

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish)
(See Note 3.I.2)

Denizbank Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements

As of and For the Year Ended

31 December 2006

With Independent Auditor's Report Thereon

Akis Serbest Muhasebeci
Mali Müşavirlik
Anonim Şirketi
28 February 2007

This report contains 79 pages.

- I. Independent Auditor's Report
- II. Consolidated Financial Report to be Disclosed to the Public

**Convenience Translation of the Independent Auditor's Report
Originally Prepared and Issued in Turkish**

To the Board of Directors of Denizbank Anonim Şirketi:

We have been engaged to audit the consolidated balance sheet of Denizbank Anonim Şirketi (the Bank) and its subsidiaries as of 31 December 2006 and the related consolidated statements of income, changes in shareholders' equity, cash flows, a summary of the significant accounting policies and other disclosures for the year then ended.

Disclosure Related to the Responsibility of the Board of Directors of the Bank:

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and presentation of the reported consolidated financial statements in accordance with the Regulation on Principles Related to Banks' Accounting Applications and preserving the Documents, dated 1 November 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards and Turkish Financial Reporting Standards, free of material errors and misuse that could lead to false information within.

Disclosure Related to the Responsibility of the Authorized Audit Company:

Our responsibility, as independent auditors, is to issue a report on the consolidated financial statements based on our audit. We did not audit the financial statements of certain consolidated companies as of 31 December 2006, which statements reflect total assets constituting 13 percent; and total interest and commission income constituting 7 percent after elimination of intercompany balances and transactions as of and for the year ended 31 December 2006 of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies is based solely on the reports of the other auditors.

Our independent audit was planned and conducted to provide reasonable assurance that the consolidated financial statements are free of material misstatement. Our independent audit involved the necessary techniques to collect audit evidence related to the figures included in the consolidated financial statements and accompanying footnotes; which have been determined based on our professional conviction, Those techniques have been selected by considering the effectiveness of the internal controls used in preparation and presentation of the consolidated financial statements and the appropriateness of the accounting policies applied. We believe that our audit provides a reasonable basis for our opinion expressed below.

Independent Auditors' Opinion:

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly the financial position of Denizbank Anonim Şirketi and its subsidiaries as of 31 December 2006, and of the results of its operations and its cash flows for the year then ended, in all material respects in accordance with regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
28 February 2007

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Murat Alsan
Partner

Additional paragraph for convenience translation to English:

As explained in Note 3.I.2, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

DENİZBANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2006

Address of the Bank's Headquarters

Büyükdere Caddesi No:106
34394 –ESENTEPE/İSTANBUL

Telephone and Fax Numbers

Tel : 0.212.355 08 00
Fax: 0.212.267 27 24

Website of the Bank

www.denizbank.com

E-mail address of the Bank

investorrelations@denizbank.com

The financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S AUDIT REPORT

The subsidiaries, associates and jointly controlled companies included in the annual consolidated financial report are as follows:

	Subsidiaries	Associates	Jointly Controlled Companies
1.	DenizBank AG, Vienna		
2.	Eurodeniz Off Shore Bank Ltd.		
3.	Ekspres Yatırım Menkul Değerler A.Ş.		
4.	Deniz Türev Menkul Değerler A.Ş.		
5.	Deniz Yatırım Menkul Kıymetler A.Ş.		
6.	CJSC Denizbank, Moscow		
7.	Deniz Portföy Yönetimi A.Ş.		
8.	Deniz Finansal Kiralama A.Ş.		
9.	Deniz Faktoring A.Ş.		

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **New Turkish Lira (YTL) thousands** as of 31 December 2006.

KÜRŞAD TAÇALAN

Senior Vice President
General Accounting

SUAVİ DEMİRCİOĞLU

Executive Vice President

HAKAN ATEŞ

Member of Board of Directors
General Manager

MUSTAFA TINAS TİTİZ

Deputy Chairman of Board of Directors
and Member of Audit Committee

DIRK G.M. BRUNEEL

Chairman of Board of Directors
and Member of Audit Committee

Contact information for questions on this financial report

Name/Title: Şehsuvar ALADAĞ/ Head of Investor Relations and Financial Communication Department

Tel No: 0 212 336 41 44

Fax No: 0 212 336 30 38

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Denizbank Anonim Şirketi and Its Subsidiaries

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira)

SECTION ONE

GENERAL INFORMATION

I. Parent Bank's date of establishment, beginning statute, its history including changes on its statute

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997.

Bank's shares have been listed on Istanbul Stock Exchange since 1 October 2004. 0.26% of the Bank's shares are publicly held as of 31 December 2006.

II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, if exists, changes on these issues and the Group that the Bank belongs to

On 17 October 2006, Dexia Participation Belgique SA, owned directly and indirectly by 100% by Dexia SA/NV, became the main shareholder of the Bank, after acquisition of the 75% of the total outstanding shares from Zorlu Holding A.Ş.

According to Turkish legislation, Dexia Participation Belgique SA has made a tender offer for the minority shares, approximating 25% of the Bank's share capital, being traded in Istanbul Stock Exchange, between 4th and 22nd of December 2006. As a result of this offer, the publicly traded portion of the shares has declined to 0.26% at 31 December 2006.

Name of the Shareholder	Amount (YTL)	Share %
Dexia Participation Belgique SA	315,275,939	99.74
M. Cem Bodur	1	0.00
Hakan Ateş	1	0.00
Publicly traded	824,059	0.26
	316,100,000	100.00

III. President and members of the Board of Directors, audit committee members, general manager and executive vice presidents, if exists, changes in these positions and Bank's shares they hold

<u>Name</u>	<u>Job Description</u>	<u>Shares (%)</u>
<u>President of the Board of Directors</u>		
Dirk G.M. Bruneel	Chairman	--
<u>Board of Directors</u>		
Hakan Ateş	Member-CEO	0.000002
Mustafa Tınas Titiz	Member	--
Bruno R.D.J. Accou	Member	--
M. Cem Bodur	Member	0.000002
Fikret Arabacı	Member	--
İhsan Veysi Seviğ	Member	--
<u>Audit Committee</u>		
Dirk G.M. Bruneel	Member	--
Mustafa Tınas Titiz	Member	--
İhsan Veysi Seviğ	Member	--
<u>Audit Board</u>		
Cem Kadırgan	Member	--
Mehmet Uğur Ok	Member	--
<u>Executive Vice Presidents</u>		
Bora Böcügöz	Treasury	--
Suavi Demircioğlu	Financial Affairs	--
Gökhan Ertürk	SME and Agricultural Banking	--
Arif İsfendiyaroğlu	Retail Banking	--
Tanju Kaya	Administrative Services	--
Behçet Perim	Risk Management	--
Mehmet Saraç	Central Operations	--
Nihat Sevinç	Foreign Subsidiaries and Branches	--
Nesrin Sungu	Financial Institutions	--
Hüseyin Uyar	Commercial Marketing	--

At the meeting of Denizbank Board of Directors no. 2006/48 dated 17 October 2006, it has been decided that as a result of the resignations of Can Taşpulat and Cemalettin Hasdemir from the Board of Directors, according to the Turkish Commercial Code article no. 315, until the following General Assembly, Dirk G.M. Bruneel and Bruno Accou will be nominated as the member of the Board of Directors.

The executive vice presidents, Mustafa Mert and Dinçer Alpman have resigned from their duties on 4 January 2006 and 31 October 2006, respectively. Their signature authorizations have been cancelled at the meetings of the Board of Directors, held on 4 January 2006 and 1 November 2006.

According to the Turkish Commercial Code article no. 351, until the following General Assembly, Mehmet Uğur Ok will be nominated as the member of the Audit Committee in replacement of Şerif Arı who resigned from his position on 17 October 2006.

Gökhan Ertürk has been assigned as the executive vice president of SME and Agricultural Banking on 29 November 2006, by the resolution no. 2006/59 of the Board of Directors.

The number of members of the Board of Directors has been determined as 11 at the Extraordinary General Assembly held on 17 January 2007; and Ayfer Yılmaz, Hugo R.R. Lasat, Bruno Yves Marie Rene Deletre, Alain Philippe Bernard Delouis and Eric P.B.A. Hermann have been assigned as new members of the Board of Directors. Ayfer Yılmaz, Hugo R.R. Lasat ve Alain Philippe Bernard Delouis have sworn and started up their duties.

IV. Type of services provided and the areas of operations of the Bank

The Bank is a private sector deposit bank which provides banking services to its customers through 261 domestic and 1 foreign branch as of 31 December 2006.

Activities of the Bank as stated in the fourth clause of the Articles of Association are as follows:

- Accepting all kinds of deposits and performing banking activities.
- Dealing with transactions on all kinds of capital market tools within the limits set forth by the related deposit and Capital Market Law regulations.
- Entering into loan and intelligence agreements with domestic and international financial institutions and participating in consortiums and syndications.
- Lending all kinds of Turkish Lira and foreign currency short, medium and long term loans, and providing guarantee facilities.
- Incorporating insurance companies, operating insurance agencies, participating in insurance companies which are existing or planned to be founded.
- Using the funds to be allocated or provided by laws, regulations or agreements for its own objectives.
- Making all kinds of agreements and legal transactions related with its operations; signing written contracts, notes and miscellaneous documents and establishing correspondences.
- Purchasing, producing, constructing, leasing or acquiring by other means all kinds of movables, immovables and rights, selling, transferring or renting all or a part of such items. Establishing or releasing all kinds of rights in such items.
- Giving all kinds of loans and obtaining borrowings as necessary for performing its activities.
- Receiving, transferring or releasing all kinds of cash or non-cash guarantees, including sureties, collaterals, mortgages, pledges, etc., relating to its operations.
- Establishing domestic and/or foreign partnerships and participating in existing partnerships.
- Performing all kinds of operations in compliance with the Banking Law.

V. Other Information

Bank's Official Title:	Denizbank Anonim Şirketi
Address of Bank's Headquarters:	Büyükdere Caddesi No: 106 Esentepe 34394 İstanbul
Telephone and fax numbers:	Telephone: (0212) 355 08 00 Fax : (0212) 267 27 24
Bank's internet address:	www.denizbank.com
Bank's e-mail address:	investorrelations@denizbank.com
Reporting period:	1 January 2006 - 31 December 2006

Unless stated otherwise, the accompanying consolidated financial statements and disclosures are presented in New Turkish Lira (YTL) thousands as of 31 December 2006.

