457 |
| Total* | 100,788 | 481,452 | 582,240 | 413,051 | 355,877 | 766,925 | 513,839 | 835,329 | 1,349,168 |

* Excluding equity

- **Loans**

Total loans reached TRY 7,227mn (USD 5,386 mn), recording 64% growth y-o-y. The loans/deposits ratio increased to 98% from 88% last quarter. The currency composition of the book has changed towards TL, as it now consists 55% of the total loans.

SME loans reached TRY 998 mn (USD 744 mn), recording a growth rate of 29% q-o-q and 77% y-o-y. Its share in the loan book reached 13.2%. As a part of the SME segmentation agricultural loans reached TRY 240 mn (USD 179mn), with a 38% q-o-q increase. Currently 74 branches provide banking services to farmers.

Consumer loans (excluding credit cards) increased 51% and reached TRY 1,215mn (USD 906 mn). Its share in total loans further increased to 17% from 14% last quarter. As a result of the ongoing demand for real estate, home loans increased to TRY 383 mn (USD 286 mn), marking a 36% increase in three months. A significant increase can also be seen in general purpose loans, which reached TRY 655 mn (USD 488 mn), increasing 86% in the same period.

Number of credit cards reached 1,542,347, with the addition of 161,478 cards since YE2005. Market share in terms of number of cards has steadily increased since the beginning of the year to reach 5.1% from 4.6%. Parallel to the increasing number of Denizbank cards, issuing volume also jumped by a solid 30% y-o-y. The market share of credit card issuing volume also increased from 2.3% to 2.4%.

The share of credit card, consumer and SME loans now constitutes 36% of the total loanbook versus 32%. DenizBank's target is to increase this share to 60% by 2010, hence compensating for the anticipated margin decline.

- **Deposits**

Customer deposits reached TRY 7,350mn (USD 5,478 mn), implying an increase of 5%. The breakdown of deposits reveal that TL deposits constitute 42% while FX deposits 58% of the total. Thanks to the extensive reach of DenizBank in the SME and commercial markets, commercial deposits soared 15% q-o-q, while FX time deposits ebbed 5%.

The breakdown of deposits in terms of currency and term is presented below.

| <u>Deposits from customers</u> | | | <u>Growth</u> |
|--------------------------------|---------------------|---------------------|---------------|
| <u>TRY mn</u> | 31.03.2006 | 31.12.2005 | |
| <u>TL Deposits</u> | <u>3,083</u> | <u>2,683</u> | 15% |
| Demand | 692 | 729 | -5.0% |
| Time | 2,390 | 1,954 | 22% |
| <u>FX Deposits</u> | <u>4,267</u> | <u>4,357</u> | -2% |
| Demand | 768 | 864 | -11% |
| Time | 3,499 | 3,493 | 0% |
| Total | 7,350 | 7,040 | 4% |

As of 31.3.06, Denizbank has **244 branches**, the largest branch network among mid-sized banks.

- **Income**

DenizBank's core profit for 1Q06 is TRY 68mn (USD 51 mn), implying a 24% increase y-o-y, when adjusted for ZOREN valuations.

Net interest income came to TRY 124mn (USD 92 mn), marking a 5% decrease y-o-y, due to the rising interest expense on previous FX borrowings. The net profits and core earnings for each quarter can be seen in the table below.

| (TRY mn) | 1Q06 | 1Q 05 | Growth |
|---------------------|-------------|--------------|---------------|
| Net profit | 56 | 71 | -22% |
| Adjustment | 12 | (17)* | |
| Core earning | 68 | 54 | 24% |

* Zorlu proceeds

Net fees and commissions income increased by 58% y-o-y and reached TRY 46mn (USD 34 mn). The increase is mainly coming from the better-than-expected growth in brokerage and insurance fees. On the other hand, banking service fees and credit card commissions are still robust.

The breakdown of commission income is presented in the table below.

| TRY 000 | 31.3.2006 | 31.3.2005 | Growth |
|-------------------------|------------------|------------------|---------------|
| Cash loans | 5,438 | 2,642 | 106% |
| Non cash loans | 8,901 | 8,072 | 10% |
| Credit card commissions | 16,441 | 12,623 | 30% |
| Brokerage fees | 22,461 | 8,952 | 151% |
| Remittance commissions | 1,902 | 882 | 116% |
| Insurance services | 2,719 | 759 | 258% |
| Others | 2,626 | 3,328 | -21% |
| TOTAL | 60,488 | 37,258 | 62% |

The **ROAE** and **ROAA** ratios are recorded at 20.3% and 1.9%, respectively. Including the ZOREN loss of TRY 11.6 mn to the net profit gives a higher core ROAE of 24.4%. Capital adequacy ratio is 13.2%.

DenizBank Investor Relations:

| | | |
|---------------------------|----------------------------------|------------------------|
| IR Department Head | Mr. Sehsuvar Aladag | 90 212 336 4144 |
| IR Officer | Ms. Ayse Ozbay Erozan | 90 212 336 4148 |
| IR Officer | Ms. Yeliz Korasli Ozdemir | 90 212 336 4172 |

You can contact us via e-mail at investorrelations@denizbank.com. The earnings release and investor presentation are posted on our website at www.denizbank.com.