

**Denizbank A.Ş. And Its Subsidiaries**

Consolidated income statements

For the six-month periods ended 30 June 2004 and 2003 and  
for the year ended 31 December 2003

*In billions of Turkish Lira as adjusted for the effects of inflation  
in TL units current at 30 Haziran 2004 pursuant to IAS 29*

		30 June	30 June	31 December
	Note	2004	2003	2003
Interest and similar income	2	481,801	389,124	694,618
Interest expense and similar charges	2	(320,973)	(311,163)	(485,722)
Net interest income		160,828	77,961	208,896
Fee and commission income	3	76,943	44,671	117,930
Fee and commission expense	3	(19,317)	(10,993)	(28,462)
Net fee and commission income		57,626	33,678	89,468
Net gain on trading and non-trading instruments	4	11,047	15,936	77,090
Other operating income	5	30,640	33,678	50,119
Operating income		260,141	161,253	425,573
General and administrative expenses	6	(123,875)	(94,982)	(204,434)
Bad debt expense	13	(108)	(11,182)	(45,548)
Foreign currency exchange gain / (loss), net		(16,957)	41,592	34,593
Other operating expenses	7	(17,985)	(11,904)	(39,484)
Operating expenses		(158,925)	(76,476)	(254,873)
Profit from operations		101,216	84,777	170,700
Loss on net monetary position, net		(14,199)	(36,714)	(43,912)
Profit / (loss) before tax		87,017	48,063	126,788
Income tax benefit / (expense)	20	(13,457)	(25,379)	(45,520)
Profit after tax		73,560	22,684	81,268
Minority interest		(5)	134	465
Net profit for the periods/year		73,555	22,818	81,733

## Denizbank A.Ş. And Its Subsidiaries

Consolidated balance sheets

As at 30 June 2004, 31 December 2003

and 30 June 2003

*In billions of Turkish Lira as adjusted for the effects of inflation  
in TL units current at 30 Haziran 2004 pursuant to IAS 29*

	<b>Note</b>	<b>30 June 2004</b>	<b>31 December 2003</b>	<b>30 June 2003</b>
<b>Assets</b>				
Cash and balances with Central Bank	10	468,850	608,276	357,183
Due from banks	11	1,578,409	965,803	336,842
Investments	12	2,047,395	2,165,491	1,756,831
Loans and advances to customers	13	2,634,128	2,034,131	1,534,240
Accrued interest, prepaid expense and other assets	14	161,354	204,381	133,826
Deferred tax asset	20	6,814	-	96
Bank premises and equipment	15	110,198	99,950	99,687
Intangible assets	16	15,859	17,056	15,842
<b>Total assets</b>		<b>7,023,007</b>	<b>6,095,088</b>	<b>4,234,547</b>
<b>Liabilities</b>				
Deposits from banks	17	851,348	962,341	233,233
Deposits from customers	18	4,629,861	3,886,733	3,042,129
Funds borrowed	19	626,730	384,710	222,788
Deferred tax liabilities	20	99	26,042	13,487
Current tax liabilities		6,987	11,858	2,375
Accrued interest and other liabilities	21	292,698	223,168	197,696
<b>Total liabilities</b>		<b>6,407,723</b>	<b>5,494,852</b>	<b>3,711,708</b>
<b>Minority interest</b>		<b>78</b>	<b>1,892</b>	<b>1,481</b>
<b>Shareholders' equity</b>				
Issued capital	22	458,660	458,660	458,660
Unrealized gains on available-for-sale securities		83,036	140,592	121,006
Translation reserves		(2,634)	(3,245)	(2,478)
Retained earnings		76,144	2,337	(55,830)
<b>Total shareholders' equity</b>		<b>615,206</b>	<b>598,344</b>	<b>521,358</b>
<b>Total liabilities, minority interest and shareholders' equity</b>		<b>7,023,007</b>	<b>6,095,088</b>	<b>4,234,547</b>

**Denizbank A.Ş. And Its Subsidiaries**

Consolidated Statements of Changes in Equity

For the six-month periods ended 30 June 2004 and 2003 and  
for the year ended 31 December 2003

*In billions of Turkish Lira as adjusted for the effects of inflation in TL units current at 30 June 2004 pursuant to IAS 29*