SECTION TWO FINANCIAL STATEMENTS

- I. Consolidated Balance Sheets
- II. Consolidated Off-Balance Sheet Items Statements
- III. Consolidated Income Statements
- IV. Consolidated Statements of Changes in Shareholders' Equity
- V. Consolidated Cash Flow Statements
- VI. Consolidated Profit Distribution Statements

ASSETS	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(31/12/2006)			(31/12/2005)		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	147,293	727,923	875,216	174,718	595,136	769,854
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(5.1.2)	204,258	171,100	375,358	193,575	114,747	308,322
2.1 Trading Securities		170,442	157,221	327,663	191,110	110,153	301,263
2.1.1 Public Sector Debt Securities		156,845	20,937	177,782	98,389	8,983	107,372
2.1.2 Share Certificates		13,209	-	13,209	92,721	-	92,721
2.1.3 Other Securities		388	136,284	136,672	-	101,170	101,170
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Other Securities		-	-	-	-	-	-
2.3 Positive Value of Trading Purpose Derivatives		33,816	13,879	47,695	2,465	4,594	7,059
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.1.3)	63,629	2,717,593	2,781,222	96,172	2,183,201	2,279,373
IV. INTERBANK MONEY MARKET		260,743	27,390	288,133	390,312	-	390,312
4.1 Interbank Money Market Placements		-	27,390	27,390	226,000	-	226,000
4.2 Istanbul Stock Exchange Money Market Placements		1,450	-	1,450	800	-	800
4.3 Receivables from Reverse Repurchase Agreements		259,293	-	259,293	163,512	-	163,512
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	582,181	391,585	973,766	826,526	466,274	1,292,800
5.1 Share Certificates		3,867	58	3,925	4,134	15	4,149
5.2 Public Sector Debt Securities		578,314	288,063	866,377	822,392	374,689	1,197,081
5.3 Other Securities		-	103,464	103,464	-	91,570	91,570
VI. LOANS	(5.1.5)	4,992,720	3,070,659	8,063,379	3,174,617	2,636,926	5,811,543
6.1 Loans		4,986,668	3,070,323	8,056,991	3,162,189	2,636,677	5,798,866
6.2 Loans under Follow-Up		166,049	3,885	169,934	132,436	2,653	135,089
6.3 Specific Provisions (-)		159,997	3,549	163,546	120,008	2,404	122,412
VII. FACTORING RECEIVABLES		288,469	16,365	304,834	151,326	46,005	197,331
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	-	177,381	177,381	28,170	207,539	235,709
8.1 Public Sector Debt Securities		-	62,591	62,591	28,170	74,255	102,425
8.2 Other Securities		-	114,790	114,790	-	133,284	133,284
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	3,686	-	3,686	121,606	-	121,606
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated		3,686	-	3,686	121,606	-	121,606
9.2.1 Financial Investments		104	-	104	128	-	128
9.2.2 Non-Financial Investments		3,582	-	3,582	121,478	-	121,478
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	5,145	-	5,145	7,923	-	7,923
10.1 Unconsolidated Financial Investments		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Investments		5,145	-	5,145	7,923	-	7,923
XI. JOINT VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Investments		-	-	-	-	-	-
11.2.2 Non-Financial Investments		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	87,048	443,819	530,867	25,058	218,343	243,401
12.1 Financial Lease Receivables		117,657	523,850	641,507	34,232	261,926	296,158
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		30,609	80,031	110,640	9,174	43,583	52,757
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	94,484	3,796	98,280	127,942	3,439	131,381
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	43,628	3,353	46,981	11,275	2,340	13,615
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		43,628	3,353	46,981	11,275	2,340	13,615
XVI. TAX ASSETS		31,774	437	32,211	58,242	161	58,403
16.1 Current Tax Assets		30,651	437	31,088	57,834	144	57,978
16.2 Deferred Tax Assets	(5.1.14)	1,123	-	1,123	408	17	425
XVII. ASSETS HELD FOR SALE (Net)	(5.1.15)	15,363	-	15,363	16,157	-	16,157
XVIII. OTHER ASSETS	(5.1.16)	118,678	46,738	165,416	88,878	19,430	108,308
TOTAL ASSETS		6,939,099	7,798,139	14,737,238	5,492,497	6,493,541	11,986,038

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(31/12/2006)			(31/12/2005)		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.II.1)	3,260,206	6,202,819	9,463,025	2,722,796	4,573,005	7,295,801
II. NEGATIVE VALUE OF TRADING PURPOSE DERIVATIVES	(5.II.2)	26,037	20,243	46,280	19	12,740	12,759
III. FUNDS BORROWED	(5.II.3)	255,029	2,445,707	2,700,736	207,706	2,416,814	2,624,520
IV. INTERBANK MONEY MARKET		455,630	-	455,630	480,673	35,662	516,335
4.1 Interbank Money Market Takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Takings		-	-	-	92,500	-	92,500
4.3 Funds Provided under Repurchase Agreements		455,630	-	455,630	388,173	35,662	423,835
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		222,137	63,718	285,855	180,220	12,443	192,663
VIII. OTHER EXTERNAL RESOURCES PAYABLE	(5.II.4)	105,401	28,658	134,059	85,859	10,145	96,004
IX. FACTORING PAYABLES		-	-	-	1,892	13,630	15,522
X. LEASE PAYABLES (Net)	(5.II.5)	1	1	2	9	1	10
10.1 Financial Lease Payables		2	1	3	14	2	16
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		1	-	1	5	1	6
XI. HEDGING PURPOSE DERIVATIVES	(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(5.II.7)	68,546	12,664	81,210	44,917	12,150	57,067
12.1 General Provisions		52,559	-	52,559	34,786	-	34,786
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Termination Benefits		6,071	601	6,672	3,994	436	4,430
12.4 Insurance Technical Provisions		-	-	-	-	-	-
12.5 Other Provisions		9,916	12,063	21,979	6,137	11,714	17,851
XIV. TAX LIABILITIES	(5.II.8)	46,884	2,329	49,213	63,018	668	63,686
14.1 Current Tax Liability		44,437	2,296	46,733	58,724	481	59,205
14.2 Deferred Tax Liability		2,447	33	2,480	4,294	187	4,481
XV. PAYABLES RELATED TO ASSETS HELD FOR SALE	(5.II.9)	-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(5.II.10)	-	166,746	166,746	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	1,301,590	52,892	1,354,482	1,073,316	38,355	1,111,671
16.1 Paid-In Capital		316,100	-	316,100	316,100	-	316,100
16.2 Supplementary Capital		292,764	7,293	300,057	406,997	9,123	416,120
16.2.1 Share Premium		98,351	-	98,351	98,351	-	98,351
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Value Increase Fund	(5.II.13)	5,248	7,293	12,541	107,992	9,123	117,115
16.2.4 Revaluation Fund on Tangible Assets		-	-	-	-	-	-
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Capital Bonus of Associates, Subsidiaries and Joint Ventures		1	-	1	11,490	-	11,490
16.2.7 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.8 Revaluation Fund on Assets Held for Sale		-	-	-	-	-	-
16.2.9 Other Supplementary Capital		189,164	-	189,164	189,164	-	189,164
16.3 Profit Reserves		338,970	21,189	360,159	113,608	(292)	113,316
16.3.1 Legal Reserves		16,990	5,017	22,007	5,631	-	5,631
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		317,136	10,486	327,622	106,983	-	106,983
16.3.4 Other Profit Reserves		4,844	5,686	10,530	994	(292)	702
16.4 Profit or Loss		353,756	24,410	378,166	236,611	29,524	266,135
16.4.1 Prior Periods Profit or Loss		27,904	7,973	35,877	17,825	17,097	34,922
16.4.2 Current Period Profit or Loss		325,852	16,437	342,289	218,786	12,427	231,213
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		5,741,461	8,995,777	14,737,238	4,860,425	7,125,613	11,986,038

	Footnotes	CURRENT PERIOD (31/12/2006)			PRIOR PERIOD (31/12/2005)		
		YTL	FC	Total	YTL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III+III)		5,339,036	8,489,068	13,828,104	4,023,895	5,937,781	9,961,676
I. GUARANTEES	(5.III.1-3)	1,278,620	2,932,197	4,210,817	1,009,502	2,201,508	3,211,010
1.1. Letters of Guarantee		1,278,502	1,624,720	2,903,222	1,009,502	1,159,022	2,168,524
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		131,769	124,771	256,540	476	22,234	22,710
1.1.3. Other Letters of Guarantee		1,146,733	1,499,949	2,646,682	1,009,026	1,136,788	2,145,814
1.2. Bank Acceptances		-	142,409	142,409	-	197,318	197,318
1.2.1. Import Letter of Acceptance		-	142,409	142,409	-	197,318	197,318
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		118	1,086,574	1,086,692	-	758,533	758,533
1.3.1. Documentary Letters of Credit		118	687,528	687,646	-	667,999	667,999
1.3.2. Other Letters of Credit		-	399,046	399,046	-	90,534	90,534
1.4. Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		-	78,494	78,494	-	86,635	86,635
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS		2,728,283	98,392	2,826,675	2,061,290	7,122	2,068,412
2.1. Irrevocable Commitments		2,727,602	98,392	2,825,994	2,060,609	-	2,060,609
2.1.1. Asset Purchase Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		455	-	455	-	-	-
2.1.4. Loan Granting Commitments		53,383	-	53,383	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments	(5.III.1)	431,925	-	431,925	360,270	-	360,270
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits	(5.III.1)	2,146,292	-	2,146,292	1,649,932	-	1,649,932
2.1.10. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.11. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		95,547	98,392	193,939	50,407	-	50,407
2.2. Revocable Commitments		681	-	681	681	7,122	7,803
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		681	-	681	681	7,122	7,803
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	1,332,133	5,458,479	6,790,612	953,103	3,729,151	4,682,254
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		1,332,133	5,458,479	6,790,612	953,103	3,729,151	4,682,254
3.2.1. Forward Foreign Currency Purchases/Sales		363,959	3,637,017	4,000,976	120,398	2,136,524	2,256,922
3.2.1.1. Forward Foreign Currency Purchases		73,855	1,920,855	1,994,710	92,801	1,035,966	1,128,767
3.2.1.2. Forward Foreign Currency Sales		290,104	1,716,162	2,006,266	27,597	1,100,558	1,128,155
3.2.2. Currency and Interest Rate Swaps		467,519	1,013,491	1,481,010	41,060	307,614	348,674
3.2.2.1. Currency Swaps-Purchases		-	564,103	564,103	-	161,340	161,340
3.2.2.2. Currency Swaps-Sales		238,585	328,092	566,677	41,060	127,112	168,172
3.2.2.3. Interest Rate Swaps-Purchases		114,467	60,648	175,115	-	9,581	9,581
3.2.2.4. Interest Rate Swaps-Sales		114,467	60,648	175,115	-	9,581	9,581
3.2.3. Currency, Interest Rate and Security Options		500,654	770,858	1,271,512	791,645	1,127,339	1,918,984
3.2.3.1. Currency Options-Purchases		268,197	368,401	636,598	402,573	556,991	959,564
3.2.3.2. Currency Options-Sales		232,457	402,457	634,914	389,072	570,348	959,420
3.2.3.3. Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		-	13,906	13,906	-	75,482	75,482
3.2.4.1. Currency Futures-Purchases		-	7,768	7,768	-	52,801	52,801
3.2.4.2. Currency Futures-Sales		-	6,138	6,138	-	22,681	22,681
3.2.5. Interest Rate Futures		-	5,622	5,622	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	5,622	5,622	-	-	-
3.2.6. Others		1	17,585	17,586	-	82,192	82,192
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		8,361,794	4,409,305	12,771,099	3,746,457	1,010,071	4,756,528
IV. ITEMS HELD IN CUSTODY		2,646,418	818,888	3,465,306	3,464,523	741,166	4,205,689
4.1. Customers' Securities Held		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		1,805,642	156,617	1,962,259	2,858,753	180,522	3,039,275
4.3. Checks Received for Collection		266,618	231,591	498,209	149,780	132,959	282,739
4.4. Commercial Notes Received for Collection		170,801	347,495	518,296	98,479	298,016	396,495
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		175,324	-	175,324	119,021	-	119,021
4.7. Other Items under Custody		3,015	83,185	86,200	201	129,669	129,870
4.8. Custodians		225,018	-	225,018	238,289	-	238,289
V. PLEDGED ITEMS		5,715,199	3,522,621	9,237,820	281,934	268,905	550,839
5.1. Securities		522,582	18,415	540,997	1	-	1
5.2. Guarantee Notes		1,178,272	586,352	1,764,624	281,933	242,632	524,565
5.3. Commodities		1,043,363	798,403	1,841,766	-	23,818	23,818
5.4. Warranties		-	-	-	-	-	-
5.5. Immovables		2,759,254	1,876,488	4,635,742	-	-	-
5.6. Other Pledged Items		211,728	242,963	454,691	-	2,455	2,455
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		177	67,796	67,973	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		13,700,830	12,898,373	26,599,203	7,770,352	6,947,852	14,718,204

INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD (31/12/2006)	PRIOR PERIOD (31/12/2005)
I.	INTEREST INCOME	(5.IV.1)	1,457,222	1,028,153
1.1	Interest on Loans		1,043,722	622,445
1.2	Interest Received from Reserve Deposits		30,109	16,346
1.3	Interest Received from Banks		93,659	35,601
1.4	Interest Received from Money Market Transactions		30,865	3,080
1.5	Interest Received from Securities Portfolio		185,285	292,332
1.5.1	Trading Securities		27,546	58,005
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available for Sale Securities		143,412	223,905
1.5.4	Held to Maturity Securities		14,327	10,422
1.6	Interest Received from Financial Leases		44,888	17,100
1.7	Other Interest Income		28,694	41,249
II.	INTEREST EXPENSE	(5.IV.2)	793,444	500,952
2.1	Interest on Deposits		564,738	374,372
2.3	Interest on Funds Borrowed		193,697	93,462
2.4	Para Piyasası İşlemlerine Verilen Faizler		1,452	8,128
2.5	Interest on Securities Issued		-	-
2.6	Other Interest Expense		33,557	24,990
III.	NET INTEREST INCOME (I - II)		663,778	527,201
IV.	NET FEES AND COMMISSIONS INCOME	(5.IV.11)	204,437	146,721
4.1	Fees and Commissions Received		278,870	206,085
4.1.1	Cash Loans		26,006	13,213
4.1.2	Non-Cash Loans		42,292	34,445
4.1.3	Other		210,572	158,427
4.2	Fees and Commissions Paid		74,433	59,364
4.2.1	Cash Loans		915	4,572
4.2.2	Non-Cash Loans		283	833
4.2.3	Other		73,235	53,959
V.	DIVIDEND INCOME	(5.IV.3)	958	1,886
VI.	TRADING INCOME/LOSS (Net)	(5.IV.4)	(45,408)	12,491
6.1	Profit / Losses on Trading Account Securities		19,794	35,089
6.2	Foreign Exchange Gains / Losses		(65,202)	(22,598)
VII.	OTHER OPERATING INCOME	(5.IV.5)	205,183	113,017
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1,028,948	801,316
IX.	PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	(5.IV.6)	94,682	68,438
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	542,662	427,173
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		391,604	305,705
XII.	NEGATIVE GOODWILL		-	-
XIII.	PROFIT / LOSS FROM ASSOCIATES		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	PROFIT / LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(5.IV.8)	391,604	305,705
XVI.	PROVISION FOR TAXES ON INCOME (-)	(5.IV.9)	(49,315)	(74,492)
16.1	Current Tax Provision		(51,931)	(65,922)
16.2	Deferred Tax Provision		2,616	(8,570)
XVII.	NET OPERATING PROFIT / LOSS AFTER TAXES (XV±XVI)		342,289	231,213
17.1	Ceased Operations		-	-
17.2	Other		342,289	231,213
XVIII.	NET PROFIT /LOSS (XVII+XIX)		342,289	231,213
18.1	Group's Profit / Loss		342,289	231,213
18.2	Minority Shares		-	-
	Earnings / Losses per Share (Full YTL)		1.08	0.73

Denizbank Anonim Şirketi and Its Subsidiaries
Consolidated Cash Flow Statements
For the Years Ended 31 December 2006 and 2005
(Currency: Thousands of YTL - New Turkish Lira)

Convenience Translation of Consolidated Financial
Report Originally Issued in Turkish, See Note 3.1.2

CHANGES IN SHAREHOLDERS' EQUITY	Footnotes															Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
		Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund				
PRIOR PERIOD																		
(31/12/2005)																		
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	-	-	-	(6,071)	136,707	9,782	-	13,859	115,078	872,970	-	872,970	
II. Corrections According to Turkish Accounting Standard No.8		-	-	-	-	-	-	-	-	-	7,117	-	-	7,463	14,580	-	14,580	
2.1 Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	7,117	-	-	7,463	14,580	-	14,580	
III. Adjusted Beginning Balance (I + II)		316,100	189,164	98,351	-	-	-	-	(6,071)	136,707	16,899	-	13,859	122,541	887,550	-	887,550	
Changes in the Period																		
IV. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Available-for-Sale Securities		-	-	-	-	-	-	-	-	-	-	-	-	48,467	48,467	-	48,467	
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers																		
VII. Available-for-Sale Securities		-	-	-	-	-	-	-	-	-	-	-	(2,369)	(53,893)	(56,262)	-	(56,262)	
VIII. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	231,213	-	-	-	-	231,213	-	231,213	
X. Profit Distribution		-	-	-	-	5,631	-	106,983	-	(136,707)	24,093	-	-	-	-	-	-	
10.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10.2 Transferred to Reserves		-	-	-	-	5,631	-	106,983	-	-	(112,614)	-	-	-	-	-	-	
10.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Capital Increase		-	-	-	-	-	-	-	6,773	(136,707)	-	-	-	-	-	-	-	
11.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Revaluation Fund on Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3 Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.4 Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.5 Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.6 Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.7 Foreign Exchange Differences		-	-	-	-	-	-	-	6,773	-	-	-	-	-	703	-	703	
11.8 Others		-	-	-	-	-	-	-	-	-	(6,070)	-	-	-	-	-	-	
XII. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Primary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Secondary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the End of Period (III+IV+.....+XIV+XV+XVI)		316,100	189,164	98,351	-	5,631	-	106,983	702	231,213	34,922	-	11,490	117,115	1,111,671	-	1,111,671	
CURRENT PERIOD																		
(31/12/2006)																		
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	5,631	-	106,983	702	231,213	34,922	-	11,490	117,115	1,111,671	-	1,111,671	
Changes in the Period																		
II. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	-	-	(39,863)	(39,863)	-	(39,863)	
IV. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers																		
V. Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	-	-	(64,711)	(64,711)	-	(64,711)	
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	342,289	-	-	-	-	342,289	-	342,289	
VIII. Profit Distribution		-	-	-	-	16,376	-	220,639	(4,602)	(231,213)	955	-	-	2,155	2,155	-	2,155	
8.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8.2 Transferred to Reserves		-	-	-	-	16,376	-	220,639	-	-	(234,860)	-	-	2,155	2,155	-	2,155	
8.3 Others	(5.V.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Capital Increase		-	-	-	-	-	-	-	(4,602)	(231,213)	-	-	-	-	-	-	-	
9.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.2 Revaluation Fund on Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.3 Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.4 Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.5 Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.6 Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9.7 Foreign Exchange Differences		-	-	-	-	-	-	-	14,430	-	-	-	-	-	14,430	-	14,430	
9.8 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	(11,489)	(11,489)	-	(11,489)		
XII. Primary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Secondary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the End of Period (I+II+.....+XIV)		316,100	189,164	98,351	-	22,007	-	327,622	10,530	342,289	35,877	-	1	12,541	1,354,482	-	1,354,482	

	Footnotes	CURRENT PERIOD (31/12/2006)	PRIOR PERIOD (31/12/2005)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before Changes in Operating Assets and Liabilities(+)		419,523	331,107
1.1.1 Interest Received		1,362,380	999,666
1.1.2 Interest Paid (-)		787,047	464,755
1.1.3 Dividend Received (+)		958	1,886
1.1.4 Fees And Commissions Received (+)		278,870	206,085
1.1.5 Other Income (+)		205,774	184,268
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		61,373	58,982
1.1.7 Payments to Personnel and Service Suppliers (-)		263,732	188,476
1.1.8 Taxes Paid (-)		27,931	36,666
1.1.9 Other (+/-)	(5.VI.1)	(411,122)	(429,883)
1.2 Changes in Operating Assets and Liabilities		(635,294)	839,741
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		(237,453)	162,991
1.2.2 Net (Increase) Decrease in Due From Banks And Other Financial Institutions(+/-)		-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		(266,180)	89,084
1.2.4 Net (Increase) Decrease in Loans (+/-)		(2,591,609)	(2,978,751)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(9,816)	(50,157)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		241,538	213,805
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		1,923,264	1,870,732
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		77,791	1,563,153
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.1)	227,171	(31,116)
I. Net Cash (Used in)/Provided by Banking Operations (+/-)		(215,771)	1,170,848
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided by / (Used in) Investing Activities (+/-)	(5.VI.1)	329,533	(34,966)
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		805	101
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		76,444	3,362
2.3 Fixed Assets Purchases (-)		47,542	47,677
2.4 Fixed Assets Sales (+)		1,450	3,456
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		503,928	-
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		725,503	82,634
2.7 Cash Paid for Purchase of Investment Securities(-)		12,725	101,193
2.8 Cash Obtained from Sale of Investment Securities (+)		91,136	24,553
2.9 Other (+/-)		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Used in 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 Other (+/-)		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)		(104,472)	(4,004)
V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		9,290	1,131,878
VI. Cash and Cash Equivalents at the Beginning of Period (+)	(5.VI.2)	3,414,136	2,282,258
VII. Cash and Cash Equivalents at the End of Period (V+VI)	(5.VI.3)	3,423,426	3,414,136

		CURRENT PERIOD (31/12/2006)	PRIOR PERIOD (31/12/2005)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	391,604	305,705
1.2	TAXES AND DUTIES PAYABLE	49,315	74,492
1.2.1	Corporate Tax (Income tax)	49,315	74,492
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	342,289	231,213
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	16,376
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	342,289	214,837
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES	-	220,639
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	0.0011	0.0007
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.11	0.07
3.3	TO OWNERS OF PRIVILAGED SHARES	-	-
3.4	TO OWNERS OF PRIVILAGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILAGED SHARES (%)	-	-

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents

The new Turkish Banking Law No. 5411 is published in the Official Gazette No. 25983 dated 1 November 2005. The Bank prepared the accompanying consolidated financial statements and the related disclosures and footnotes in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, "Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 10 February 2007 which is published in the Official Gazette No. 26430, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS").

2. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

3. Disclosures related to the first time application of Turkish Accounting Standards

The Bank has prepared its consolidated financial statements in accordance with the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, for the first time at 31 December 2006. According to the requirements of TAS 1 "Presentation of the Financial Statements", the effective date of the adoption of TAS and TFRS is 1 January 2005. Consequently, the corrections presented below are made to the comparative financial statements at 1 January 2005 and 31 December 2005. In this respect, the opening balance sheet at 1 January 2005 has been amended by adjusting the "Prior Period Profit / Loss" account in "Shareholders' Equity". The effects of these corrections to the accompanying consolidated financial statements are as follows:

Prior period net profit, as previously reported, 01.01.05	9,782
Corrections:	
-Fair value corrections made to "trading" and "available-for-sale" securities	98
-Fair value corrections made to "positive value of trading purpose derivatives"	(264)
-Corrections made to employee benefits	10,333
-Deferred taxation effect	(3,050)
Prior period net profit, corrected, 01.01.05	16,899

Securities value increase fund, as previously reported, 01.01.05	115,078
Corrections:	
-Fair value corrections made to “available-for-sale” securities	10,662
-Deferred taxation effect	(3,199)
Securities value increase fund, corrected, 01.01.05	122,541
2005 profit, as previously reported	226,452
Corrections:	
-Fair value corrections made to “trading” and “available-for-sale” securities	150
-Fair value corrections made to “positive value of trading purpose derivatives”	1,275
-Corrections made to employee benefits	5,107
-Deferred taxation effect	(1,771)
2005 profit, corrected	231,213
Net fair value change in 2005 (related to “available-for-sale” securities in shareholders’ equity), as previously reported	47,607
Corrections:	
-Fair value corrections made to “available-for-sale” securities	1,229
-Deferred taxation effect	(369)
Net fair value change in 2005 (related to “available-for-sale” securities in shareholders’ equity), corrected	48,467

3. Accounting policies and valuation principles used in the preparation of the financial statements

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied in accordance with the requirements of TAS, TFRS, “Regulation on Principles Related to Banks’ Accounting Applications and Preserving the Documents”, dated 1 November 2006 which is published in the Official Gazette No.26333 and “Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public”, dated 10 February 2007 which is published in the Official Gazette No. 26430. Those policies and principles are explained by footnotes II through XXII below.

4. Presentation of the financial statements according to the current purchasing power of the money

The Bank’s consolidated financial statements have been prepared in accordance with TAS 29 “Reporting in Hyperinflationary Economies” until 31 December 2004. By a Circular declared by BRSA at 28 April 2005, it was stated that the indicators of a need for inflation accounting have been ceased and inflation accounting would not be applied starting from 1 January 2005.

