

Denizbank A.Ş. and Its Subsidiaries

Consolidated Balance Sheets

As at 31 March 2004, 31 December 2003

and 31 March 2003

*In billions of Turkish Lira as adjusted for the effects of inflation
in TL units current at 31 March 2004 pursuant to IAS 29*

	Note	31 March 2004	31 December 2003	31 March 2003
Assets				
Cash and balances with Central Bank	10	516,841	599,094	509,651
Due from banks	11	825,028	951,224	345,262
Investments	12	1,925,474	2,132,802	1,462,214
Loans and advances to customers	13	2,131,212	2,011,376	1,271,468
Accrued interest, prepaid expenses and other assets	14	169,761	201,296	139,248
Deferred tax asset	20	-	-	19,746
Bank premises and equipment	15	100,102	98,441	94,387
Intangible assets	16	16,515	16,799	13,405
Total assets		5,684,933	6,011,032	3,855,381
Liabilities				
Deposits from banks	17	517,247	947,815	173,114
Deposits from customers	18	3,830,747	3,828,062	2,895,021
Funds borrowed	19	455,307	378,902	193,634
Deferred tax liabilities	20	6,091	24,261	-
Current tax liabilities	20	16,877	11,679	1,717
Accrued interest and other liabilities	21	228,613	227,749	168,084
Total liabilities		5,054,882	5,418,468	3,431,570
Minority interest		106	1,862	1,374
Shareholders' equity				
Share capital	22	451,736	451,736	451,736
Translation reserve		(3,715)	(3,291)	400
Retained earnings / (Accumulated deficit)	23 and 24	181,924	142,257	(29,699)
Total shareholders' equity		629,945	590,702	422,437
Total liabilities, minority interest and shareholders' equity		5,684,933	6,011,032	3,855,381

Denizbank A.Ş. and Its Subsidiaries

Consolidated Income Statements

For the three-month periods ended 31 March 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 31 March 2004 pursuant to IAS 29

	Note	31 March 2004	31 March 2003	31 December 2003
Interest and similar income		201,304	183,556	723,937
Interest expense and similar charges		<u>(118,147)</u>	<u>(128,716)</u>	<u>(478,390)</u>
Net interest income	2	83,157	54,840	245,547
Fee and commission income		38,134	18,446	102,798
Fee and commission expense		<u>(14,279)</u>	<u>(5,397)</u>	<u>(28,033)</u>
Net fee and commission income	3	23,855	13,049	74,765
Net trading income / (loss)	4	18,833	(44,085)	91,667
Other operating income	5	<u>10,785</u>	<u>11,911</u>	<u>49,362</u>
Operating income		136,630	35,715	461,341
General and administrative expenses	6	(60,044)	(42,941)	(201,348)
Bad debt expense	13	(15,111)	(2,351)	(44,860)
Foreign currency exchange gain / (loss), net		17,075	(10,530)	41,656
Other operating expenses	7	<u>(8,537)</u>	<u>(9,180)</u>	<u>(38,888)</u>
Operating expenses		(66,617)	(65,002)	(243,440)
Profit / (loss) from operations		70,013	(29,287)	217,901
Loss on net monetary position, net		<u>(29,994)</u>	<u>(43,584)</u>	<u>(57,139)</u>
Profit / (loss) before tax		40,019	(72,871)	160,762
Income tax benefit / (expense)	20	<u>(53)</u>	<u>6,192</u>	<u>(55,054)</u>
Profit / (loss) after tax		39,966	(66,679)	105,708
Minority interest		-	408	458
Net profit / (loss) for the period / year		<u>39,966</u>	<u>(66,271)</u>	<u>106,166</u>

Denizbank A.Ş. and Its Subsidiaries

Consolidated Statements of Changes in Equity

For the three-month periods ended 31 March 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 31 March 2004 pursuant to IAS 29

	<u>Note</u>	<u>Share capital</u>	<u>Translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balances at 1 January 2003		451,736	95	33,938	485,769
<i>Correction of errors:</i>	24				
Gross amount		-	-	4,230	4,230
Less: Tax effects		-	-	(1,396)	(1,396)
		-	-	2,834	2,834
Restated balances at 1 January 2003		451,736	95	36,772	488,603
Foreign exchange differences arising from translation of the financial statements of foreign operations		-	305	-	305
Minority share in retained earnings		-	-	(200)	(200)
Net loss for the three-month period		-	-	(66,271)	(66,271)
Balances at 31 March 2003		451,736	400	(29,699)	422,437
Balances at 1 April 2003		451,736	400	(29,699)	422,437
Foreign exchange differences arising from translation of the financial statements of foreign operations		-	(3,691)	-	(3,691)
Minority share in retained earnings		-	-	(481)	(481)
Net profit for the nine-month period		-	-	172,437	172,437
Balances at 31 December 2003		451,736	(3,291)	142,257	590,702
Balances at 1 January 2004		451,736	(3,291)	142,257	590,702
Foreign exchange differences arising from translation of the financial statements of foreign operations		-	(424)	-	(424)
Minority share in retained earnings		-	-	(299)	(299)
Net profit for the three-month period		-	-	39,966	39,966
Balances at 31 March 2004		451,736	(3,715)	181,924	629,945

Denizbank A.Ş. and Its Subsidiaries

Consolidated Statements of Cash Flows

For the three-month periods ended 31 March 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 31 March 2004 pursuant to IAS 29*

	<u>Note</u>	<u>31 March</u> <u>2004</u>	<u>31 March</u> <u>2003</u>	<u>31 December</u> <u>2003</u>
Operating activities				
Net profit/(loss) for the period/year		39,966	(66,271)	106,166
Adjustments for non-cash items:				
Depreciation and amortization	15 and 16	5,905	5,751	23,782
Change in accrued interest expense		(5,923)	446	21,622
Change in accrued interest income		28,571	2,278	(70,877)
Bad debt expenses	13	15,111	2,351	44,860
Severance pay liability		700	(3,204)	(2,807)
Minority interest		(1,941)	(205)	(208)
Taxation charge/(credit)	20	53	(6,192)	55,054
Effect of the restatement of non-cash items		(2,590)	(1,765)	2,473
Effect of currency translation		(424)	305	(3,387)
Effect of the correction of errors	24	-	2,834	2,834
Changes in operating assets and liabilities:				
Money market instruments		297,120	498,004	(171,824)
Loans and advances to banks		(15,359)	485,008	281,508
Loans and advances to customers		(131,262)	118,728	(647,635)
Other operating assets		2,964	(61,809)	(50,702)
Deposits from banks		(430,568)	(49,334)	725,367
Deposits from customers		2,685	(628,911)	304,130
Funds borrowed		76,405	(59,831)	125,437
Other operating liabilities		2,517	12,575	34,607
Taxes payable		(10,664)	2,534	(8,963)
Cash flows from operating activities		(126,734)	253,292	771,436
Investing activities				
Proceeds from sale of bank premises and equipment		1,636	169	3,517
Purchase of bank premises and equipment	15	(7,802)	(5,951)	(28,149)
Proceeds from sale of intangible assets		-	-	4
Purchase of intangible assets	16	(1,116)	(2,424)	(9,057)
Cash flows from investing activities		(7,282)	(8,206)	(33,685)
Financing activities				
Dividends paid		-	-	-
Cash flows from financing activities		-	-	-
Net (decrease)/increase in cash and cash equivalents		(134,016)	245,086	737,751
Cash and cash equivalents at 1 January		1,335,145	597,394	597,394
Cash and cash equivalents at the end of the period/year	9	1,201,129	842,480	1,335,145