	Share capital	Unrealized gains/losses on AFS securities	Translation reserves	Retained earnings	Total
Balances at 1 January 2003	458,660	-	96	34,458	493,214
<i>Correction of errors:</i>					
23					
Gross amount	-	-	-	4,294	4,294
Less: Tax effects	-	-	-	(1,417)	(1,417)
	-	-	-	2,877	2,877
<i>Change in accounting policy</i>					
24					
Gross amount	-	116,504	-	(116,504)	-
Less: Tax effects	-	(466)	-	466	-
	-	116,038	-	(116,038)	-
Restated balances at 1 January 2003	458,660	116,038	96	(78,703)	496,091
Gain from change in fair value of available-for-sale securities (AFS)	-	4,968	-	-	4,968
Foreign exchange differences arising from translation of the financial statements of foreign operations	-	-	(2,574)	-	(2,574)
Minority share in retained earnings	-	-	-	55	55
Net loss for the three-month period	-	-	-	22,818	22,818
Balances at 30 June 2003	458,660	121,006	(2,478)	(55,830)	521,358
Balances at 1 July 2003	458,660	121,006	(2,478)	(55,830)	521,358
Gain from change in fair value of available-for-sale securities (AFS)	-	19,586	-	-	19,586
Foreign exchange differences arising from translation of the financial statements of foreign operations	-	-	(767)	-	(767)
Minority share in retained earnings	-	-	-	(748)	(748)
Net profit for the six-month period	-	-	-	58,915	58,915
Balances at 31 December 2003	458,660	140,592	(3,245)	2,337	598,344
Balances at 1 January 2004	458,660	140,592	(3,245)	2,337	598,344
Loss from change in fair value of available-for-sale securities (AFS)	-	(57,556)	-	-	(57,556)
Foreign exchange differences arising from translation of the financial statements of foreign operations	-	-	611	-	611
Minority share in retained earnings	-	-	-	252	252
Net profit for the six-month period	-	-	-	73,555	73,555
Balances at 30 June 2004	458,660	83,036	(2,634)	76,144	615,206

## Denizbank A.Ş. and Its Subsidiaries

### Consolidated Statements of Cash Flows

For the six-month periods ended 30 June 2004 and 2003 and  
for the year ended 31 December 2003

*In billions of Turkish Lira as adjusted for the effects of inflation  
in TL units current at 30 June 2004 pursuant to IAS 29*

	<u>Note</u>	<u>30 June</u> <u>2004</u>	<u>30 June</u> <u>2003</u>	<u>31 December</u> <u>2003</u>
<b>Operating activities</b>				
Net profit for the period/year		73,555	22,818	81,733
<i>Adjustments for non-cash items:</i>				
Depreciation and amortization	15 and 16	13,208	11,016	24,145
Change in accrued interest expense		(9,843)	15,083	21,953
Change in accrued interest income		58,286	(42,541)	(71,963)
Bad debt expenses	13	108	11,182	45,548
Reserve for employee severance indemnity		2,119	(3,251)	(2,850)
Minority interest		5	(134)	(211)
Taxation charge	20	13,457	25,379	45,520
Effect of the restatement of non-cash items		(12,081)	(4,150)	6,189
Effect of available for sale portfolio		(79,617)	9,910	35,637
Effect of currency translation		611	(2,573)	(3,439)
<i>Changes in operating assets and liabilities:</i>				
Money market instruments		232,592	240,257	(174,457)
Loans and advances to banks		2,724	366,090	285,823
Loans and advances to customers		(586,504)	(164,643)	(657,561)
Other operating assets		(15,259)	(10,346)	(51,479)
Deposits from banks		(110,993)	7,376	736,484
Deposits from customers		743,128	(535,812)	308,792
Proceeds from funds borrowed		471,595	175,512	462,099
Repayment of funds borrowed		(229,575)	(210,074)	(334,740)
Other operating liabilities		68,565	62,067	27,532
Taxes payable		(27,188)	(2,048)	(9,101)
<b>Cash flows from operating activities</b>		<b>608,893</b>	<b>(28,882)</b>	<b>775,654</b>
<b>Investing activities</b>				
Proceeds from sale of bank premises and equipment		1,330	143	4,313
Purchase of bank premises and equipment	15	(18,642)	(10,571)	(21,715)
Proceeds from sale of intangible assets		226	-	891
Purchase of intangible assets	16	(1,407)	(5,365)	(10,085)
<b>Cash flows from investing activities</b>		<b>(18,493)</b>	<b>(15,793)</b>	<b>(26,596)</b>
<b>Financing activities</b>				
Dividends paid		-	-	-
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>590,400</b>	<b>(44,675)</b>	<b>749,058</b>
Cash and cash equivalents at 1 January		1,355,608	606,550	606,550
<b>Cash and cash equivalents at the end of the period/year</b>	<b>9</b>	<b>1,946,008</b>	<b>561,875</b>	<b>1,355,608</b>