II. Strategy for the use of financial instruments and the foreign currency operations

1. Strategy for the use of financial instruments

Denizbank Financial Services Group (“DFS Group”)’s external sources of funds are comprised of deposits with various maturity periods, and short-term borrowings. These funds are fixed rate in general and are utilized in high yield financial assets. The bulk of the funds are allocated to high yield, floating rate instruments, such as Turkish Lira and foreign currency government securities and Eurobonds, and to loans provided to customers on a selective basis in order to increase revenue and support liquidity.

The liquidity structure, insures meeting all liabilities becoming due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of placements at market conditions and adopts a high yield policy in long-term placements.

There is not any segment of the DFS Group generating more return than the calculated average return for the DFS Group.

The DFS Group assumes risks within the pre-determined risk limits short-term currency, interest and price movements in money and capital markets and market conditions.

These positions are closely monitored by the Risk Management System of the Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment.

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration.

The asset-liability balance is monitored on a daily basis in accordance with their maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

No risks are taken on foreign currencies other than USD and Euro. If the position taken because of customer based activities exceeds 0.01% of the balance sheet size, derivative products are used to cover the position.

Net foreign currency position of the DFS Group in foreign enterprises is considered along with the position of the DFS Group and the specific position is evaluated within the risk limits.

2. Transactions denominated in foreign currencies

2.1 *Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements*

DFS Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from transactions that are completed as of 31 December 2006 are translated to YTL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities are translated into YTL by using foreign currency exchange rates of the Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank’s foreign currency exchange rates are as follows:

	31 December 2006	31 December 2005
US Dollars	1.4056 YTL	1.3418 YTL
Euro	1.8515 YTL	1.5875 YTL

2.2 *Foreign exchange gains and losses included in the income statement*

Net foreign exchange loss included in the income statement amounts to YTL 65,202 (31 December 2005: net foreign exchange loss of YTL 22,598).

2.3 *Foreign operations*

The assets and liabilities of foreign operations are translated to YTL at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to YTL at yearly average foreign exchange rates. Foreign exchange differences arising on translation are recognized directly in equity. Those foreign exchange differences amount to YTL 10,530 as of 31 December 2006.

There is no goodwill related to any of the Bank's foreign operations.

No foreign operations are disposed of during the current year.

III. **Presentation of information regarding the Bank and consolidated subsidiaries**

The accompanying consolidated financial statements are prepared in accordance with TAS 27 "Consolidated and Separate Financial Statements".

The Bank owns, directly or indirectly, the shares of Deniz Yatırım Menkul Kıymetler A.Ş. (Deniz Yatırım), Ekspres Yatırım Menkul Değerler A.Ş. (Ekspres Yatırım), Deniz Türev Menkul Değerler A.Ş. (Deniz Türev), Eurodeniz Off-shore Bank Limited (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, CJSC Denizbank Moscow (Denizbank Moscow), Deniz Finansal Kiralama A.Ş. (Deniz Leasing) and Deniz Faktoring A.Ş. (Deniz Faktoring), and these subsidiaries are consolidated as explained in detail in section 5.I.8.

Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş., Denizbank Kültür Sanat Ticaret A.Ş. and Adana Haddecilik Metal San. ve Tic. A.Ş. which are also the subsidiaries of the Bank, are not consolidated both because they are below the materiality level set forth for the Bank's financial statements and they are non-financial subsidiaries.

The Bank, as the parent bank, and its subsidiaries, Deniz Yatırım, Ekspres Yatırım, Deniz Türev, Eurodeniz, Deniz Portföy, Denizbank AG, Denizbank Moscow, Deniz Leasing and Deniz Faktoring that are included in consolidation are altogether referred to as "DFS Group" in the disclosures and footnotes related to the consolidated financial statements.

1. **With respect to subsidiaries**

"Full Consolidation" method has been applied in consolidating the financial statements of the Bank with the financial statements of its subsidiaries. According to this method, the financial statements of the Bank and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, income, expenses and off-balance sheet items, in preparing consolidated financial statements. Minority interests are presented separately in the consolidated balance sheet and consolidated income statement.

The major principles of consolidation

1.1 The carrying amount of the Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated.

- 1.2** All intercompany transactions and intercompany balances between the consolidated subsidiaries and with the Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 31 December 2006 and appropriate adjustments are made to financial statements to use uniform accounting policies for like transactions and events in similar circumstances.

No difference has occurred from consolidation adjustments which have been raised for the preparation of the consolidated financial statements of DFS Group.

2. With respect to associates

There are no financial associates included in the consolidation.

3. With respect to joint ventures

There are no joint ventures.

IV. Forward transactions, options and derivative instruments

In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, forward foreign currency purchase/sale contracts, swaps, options and futures that are not categorized as hedging-purpose tools are classified as “trading purpose” transactions and reflected at their fair values. The fair values of forward foreign currency transactions are estimated using pricing models and unrealized gains or losses are recognized in the income statement.

The DFS Group does not have any embedded derivatives or hedging instruments.

The DFS Group’s derivative transactions mainly consist of forward foreign currency purchase/sale contracts which have been transacted to reduce the foreign currency position risk and to protect the composition of the foreign currency position.

Derivatives are initially recognized at cost including the transaction costs. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are valued at fair value using the pricing models subsequent to initial recognition and are presented in the “Positive Value of Trading Purpose Derivatives” and “Negative Value of Trading Purpose Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the “Trading Income/Loss” items of the consolidated income statement.

V. Interest income and expense

Interest income and expense are recognized as they are accrued taking into account the internal rate of return method. The Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside”, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

As of 31 December 2005, interest accrual did not start until such loans became performing and were classified as performing loans or until collection in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside” published in the Official Gazette No. 24448 dated 30 June 2001.

VI. Fees and commissions

Commissions and income from banking services are spread over the life of the related services, except for some kind of transactions that the income is recognized immediately. Commission and income expenses are considered as transaction cost and recorded by “Internal rate of return” method. Income related to sale and purchase of assets on behalf of third parties are recorded when collected.

VII. Financial assets

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, investment securities available-for-sale, investment securities held-to-maturity, and loans.

1. Financial assets at fair value through profit or loss

1.1 Trading securities

Trading securities are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, trading securities are measured at fair value and gains and losses arising from a change in the fair value are recognized in the income statement. Positive differences between the fair value and cost of trading securities are recorded in accrued interest and income account and negative differences between the fair value and cost of trading securities are recorded in impairment in value of marketable securities account in the financial statements.

The DFS Group recognized the gains and losses arising from the valuation of share certificates, which are classified as trading securities, in the income statement.

Interest earned whilst holding trading securities is reported as interest income.

As of the balance sheet dates, the fair values of the Turkish Lira government securities are calculated using the Istanbul Stock Exchange (ISE) last day’s weighted average prices for those securities traded in ISE; and for those securities not traded in ISE, the prices announced by the Central Bank of Turkey are used. Eurobonds and foreign currency government bonds are initially recognized at cost including transaction costs and subsequent to initial recognition, Eurobonds are measured at discounted prices while foreign currency government bonds are measured at fair value. However, those securities not traded in an active market and whose fair values cannot be reliably measured are valued using a discounting method based on internal rate of return. For equity securities, the arithmetic mean of the daily weighted average prices that are quoted during the five days prior to and including the balance sheet date are used.

1.2 Financial assets at fair value through profit or loss

DFS Group does not have any securities classified as “financial assets at fair value through profit or loss”.

2. Investment securities available-for-sale

Available-for-sale assets are financial assets that are not held for trading purposes, loans and advances to banks and customers, or held to maturity.

Premiums and discounts on investments securities available-for-sale are taken into account in computing the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available-for-sale are recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity net of their tax effect under "Securities value increase fund" (Unrealized Gains/Losses on Securities). When investment securities available-for-sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity is transferred to the income statement.

The account classification of the financial assets is determined at the initial recognition stage of the related financial assets.

3. Investment securities held-to-maturity

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables. These securities are identified by the Bank management at their initial recognition and are classified as held-to-maturity securities in financial statements. Investment securities available-for-sale are financial assets that are other than securities held for trading purposes, investment securities held-to-maturity and loans and receivables.

Investment securities held-to-maturity and loans are initially recognized at cost. Investment securities held-to-maturity are accounted for by using a discounting method based on internal rate of return applied on the net investment amounts after the deduction of provision for impairments. There are no provisions for the impairment of held-to-maturity securities.

There are no financial assets that are banned from being classified as investment securities held-to-maturity for two years due to the violation of the tainting rule.

Interest earned on held-to-maturity securities are recognized as interest income and are reflected in "Interest Received from Securities Portfolio - Held-to-Maturity Securities" in the consolidated income statement.

Purchases/sales of held-to-maturity securities are recognized and accounted for at their dates of delivery.

4. Loans and specific provisions

Loans are initially recorded at cost and are subsequently valued using a discounting method based on internal rate of return.

Cash loans are accounted in accordance with the principles in TAS 39 "Financial Instruments: Recognition and Measurement".

Foreign currency loans are re-measured to reflect the changes in the currency exchange rates. Currency exchange differences arising from such re-measurements are reflected in "Foreign Exchange Gains/Losses" account in the consolidated income statement. Foreign currency-indexed loans are initially recognized in their Turkish Lira equivalents. The currency exchange differences arising from these loans are reflected as "Other Operating Income/Expense". Accrued interest income on loans is calculated using a discounting method based on internal rate of return.

Based on the regular reviews of the loan portfolio by the Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific allowances are made against the carrying amount of these loans in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside”, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411. Specific provisions are recognized in the consolidated income statement.

When collections are made on loans that have been provided for, they are credited to the income statement accounts “Provision for Loan Losses or Other Receivables” if the provision was made in the current year, otherwise such collections are credited to “Other Operating Income” account with respect to allowances made in the prior years. The interest income recovered is booked in “Other Interest Income” account.

VIII. Impairment of financial assets

If the carrying value of an asset is higher than its recoverable value, that asset is considered to be impaired and its carrying value should be adjusted to reflect its recoverable value. The impairment of financial assets are reflected to the accompanying consolidated financial statements in accordance with TAS 36 “Impairment of Assets”.

IX. Offsetting financial instruments

Financial assets and liabilities were not offset in the accompanying consolidated financial statements. No such offsetting has been made related also on the off-balance sheet items.

X. Sale and repurchase agreements and transactions related to the lending of securities

Government bonds and treasury bills sold to customers under repurchase agreements are reflected on the assets side of the accompanying consolidated balance sheet as “Trading Securities” or “Investment Securities Available for Sale”. The funds received on such transactions and the accrued interest expense are reflected as “Funds Provided under Repurchase Agreements” on the liability side of the accompanying consolidated balance sheet. Interest expense representing the difference between the sale and repurchase price of the related repurchase agreements is accounted on an accrual basis.

As of the balance sheet date, reverse repurchase agreements amount to YTL 259,293 (31 December 2005: YTL 163,512). There are no securities subject to lending as of 31 December 2006 and 2005.

XI. Assets held for sale and ceased operations

Assets held for sale comprise tangible assets received against non-performing loans. They are accounted in accordance with the “Regulation on the Methods and Principles of Purchase and Sale of Precious Metals and Disposal of Commodities and Real Estate Obtained Against Receivables”, dated 1 November 2006 and published in the Official Gazette no. 26333. As of the balance sheet date, the Bank’s assets held for sale amount to YTL 15,363 (31 December 2005: YTL 16,157).

DFS Group does not have any ceased operations.

XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements.

All intangible assets are initially recognized at cost in accordance with TAS 38 “Intangible Assets”. According to the resolution of the BRSA No. 1623 dated 21 April 2005, the banks and special financial institutions are no longer required to prepare their financial statements in accordance with RAP 14 “Accounting Standard for Financial Reporting in Hyperinflationary Periods” since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 are no longer existing in Turkey. In line with this resolution, other intangible assets have been restated for the effects of inflation, up to 31 December 2004. Any currency exchange differences, financing expenses and revaluation surplus that might have been capitalized are eliminated and only the acquisition cost of the intangible assets are restated until 31 December 2004. The new additions to intangible assets after 31 December 2004 are shown with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Intangible assets purchased before 1 January 2003 are amortized on a straight-line basis based on the amortization rate of 20% and those purchased after 1 January 2003 are amortized using the double-declining balance method based on the amortization rate of 40%.

Gains and losses resulting from the disposal of intangible assets are recognized in “Other Operating Income/Expense” account in the consolidated income statement representing the difference between the net restated value of the intangible assets after the inflation adjustment until 31 December 2004 and their net sales revenue.

Intangible assets are amortized on a straight-line basis over their estimated useful lives of five years. Useful life of an asset is estimated by assessment of the expected life span of the asset, technical, technological wear outs, of the asset. The amortization rates used approximate the useful lives of the assets.

Costs associated with the computer software that are in use are capitalized as intangible assets. Costs incurred for the development of the existing computer software are capitalized on to the initial costs of the software and are amortized at the rate of 20%. The amortization rate for the software of Denizbank AG is 33%.

XIII. Tangible assets

All tangible assets are initially recognized at their acquisition cost in accordance with TAS 16 “Tangible Assets”.

According to the resolution of the BRSA No. 1623 dated 21 April 2005, the banks and special financial institutions are no longer required to prepare their financial statements in accordance with RAP 14 “Accounting Standard for Financial Reporting in Hyperinflationary Periods” since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 are no longer existing in Turkey. In line with this resolution, tangible assets have been restated for the effects of inflation, up to 31 December 2004. Any currency exchange differences, financing expenses and revaluation surplus that might have been capitalized are eliminated and only the acquisition cost of the tangible assets are restated until 31 December 2004. The new additions to tangible assets after 31 December 2004 are shown with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Tangible assets purchased before 2003 are depreciated on a straight-line basis and those purchased after 2003 are depreciated using the double-declining balance method. The depreciation rates used are as follows:

	Purchased before 2003	Purchased after 2003
Movables		
- Office equipment	20%	40% - 50%
- Furniture and fixtures	20%	20% - 50%
- Vehicles	20%	40% - 50%
- Other equipment	20%	4.44% - 50%
Immovable	2%	2%

The Bank has made an appraisal study of its buildings in 2006, and recorded an impairment provision of YTL 4,402, which is reflected to "Other Operating Expense" in the consolidated financial statements.

Gains and losses resulting from the disposal of tangible assets are recognized in "Other Operating Income/Expense" account in the consolidated income statement representing the difference between the net restated value of the tangible assets after the inflation adjustment until 31 December 2004 and their net sales revenue.

Expenditures for maintenance and repairs that are routinely made on tangible assets are charged as expense. Expenditures that extend the capacity of the tangible assets or those that extend the useful life and service capacity of the asset, or enhance the quality of the service, or decrease the cost of services are capitalized.

There are no restrictions such as pledges and mortgages on tangible assets or any purchase commitments.

XIV. Leasing activities

The maximum period of the lease contracts is 4 years. Fixed assets acquired by way of financial leasing are recognized in tangible assets and depreciated in line with fixed assets group they relate to. The obligations under financial leases arising from the lease contracts are presented under "Financial Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement.

In the event that the lease contracts are terminated before the lease period expires, penalty required to be paid to the lessor is expensed in the period in which the lease is terminated. There are no lease contracts that were terminated before the lease period expired.

The DFS Group enters into financial lease transactions by acting as the "lessor" via its subsidiary, Deniz Leasing. The rent payments related to leased assets are recorded as financial lease receivables. Periodical financial leasing revenues, total financial leasing investments, unearned financial lease revenues and lease revenues are accounted during the whole leasing period using the net investment method.

XV. Provisions and contingencies

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the DFS Group management. Whenever the amount of such obligations cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the footnotes.

Based on the representations of the DFS Group’s attorneys, there are 477 lawsuits against DFS Group with total risks amounting to YTL 29,148, USD 1,648,139 and Euro 110,779 as of 31 December 2006. There are also 5,324 follow-up cases amounting to YTL 24,190, Euro 196,251 and USD 666,016 in total that are filed by the DFS Group and are at courts.

According to the DFS Group management, there is no need to make any provision for these court cases.

XVI. Commitments for personnel rights

In accordance with existing legislation in Turkey, the banks have to make certain lump-sum payments to employees whose employment is terminated due to retirement or reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay per year of employment at the rate of pay applicable at the date of retirement or termination. Provision for employee severance benefits has been accounted for in accordance with TAS 19 “Employee Benefits”, by using actuarial method and discounting total provision by using the current market yield at the balance sheet date on government bonds.

The principal actuarial assumptions used at 31 December are as follows:

	2006	2005
	%	%
Discount rate	5.0	6.1
Expected rate of salary/limit increase	11	12
Turnover rate to estimate the probability of retirement	7.3	15.0

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. The ceiling amount at 31 December 2006 is YTL 1.857; at 31 December 2005 it was YTL 1.727.

There are no employees who have been on an employment contract that will terminate within more than twelve months from the balance sheet date.

There are no employees who are members of foundations, pensions and similar associations.

XVII. Taxation

1. Current taxes

In accordance with the amendments made to the tax legislation by Law No. 5520, effective 21 June 2006, the corporate tax rate is levied at the rate 20% (30% for 2005), beginning from 2006. In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance that are deducted from the final corporate tax liability are reflected as “Current Tax Assets” on the assets side of the balance sheet.

Companies file their tax returns until the fifteenth day of the fourth month following the closing of the fiscal year to which they relate and the payments are made until the end of that month.

The provision for corporate tax for the period is reflected as the “Current Tax Liability” and “Current Tax Provision” in the financial statements.

The foreign subsidiaries of the DFS Group that operate in Austria, the Russian Federation and Cyprus are entitled to corporate tax rates of 25%, 24% and 2%, respectively. In accordance with the Corporate Tax Law, tax losses can be carried forward for five years. The tax authorities can inspect tax returns and the related accounting records back to a maximum period of five years.

Effective from 24 April 2003, statutory income, including retained earnings from 2002 and before, is not subject to withholding tax if retained, or transferred to share capital or distributed as dividend to the full fledged taxpayer corporations. However, it is subject to withholding tax at 10% if distributed as dividend to full fledged individual taxpayers, taxpayers who are exempt from corporate and income taxes, non-resident taxpayer companies (except for those companies having local offices or representatives) and non-resident individual taxpayers. That withholding tax has decreased to 15% by the Resolution of the Council of Ministers no. 2006/10731, dated 22 July 2006.

2. Deferred taxes

In accordance with TAS 12 “Income Taxes”, the DFS Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Individual deferred tax assets and liabilities of the consolidated entities have been offset in their financial statements, amounting YTL 1,123 of deferred tax assets and YTL 2,480 of deferred tax liabilities.

As of 31 December 2006, deferred tax benefit of YTL 2,616 is reflected in “Deferred Tax Provision” in the accompanying income statement (31 December 2005: Deferred tax charge of YTL 8,570).

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

XVIII. Additional explanations on borrowings

Instruments representing the borrowings are initially recognized at cost and measured by a discounting method based on the internal rate of return. Foreign currency borrowings have been translated using the foreign currency buying rate of the Bank at the balance sheet date. Interest expense incurred for the period has been recognized in the accompanying financial statements.

The Bank uses general hedging techniques for borrowings against liquidity, interest rate and currency risks. However, these are not regarded as hedging instruments according to TAS 39.

As of the balance sheet date, there are no convertible bonds issued.

As of the balance sheet date, there are no financial instruments representing borrowings issued by the DFS Group.

XIX. Paid-in capital

Transactions related to issuance of share certificates are explained in footnote 5.II.12. No dividends have been declared subsequent to the balance sheet date.

XX. Acceptances

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

As of the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXI. Government grants

As of the balance sheet date, the DFS Group does not have any government grants.

XXII. Segment reporting

According to the “Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public”, dated 10 February 2007 which is published in the Official Gazette No. 26430, this disclosure is not valid until 30 June 2007.

SECTION FOUR

CONSOLIDATED FINANCIAL POSITION

I. Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 13.84% as of 31 December 2006. Minimum requirement for this ratio is stipulated as 8% in related legislation.

1. Risk measurement methods in the calculation of consolidated capital adequacy ratio

Consolidated capital adequacy ratio is calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" published in the Official Gazette No.26333, dated 1 November 2006. For the calculation of the consolidated capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Moreover, market risk value is calculated in accordance with the "Regulation on Banks' Internal Control and Risk Management Systems" and factored into capital adequacy ratio.

The items deducted from the capital base are not included in the calculation of risk weighted assets, non-cash loans and liabilities. For the calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

For the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside". The net amounts are then multiplied by the rates stated in the Article 21, paragraph (1) of "Regulation on the Establishment and Operations of Banks".

For the calculation of their risk based values, derivative financial instruments are re-weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 21, paragraph (2) of "Regulation on the Establishment and Operations of Banks".

2. Consolidated and unconsolidated capital adequacy ratios

	Risk Weights							
	Bank				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Credit Risk Base								
Balance Sheet Items (Net)	2,117,118	2,177,996	1,184,542	5,729,998	2,683,229	2,907,610	1,184,529	7,521,598
Cash in Vault	228,585	13	--	--	236,340	13	--	--
Due Dated Financial Assets	--	--	--	--	--	--	--	--
Central Bank of Turkey	223,065	--	--	--	223,066	--	--	--
Domestic and Foreign Banks, Foreign Branches	--	2,174,234	--	4,884	--	2,656,600	--	120,672
Interbank Money Market	--	--	--	--	28,170	--	--	--
Receivables from Reverse Repos	--	--	--	--	259,293	--	--	--
Reserve Deposits	401,547	--	--	--	406,324	--	--	--
Loans	357,059	1,225	1,160,413	5,157,640	568,584	47,255	1,160,413	6,119,133
Non-performing Loans (Net)	--	--	--	6,012	--	--	--	6,388
Receivables from Leasing Operations	--	--	--	--	--	--	--	--
Investments Available-for-Sale	819,637	--	--	9,348	823,563	81,805	--	22,225
Investments Held-to-Maturity	--	--	--	42,852	36,716	108,155	--	29,591
Receivables from Sale of Assets	--	--	--	875	--	--	--	875
Miscellaneous Receivables	--	--	--	85,938	--	--	--	926,263
Accrued Interest and Other Income	61,172	2,524	24,129	109,080	65,674	13,782	24,116	130,706
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	189,890	--	--	--	8,831
Tangible Assets	--	--	--	108,082	--	--	--	113,643
Other Assets	26,053	--	--	15,397	35,499	--	--	43,271
Off-Balance Sheet Items	127,646	1,145,885	574,514	1,367,472	127,646	1,159,373	580,739	1,418,917
Non-Cash Loans and Commitments	127,646	1,069,213	574,514	1,350,998	127,646	1,074,854	580,739	1,400,732
Derivatives	--	76,672	--	16,474	--	84,519	--	18,185
Accounts Not Risk Weighted				--				--
Total Risk Weighted Assets	--	664,776	879,528	7,097,470	--	813,397	882,634	8,940,515

3. Summary information related to consolidated and unconsolidated capital adequacy ratio

	Consolidated	Unconsolidated
Risk Weighted Assets	10,636,546	8,641,774
Value at Risk	223,500	309,350
Shareholders' Equity	1,503,537	1,388,419
Shareholders' Equity / (RWA+VAT)*100	13.84%	15.51%

RWA: Risk Weighted Assets

VAT: Value at Risk

4. Components of shareholders' equity

	Current Period
CORE CAPITAL	
Paid-in Capital	316,100
Nominal Capital	316,100
Capital Commitments (-)	--
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	189,164
Share Premium	98,351
Share Cancellation Profit	--
Legal Reserves	22,007
I. Legal Reserve (Turkish Commercial Code 466/1)	22,007
II. Legal Reserve (Turkish Commercial Code 466/2)	--
Other Legal Reserve per Special Legislation	--
Status Reserves	--
Extraordinary Reserves	338,152
Reserve Allocated at the General Assembly	327,622
Retained Earnings	--
Accumulated Losses	--
Foreign Currency Translation Differences	10,530
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	--
Profit	378,166
Current Period Profit	342,289
Prior Periods' Profit	35,877
Free Provisions Booked for Possible Losses (Up to 25% of the Core Capital)	2,244
Gain on Sale of Real Estate and Investments in Associates and Subsidiaries to be Added to the Share Capital	--
Primary Subordinated Loans (Up to 15% of the Core Capital)	--
Accumulated Losses (-)	--
Current Period Loss	--
Prior Periods' Loss	--
Leasehold Improvements (-)	32,872
Prepaid Expenses (-)	18,485
Intangible Assets (-)	14,109
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	--
Amount Excess of Article 56/3 of the Law (-)	--
Goodwill (Net) (-)	--
Total Core Capital	1,278,718
SUPPLEMENTARY CAPITAL	
General Loan Loss Reserves	52,559
45% of Revaluation Fund of Securities	--
45% of Revaluation Fund of Real Estate	--
Revaluation Surplus	--
Amount not Included in Core Capital for Primary Subordinated Loans	--
Secondary Subordinated Loans	166,616
45% of Securities Value Increase Fund	5,644
Associates and Subsidiaries	--
Investments Available-for-Sale	5,644
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits	--
Total Supplementary Capital	224,819
TIER III CAPITAL	1,503,537
CAPITAL	
DEDUCTIONS FROM CAPITAL	
Shares in Unconsolidated Banks and Financial Institutions	--
Secondary Subordinated Loans Granted to Banks, Financial Institutions (Foreign and Domestic), or Preferred Shareholders, and Primary/Secondary Subordinated Loans Obtained from Them	--
Shares in Banks and Financial Institutions Accounted under the Equity Method	--
Loans Granted in Violation of the Articles 50 and 51 of the Law	--
Amount in Excess of 50% of the Equities of the Net Book Value of the Real Estate of the Banks, and Net Book Value of the Assets Held for Sale that Should Be Disposed of According to the Article 57 of the Law which is not Disposed of in Five Years	--
Others	--
Total Shareholders' Equity	1,503,537

II. Consolidated credit risk

1. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals

Credit risk is the risk that the counterparties may be unable to meet in full or part their commitments arising from contracts.

Credit risk limits of the customers are determined based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice president responsible from loans, the general manager, the credit committee and the board of directors.

Credit risk limits that are determined on customer and customer group basis are closely followed up. Previously determined credit limits are reassessed on a weekly basis according to changing conditions.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis:

Risk limits relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are followed-up strictly.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables:

The Group has process instructions for loans, follow-up and control procedures for loans and risk classifications in accordance with the banking legislation.

The Group aims to get early warning signals on all customers in its loan portfolio in the event of any emerging structural problems and cyclical changes. This way, problematic customers are determined properly and necessary precautions are taken.

Care is given to obtain collaterals against loans. It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities and sureties of the persons and companies.

2. Information on the control limits of the Group for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions

The Group has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

3. Information on whether the Group decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not

Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

4. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations.

The Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk and are followed up periodically.

5. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities

There is no significant credit risk since the Bank's foreign operations and credit transactions are conducted in OECD member countries.

Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market

Being an active participant in the international banking transactions market, the Bank does not have significant credit risk as compared to other financial institutions.

6. The Bank's top 100 cash and top 100 non cash loans customers-

a) The share of the top 100 cash loan customers in the total cash loans portfolio:

The share of the top 100 cash loan customers comprise 29% of the total cash loans portfolio (31 December 2005: 39%).

b) The share of the top 100 non-cash loan customers in the total loan non-cash loans portfolio:

The share of the top 100 non-cash loan customers comprise 54% of the total non-cash loans portfolio (31 December 2005: 53%).

c) The share of the total cash and non-cash loan balance of the top 100 loan customers in the total assets and off-balance sheet items:

The Bank's total cash and non-cash loans from its top 100 loan customers comprise 19% of the total assets and off-balance sheet items (31 December 2005: 22%).

7. The Bank's general loan provision for its loans

As at 31 December 2006, the Bank's general loan provision amounts to YTL 52,559 (31 December 2005: YTL 34,786).

8. Information according to geographical concentration

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	11,289,797	9,390,541	3,808,918	8,831	289,064
European Union Countries	2,157,792	3,782,824	85,267	--	7,073
OECD Countries	208,862	25,132	10,005	--	--
Off-Shore Banking Regions	22,480	100,613	10,420	--	848
USA, Canada	345,224	813,227	82,443	--	--
Other Countries	704,252	282,612	213,764	--	45,304
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--
Total	14,728,407	14,394,949	4,210,817	8,831	342,289

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	9,016,333	7,374,715	2,758,741	129,529	168,341
European Union Countries	2,276,105	2,562,752	68,190	--	8,298
OECD Countries	49,859	156,510	27,644	--	--
Off-Shore Banking Regions	63,063	15,489	7,247	--	29,594
USA, Canada	59,456	912,645	177,216	--	--
Other Countries	389,961	706,281	171,972	--	24,980
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--
Unallocated Assets/Liabilities	1,732	26,433	--	--	--
Total	11,856,509	11,754,825	3,211,010	129,529	231,213

9. Sector concentrations for cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	537,616	10.78	73,346	2.39	242,731	7.67	27,277	1.03
Farming and Raising								
Livestock	533,235	10.69	50,105	1.63	237,741	7.52	27,277	1.03
Forestry	2,849	0.06	23,241	0.76	4,251	0.13	--	0.00
Fishing	1,532	0.03	--	0.00	739	0.02	--	0.00
Manufacturing	648,624	13.00	1,362,436	44.38	568,593	17.97	1,337,290	50.72
Mining	164,033	3.29	199,531	6.50	121,581	3.84	191,532	7.26
Production	483,406	9.69	1,091,681	35.56	444,647	14.06	1,132,380	42.95
Electric, gas and water	1,185	0.02	71,224	2.32	2,365	0.07	13,378	0.51
Construction	228,772	4.59	223,791	7.29	92,496	2.93	155,455	5.90
Services	883,210	17.72	1,043,023	33.96	703,316	22.25	814,076	30.87
Wholesale and retail trade	395,209	7.93	356,092	11.60	305,369	9.66	181,153	6.87
Hotel, food and beverage services	81,344	1.63	120,989	3.94	30,845	0.98	148,194	5.62
Transportation and telecommunication	116,974	2.35	157,941	5.14	123,213	3.90	150,596	5.71
Financial institutions	258,433	5.18	194,687	6.34	185,913	5.88	214,714	8.14
Real estate and renting services	1,535	0.03	40,947	1.33	832	0.03	13	0.00
Self-employment services	--	0.00	450	0.01	--	0.00	358	0.01
Education services	14,921	0.30	34,882	1.14	50,875	1.60	17,698	0.68
Health and social services	14,794	0.30	137,035	4.46	6,269	0.20	101,350	3.84
Other	2,688,446	53.91	367,727	11.98	1,555,053	49.18	302,579	11.48
Total	4,986,668	100.00	3,070,323	100.00	3,162,189	100.00	2,636,677	100.00

III. Consolidated market risk

Whether the group within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk

The Bank has defined its risk management procedures and has taken necessary precautions in order to avoid market risks, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks”.

As the main precaution against being exposed to market risk, the Bank’s Board of Directors identifies risk limits determined in the context of economic capital.

Standard method and the internal risk measurement model are used in calculating the market risk. The criteria for the standard method have been set by the BRSA and are reported on a monthly basis. Internal risk measurement model is applied on a daily basis.

1. Market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	5,884
(II) Capital Obligation against Specific Risk - Standard Method	2,272
(III) Capital Obligation against Currency Risk - Standard Method	9,723
(IV) Capital Obligation against Commodity Risk - Standard Method	--
(V) Capital Obligation against Clearing Risk - Standard Method	--
(VI) Capital Obligation against Options Subject to Market Risk – Standard Method	1
(VII) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	--
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	17,880
(IX Value-At-Risk Amount (12,5 x VIII) or (12,5 x VII))	223,500

2. Average market risk

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	12,662	14,300	5,884	15,954	17,279	14,536
Share Certificate Risk	5,864	11,028	2,272	14,932	15,801	14,152
Currency Risk	9,332	9,948	9,723	5,792	8,563	4,533
Commodity Risk	--	--	--	--	--	--
Clearing Risk	--	--	--	--	--	--
Option Risk	16	35	1	712	1,400	402
Total Value-At-Risk	348,425	441,388	223,500	467,377	538,038	420,288

IV. Consolidated foreign currency exchange rate risk

1. Whether the group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the bank sets limits for positions that are monitored daily

Foreign currency exchange and parity risks are not taken by the DFS Group and transactions are simultaneously hedged in conformity with foreign currency basket of the Central Bank of Turkey. Measurable and manageable risks are taken within legal limits.

Foreign currency exchange rate risk is monitored along with potential evaluation differences in foreign currency transactions in accordance with "Regulation on Bank's Internal Control and Risk Management Systems". Standard method is used in measuring currency exchange rate risk on a weekly basis.

The Bank's Board of Directors reviews the risk limits and makes the necessary changes, daily, based on general economic environment and market conditions.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The DFS Group does not hedge foreign currency borrowings and net foreign currency investments by way of derivative instruments.

3. Foreign exchange risk management strategy

Foreign currency exchange and parity risks are not taken by the Bank and transactions are simultaneously hedged in conformity with foreign currency basket of the Central Bank of Turkey. Measurable and manageable risks are taken within legal limits.

4. Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date

US Dollar purchase rate at the date of the balance sheet	YTL 1.4056
Euro purchase rate at the date of the balance sheet	YTL 1.8515

Date	US Dollar	Euro
25 December 2006	1.4222	1.8686
26 December 2006	1.4198	1.8650
27 December 2006	1.4192	1.8668
28 December 2006	1.4131	1.8586
29 December 2006	1.4056	1.8515

5. The basic arithmetical average of the bank's foreign exchange bid rate for the last thirty days

The arithmetical average of the Bank's US Dollar and Euro purchase rates for December 2006 are YTL 1.4245 and YTL 1.8816, respectively.

6. Information on currency risk (Thousands of YTL)

Current Period	Euro	USD	Yen	Others	Total
Assets					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	91,771	614,164	768	21,220	727,923
Due from Banks and Other Financial Institutions	617,843	2,029,267	576	69,907	2,717,593
Financial Assets at Fair Value Through Profit or Loss(***)	6,701	32,357	--	119,331	158,389
Interbank Money Market Placements	--	--	--	27,390	27,390
Investment Securities Available-for-Sale	128,629	262,956	--	--	391,585
Loans (*)	1,337,073	2,448,887	--	26,252	3,812,212
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity	164,751	12,630	--	--	177,381
Hedging Purpose Financial Derivatives	--	--	--	--	--
Tangible Assets	3,270	15	--	511	3,796
Intangible Assets	2,417	288	--	648	3,353
Other Assets	323,882	175,909	41	7,527	507,359
Total Assets	2,676,337	5,576,473	1,385	272,786	8,526,981
Liabilities					
Bank Deposits	26,312	335,892	--	9,649	371,853
Foreign Currency Deposits	2,227,774	3,491,961	4,280	106,951	5,830,966
Interbank Money Markets	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	432,456	2,011,950	--	1,301	2,445,707
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	34,628	28,498	442	150	63,718
Hedging Purpose Financial Derivatives	--	--	--	--	--
Other Liabilities (**)(***)	189,072	21,446	--	1,186	211,704
Total Liabilities	2,910,242	5,889,747	4,722	119,237	8,923,948
Net On Balance Sheet Position	(233,905)	(313,274)	(3,337)	153,549	(396,967)
Net Off Balance Sheet Position	224,524	211,464	3,741	(32,540)	407,189
Financial Derivatives (Assets)	859,749	1,649,034	61,728	362,323	2,932,834
Financial Derivatives (Liabilities)	635,225	1,437,570	57,987	394,863	2,525,645
Non-Cash Loans	714,256	2,143,969	6,316	67,656	2,932,197
Prior Period					
Total Assets	1,929,551	5,042,282	528	140,213	7,112,574
Total Liabilities	2,120,496	4,893,366	3,640	58,595	7,076,097
Net On Balance Sheet Position	(190,945)	148,916	(3,112)	81,618	36,477
Net Off Balance Sheet Position	154,002	(168,053)	14,659	(34,345)	(33,737)
Financial Derivatives (Assets)	523,972	981,743	85,678	252,819	1,844,212
Financial Derivatives (Liabilities)	369,970	1,149,796	71,019	287,164	1,877,949
Non-Cash Loans	509,698	1,625,326	16,737	49,747	2,201,508

(*) : Assets indexed to foreign currency are included.

(**) : FC equity items are excluded.

(***): Accrued interest income/expense on derivative transactions are excluded.

V. Consolidated interest rate risk

1. Interest rate sensitivity of the assets, liabilities and off-balance sheet

Standard method is used in measuring the interest rate risk of assets, liabilities and off-balance sheet items.

2. The expected effects of the fluctuations of market interest rates on the group's financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates

The Bank relies on historical stress-testing in determining limits against negative market conditions and monitors the risk within this context.

Market interest rates are monitored daily and interest rates are revised when necessary.

3. The precautions taken for the interest rate risk the Group was exposed to during the current year and their expected effects on net income and shareholders' equity in the future periods

The Bank uses value at risk, historical stress-testing, gapping and duration gap methods to analyze and take precautions against interest rate risk faced during current period. Interest rate risk is minimized, by way of historical stress-testing.

Information related to the interest rate mismatch of the group (Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates):

Current Period	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 Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	4,777	411,018	--	--	--	459,421	875,216
Due from Banks and Other Fin.Inst.	2,097,115	121,010	108,713	97,691	13,648	343,045	2,781,222
Financial Assets at Fair Value Through Profit or Loss	48,839	28,907	23,219	76,657	184,229	13,507	375,358
Interbank Money Market Placements	288,133	--	--	--	--	--	288,133
Investment Securities Av.-for-Sale	452,762	150,526	115,826	40,151	210,576	3,925	973,766
Loans	2,026,508	1,536,450	920,927	1,063,703	2,509,403	6,388	8,063,379
Investment Securities Held-to-Mat.	39,253	104,820	1,909	18,770	12,629	--	177,381
Other Assets(*)	132,569	207,749	100,855	92,622	353,194	315,794	1,202,783
Total Assets	5,089,956	2,560,480	1,271,449	1,389,594	3,283,679	1,142,080	14,737,238
Liabilities							
Bank Deposits	266,292	44,117	28,313	140,560	8,694	31,368	519,344
Other Deposits	5,266,228	671,347	309,624	386,991	311,184	1,998,307	8,943,681
Interbank Money Market Placements	455,630	--	--	--	--	--	455,630
Miscellaneous Payables	3,552	4,479	1,832	--	2,997	272,995	285,855
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	185,161	1,509,693	214,729	387,916	403,237	--	2,700,736
Other Liabilities(**)	28,910	32,169	1,766	168,143	7,165	1,593,839	1,831,992
Total Liabilities	6,205,773	2,261,805	556,264	1,083,610	733,277	3,896,509	14,737,238
On Balance Sheet Long Position	--	298,675	715,185	305,984	2,550,402	--	3,870,246
On Balance Sheet Short Position	(1,115,817)	--	--	--	--	(2,754,429)	(3,870,246)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
Total Interest Sensitivity Gap	(1,115,817)	298,675	715,185	305,984	2,550,402	(2,754,429)	--

(*) Other assets/non-interest bearings; Tangible Assets, Intangible Assets, Investments in Associates and Investments in Subsidiaries, Tax Assets and Assets Held for Sale with balances of YTL 98,280, YTL 46,981, YTL 3,686, YTL 5,145, YTL 32,211 and YTL 15,363, respectively, are included.

(**) Other Liabilities/non-interest bearings; Shareholders' Equity amounting YTL 1,354,482 YTL is included.

Prior Period	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 Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	330,192	--	--	--	439,662	769,854
Due from Banks and Other Fin.Inst.	1,888,544	126,535	98,354	52,062	30,285	83,593	2,279,373
Financial Assets at Fair Value Through Profit or Loss	670	69,609	26,333	41,499	77,381	92,830	308,322
Interbank Money Market Placements	390,312	--	--	--	--	--	390,312
Investment Securities Av.-for-Sale	51,098	794,092	120,009	85,381	238,071	4,149	1,292,800
Loans	1,489,599	1,414,585	536,539	849,762	1,483,656	37,402	5,811,543
Investment Securities Held-to-Mat.	68,547	112,433	36,487	18,242	--	--	235,709
Other Assets(*)	59,117	92,961	86,251	63,079	104,762	491,955	898,125
Total Assets	3,947,887	2,940,407	903,973	1,110,025	1,934,155	1,149,591	11,986,038
Liabilities							
Bank Deposits	86,903	69,122	77,570	15,643	--	27,416	276,654
Other Deposits	3,334,614	1,091,930	360,068	358,517	315,605	1,558,413	7,019,147
Interbank Money Market Placements	516,335	--	--	--	--	--	516,335
Miscellaneous Payables	481	--	--	--	--	192,182	192,663
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	357,561	1,170,470	359,113	482,572	254,804	--	2,624,520
Other Liabilities(**)	19,463	--	--	8,436	6,005	1,322,815	1,356,719
Total Liabilities	4,315,357	2,331,522	796,751	865,168	576,414	3,100,826	11,986,038
On Balance Sheet Long Position	--	608,885	107,222	244,857	1,357,741	--	2,318,705
On Balance Sheet Short Position	(367,470)	--	--	--	--	(1,951,235)	(2,318,705)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
Total Interest Sensitivity Gap	(367,470)	608,885	107,222	244,857	1,357,741	(1,951,235)	--

(*) Other assets/non-interest bearings; Tangible Assets, Intangible Assets, Investments in Associates, Investments in Subsidiaries, Tax Asset and Assets Held for Sale with balances of YTL 131,381, YTL 13,615, YTL 121,606, YTL 7,923, YTL 58,403 and YTL 16,157 respectively, are included.

(**) Other Liabilities/non-interest bearings; Shareholders' Equity amounting YTL 1,111,671 is included.

4. Average interest rates applied to monetary financial instruments

Current Period	Euro	USD	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Due from Banks and Other Financial Institutions	3.59	5.32	--	18.87
Financial Assets at Fair Value Through Profit or Loss	5.18	6.45	--	20.51
Interbank Money Market Placements	0.00	0.00	--	0.00
Investment Securities Available-for-Sale	4.83	5.64	--	20.94
Loans	5.97	6.95	--	21.62
Investment Securities Held-to-Maturity	3.93	8.89	--	--
Liabilities				
Bank Deposits	3.64	5.25	--	18.64
Other Deposits	3.46	5.36	0.20	18.86
Interbank Money Market Placements	--	--	--	--
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	6.00	5.87	--	11.90
Prior Period				
	Euro	USD	Yen	YTL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Due from Banks and Other Financial Institutions	2.40	4.31	--	15.08
Financial Assets at Fair Value Through Profit or Loss	4.36	5.63	--	14.34
Interbank Money Market Placements	--	--	--	13.50
Investment Securities Available-for-Sale	4.63	4.81	--	14.39
Loans	5.69	6.43	--	16.01
Investment Securities Held-to-Maturity	4.47	6.54	--	--
Liabilities				
Bank Deposits	3.37	5.01	--	14.55
Other Deposits	3.45	4.16	--	16.64
Interbank Money Market Placements	--	--	--	13.81
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	3.27	5.57	--	--

VI. Consolidated liquidity risk

1. The sources of the current liquidity risk of the DFS Group; whether the necessary precautions have been taken, whether the Board of directors sets limits on the funds available to meet the urgent liquidity requirements and to be able pay borrowings when they become due

Liquidity risk arises from maturity mismatch between assets and liabilities. Maturity mismatch between assets and liabilities is kept under control based on certain criteria set by the DFS Group. The DFS Group maintains liquid assets to guarantee sufficient liquidity during market fluctuations. In order to meet any urgent liquidity needs, approximately 22% of the balance sheet is allocated to cash balances, 2% to investment securities which are cash equivalent, and the present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured

The DFS Group's payments, assets and liabilities match with the interest rates.

3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized

Approximately 22% of balance sheet size is allocated to cash balances, 2% to investment securities which are cash equivalent in order to meet any urgent liquidity needs. The present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

4. Evaluation of the DFS Group's cash flows and their resources

Cash flows of the DFS Group mainly consist of Turkish Lira, US Dollars and Euro. In the short and long run, liquidity needs or surplus funds are utilized in interbank money market placements, deposits and loans.

5. Presentation of assets and liabilities according to their outstanding maturities

Current Period							1 year	Undist. (*)	Total
	Demand	Up to 1 month	1-3 months	3-6 months	6-12 months	and over			
Assets									
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	464,198	411,018	--	--	--	--	--	--	875,216
Due from Banks and Other Financial Institutions	343,155	2,018,140	49,771	84,025	146,755	139,376	--	--	2,781,222
Financial Assets at Fair Value Through Profit or Loss	13,461	11,708	19,838	18,189	75,690	236,472	--	--	375,358
Interbank Money Market Placements	--	288,133	--	--	--	--	--	--	288,133
Investment Securities Available-for-Sale	3,925	3,946	18,219	79,019	43,941	824,716	--	--	973,766
Loans	11,888	1,829,505	855,646	927,381	1,196,004	3,236,639	6,316	--	8,063,379
Investment Securities Held-to-Maturity	--	4,691	11,383	--	4,632	156,675	--	--	177,381
Other Assets	100,590	133,875	208,382	103,413	98,406	342,042	216,075	--	1,202,783
Total Assets	937,217	4,701,016	1,163,239	1,212,027	1,565,428	4,935,920	222,391	--	14,737,238
Liabilities									
Bank Deposits	31,340	266,306	44,128	28,316	140,560	8,694	--	--	519,344
Other Deposits	1,995,957	5,263,768	674,443	309,985	387,675	311,853	--	--	8,943,681
Funds Borrowed from Other Financial Institutions	--	185,159	221,341	214,729	1,211,712	867,795	--	--	2,700,736
Interbank Money Markets	--	455,630	--	--	--	--	--	--	455,630
Marketable Securities Issued	--	--	--	--	--	--	--	--	--
Miscellaneous Payables	234,454	3,553	4,479	1,832	--	2,994	38,543	--	285,855
Other Liabilities	718	39,644	16,484	4,578	7,016	166,635	1,596,917	--	1,831,992
Total Liabilities	2,262,469	6,214,060	960,875	559,440	1,746,963	1,357,971	1,635,460	--	14,737,238
Net Liquidity Gap	(1,325,252)	(1,513,044)	202,364	652,587	(181,535)	3,577,949	(1,413,069)	--	--
Prior Period									
Total Assets	674,235	3,939,905	1,622,201	933,216	1,682,786	2,717,207	416,488	--	11,986,038
Total Liabilities	1,787,651	4,070,894	1,408,768	811,338	1,366,835	1,263,457	1,277,095	--	11,986,038
Net Liquidity Gap	(1,113,416)	(130,989)	213,433	121,878	315,951	1,453,750	(860,607)	--	--

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included in this column.

VII. Presentation of financial assets and liabilities at their fair value

The table below represents the book and fair values of financial assets and liabilities that are not carried at their fair values in the financial statements of the Group.

Investment securities only include the interest-bearing assets that are held to maturity. If the market prices can not be determined, the fair values of held to maturity assets are determined by taking the quoted market prices of assets with similar interest, maturity and other conditions into account.

Estimated fair value of demand deposits approximate the amount to be paid on demand. Fair values of variable yield bank placements and overnight deposits equal their book values. Fair value of fixed yield deposits is determined by discounting the book value with the interest rates valid for liabilities of similar credit risk and remaining maturities.

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial Assets	12,283,881	10,009,737	12,175,563	10,012,385
Interbank money market placements	288,133	390,312	288,133	390,312
Due from banks and other financial institutions	2,781,222	2,279,373	2,781,195	2,279,262
Investment securities available-for-sale	973,766	1,292,800	973,766	1,292,800
Investment securities held-to-maturity	177,381	235,709	165,180	235,709
Loans	8,063,379	5,811,543	7,967,289	5,814,302
Financial Liabilities	12,449,616	10,112,984	12,437,650	10,115,109
Bank deposits	519,344	276,654	519,003	276,707
Other deposits	8,943,681	7,019,147	8,942,854	7,021,355
Funds borrowed from other financial institutions	2,700,736	2,624,520	2,689,938	2,624,384
Marketable securities issued	--	--	--	--
Miscellaneous payables	285,855	192,663	285,855	192,663

VIII. Activities carried out on behalf and account of other persons

1. Information on whether the Group performs sales, purchase, management, consultancy and custody services on behalf and account of others, or not

DFS Group performs sales, purchase, management, consultancy and custody services on behalf and account of others.

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to assets

1. Cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash	68,991	158,736	40,328	145,779
Central bank of Turkey	78,301	151,691	134,390	121,854
Other	1	417,496	--	327,503
Total	147,293	727,923	174,718	595,136

1.1 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	78,301	151,692	134,390	121,854
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	--	--	--
Total	78,301	151,692	134,390	121,854

1.2 Explanation related to "Other" item

According to the no. 2005/1 announcement of the Central Bank of Turkey, "Announcement on Reserve Deposits", all banks operating in Turkey should provide a reserve amounting to 6% of the liabilities in Turkish Lira and 11% of the liabilities in foreign currencies. The Central bank of Turkey makes interest payments on a quarterly basis. The interest rates given by the Central Bank of Turkey are 13.12% for YTL, 2.52% for USD and 1.73% for Euro as of 31 December 2006.

2. Financial assets at fair value through profit or loss

2.1 Trading securities given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	8,388	6,324	1,705	9,040
Other	--	--	--	--
Total	8,388	6,324	1,705	9,040

Trading securities given as collateral represent those collaterals given to Central Bank of Turkey, and ISE Clearing and Custody Bank (Takasbank) for liquidity, interbank money market, foreign exchange market and other transactions.

2.2 Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	73,151	--	23,688	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	73,151	--	23,688	--

2.3 Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	1,378	9,337	2,150	2,967
Swap Transactions	32,328	1,044		643
Futures	--	117		
Options	110	3,368	315	632
Other	--	13		352
Total	33,816	13,879	2,465	4,594

3. Banks and other financial institutions

3.1 Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	63,629	2,716,433	96,172	2,183,201
Domestic	3,631	316,657	84,238	546,874
Foreign	59,998	2,399,775	11,934	1,636,327
Foreign Head Offices and Branches	--	--		
Other Financial Institutions	--	1,160		
Total	63,629	2,717,593	96,172	2,183,201

3.2 Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,739,556	1,385,680	2,495	19,402
USA, Canada	309,275	42,200	2,389	1,594
OECD Countries	191,298	12,006	--	132
Off Shore Banking Zones	96,869	--	--	--
Other	117,891	187,119	--	128
Total	2,454,889	1,627,005	4,884	21,256

4. Information on investment securities available-for-sale

4.1 Major types of investment securities available-for-sale

Investment securities available-for-sale consist of Çukurova Holding A.Ş. share certificates (YTL 3,867) that are not quoted at Istanbul Stock Exchange; and debt securities representing government bonds; Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign government bonds.

4.2 Investment securities available-for-sale given as collateral

Investment securities available-for-sale given as collateral are government bonds amounting to YTL 238,224 (31 December 2005: YTL 466,048).

4.3 Investment securities available-for-sale given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share certificates	--	--	--	--
Bonds, T-bills and Similar Securities	47,806	190,418	273,191	192,857
Other	--	--	--	--
Total	47,806	190,418	273,191	192,857

4.4 Investment securities available-for-sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	128,881	--	140,919	--
Treasury Bills	4,074	--	60,000	--
Other Debt Securities	--	--	--	--
Bonds issued or guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
Total	132,955	--	200,919	--

4.5 Investment securities available-for-sale

	Current Period	Prior Period
Debt Securities	972,593	1,290,580
Listed	812,236	1,071,997
Unlisted	160,357	218,583
Share Certificate	3,925	4,294
Listed	--	691
Unlisted	3,925	3,603
Impairment (-)	2,752	2,074
Total	973,766	1,292,800

5. Information related to loans

5.1 Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	19	2,651	21,162	186,340
Loans Granted to Employees	12,631	37	9,044	--
Total	12,650	2,688	30,206	186,340

5.2 Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	7,583,755	--	15,080	2,185
Discount Notes	30,133	--	--	--
Export Loans	729,916	--	3,514	--
Import Loans	48,228	--	--	--
Loans Given to Financial Sector	35,697	--	--	--
Foreign Loans	357,930	--	--	--
Consumer Loans	1,701,702	--	--	--
Credit Cards	411,335	--	--	--
Precious Metal Loans	1,424	--	--	--
Other	4,267,390	--	11,566	2,185
Specialization Loans	455,971	--	--	--
Other Receivables	--	--	--	--
Total	8,039,726	--	15,080	2,185

5.3 Loans according to their maturity structure

	Standard Loans and Other Receivables		Loans Under Close Monitoring and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans	5,472,640	--	15,080	194
Non-specialized loans	5,252,784	--	15,080	194
Specialized loans	219,856	--	--	--
Other receivables	--	--	--	--
Medium and long-term loans	2,567,086	--	--	1,991
Non-specialized loans	2,308,457	--	--	1,991
Specialized loans	258,629	--	--	--
Other receivables	--	--	--	--
Total	8,039,726	--	15,080	2,185

5.4 *Information on consumer loans*

	Short Term	Medium or Long Term	Total
Consumer Loans-YTL	35,279	1,508,679	1,543,958
Real estate Loans	3,075	455,897	458,972
Automotive Loans	2,526	133,602	136,128
Consumer Loans	29,677	919,180	948,857
Other	1	--	1
Consumer Loans-Indexed to FC	1,179	74,025	75,204
Real estate Loans	122	61,884	62,006
Automotive Loans	159	9,185	9,344
Consumer Loans	898	2,956	3,854
Other	--	--	--
Consumer Loans-FC	12,326	19,221	31,547
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	401	19,221	19,622
Other	11,925	--	11,925
Credit Cards-YTL	377,029	23,365	400,394
Installment	179,108	23,365	202,473
Non installment	197,921	--	197,921
Credit Cards-FC	366	--	366
Installment	365	--	365
Non installment	1	--	1
Loans Given to Employees-YTL	1,550	4,347	5,897
Real estate Loans	--	615	615
Automotive Loans	3	45	48
Consumer Loans	1,547	3,687	5,234
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	472	472
Real estate Loans	--	444	444
Automotive Loans	--	--	--
Consumer Loans	--	28	28
Other	--	--	--
Loans Given to Employees - FC	105	304	409
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	4	304	308
Other	101	--	101
Employee Credit Cards-YTL	3,898	200	4,098
Installment	1,863	200	2,063
Non installment	2,035	--	2,035
Employee Credit Cards-FC	14	--	14
Installment	9	--	9
Non installment	5	--	5
Overdraft Account-YTL (Individual)	44,215	--	44,215
Overdraft Account-FC (Individual)	--	--	--
Total	475,961	1,630,613	2,106,574

5.5 *Information on installment corporate loans and corporate credit cards*

	Short Term	Medium or Long Term	Total
Installment Corporate Loans - YTL	81,530	245,303	326,833
Real estate Loans	5,246	58,559	63,805
Automotive Loans	18,488	79,922	98,410
Consumer Loans	57,796	106,822	164,618
Other	--	--	--
Installment Corporate Loans – Indexed to FC	13,771	76,305	90,076
Real estate Loans	3,145	16,557	19,702
Automotive Loans	3,925	23,227	27,152
Consumer Loans	6,701	36,521	43,222
Other	--	--	--
Installment Corporate Loans - FC	19	8,931	8,950
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	19	8,931	8,950
Other	--	--	--
Corporate Credit Cards - YTL	6,365	15	6,380
Installment	2,805	15	2,820
Non installment	3,560	--	3,560
Corporate Credit Cards - FC	83	--	83
Installment	57	--	57
Non installment	26	--	26
Overdraft Account-YTL (Individual)	--	5,001	5,001
Overdraft Account-FC (Individual)	--	--	--
Total	101,768	335,555	437,323

5.6 *Analysis of loans based on customer classification*

	Current Period	Prior Period
Public	--	--
Private	8,056,991	5,798,886
Total	8,056,991	5,798,866

5.7 *Domestic and international loans*

	Current Period	Prior Period
Domestic Loans	7,699,061	5,072,933
Foreign Loans	357,930	725,933
Total	8,056,991	5,798,866

5.8 *Loans granted to subsidiaries and investments*

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Investments	8,738	6,589
Indirect Loans Granted to Subsidiaries and Investments	--	--
Total	8,738	6,589

5.9 Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	17,549	16,915
Loans and Receivables with Doubtful Collectibility	34,980	28,956
Uncollectible Loans and Receivables	111,017	76,541
Total	163,546	122,412

5.10 Information on non-performing loans (Net)

5.10.1 Information on loans under follow-up, loans and other receivables those are restructured/rescheduled

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period	--	82	13,812
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	--	82	13,812
Prior Period	--	36	8,604
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	--	36	8,604

5.10.2 Information on total non-performing loans

	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balances at Beginning of Period	16,976	29,211	88,902
Additions (+)	88,675	4,519	4,879
Transfers from Other Categories of Non-Performing Loans (+)	--	65,988	45,732
Transfers to Other Categories of Non-Performing Loans (-)	65,988	45,735	--
Collections (-)	22,122	17,816	21,435
Write-offs (-)	--	799	1,053
Balances at End of the Period	17,541	35,368	117,025
Specific Provisions (-)	17,537	34,992	111,017
Net Balance on Balance Sheet	4	376	6,008

5.10.3 Information on non-performing loans and other receivables in foreign currencies

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
Period End Balance	--	3,696	189
Specific Provision (-)	--	3,360	189
Net Balance on Balance Sheet	--	336	--
Prior Period			
Period End Balance	--	1,721	932
Specific Provision (-)	--	1,313	1,091
Net Balance on Balance Sheet	--	408	(159)

5.11 Liquidation policy for uncollectible loans and receivables

For uncollectible loans and receivables, the Bank tries to solve the issue with the customer. If no result is obtained, all legal actions are taken.

6. Information on investment securities held-to-maturity

6.1 Information on subject to repurchase agreement and given as collateral or blocked

6.1.1 Information on subject to repurchase agreement

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	--	--	--	31,142
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
Total	--	--	--	31,142

6.1.2 Information on subject to given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bills	--	--	--	--
Bonds and Similar Marketable Securities	--	26,016	--	35,117
Other	--	--	--	--
Total	--	26,016	--	35,117

6.2 *Information on accounts in which government securities held-to-maturity are reflected*

	Current Period	Prior Period
Government Bonds	62,591	102,425
Treasury Bills	--	--
Other Government Securities	--	--
Total	62,591	102,425

6.3 *Information on investment securities held-to-maturity*

	Current Period	Prior Period
Debt Securities	177,381	235,709
Listed	164,752	211,195
Unlisted	12,629	24,514
Impairment (-)	--	--
Total	177,381	235,709

6.4 *Information on the movement of investment securities held-to-maturity during the period*

	Current Period	Prior Period
Balance in the beginning of the period	235,709	177,664
Foreign exchange differences	30,401	--
Purchases	12,306	101,193
Redemptions	(101,035)	(43,148)
Impairment (-)	--	--
Balance at the end of the period	177,381	235,709

7. **Investments in associates**

7.1 *Investments in unconsolidated associates*

Description	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1-Kredi Kayıt Bürosu A.Ş.	İstanbul/Turkey	9	--
2-Gelişen İşletmeler Piyasası A.Ş.	İstanbul/Turkey	5	5

The Bank acquired 5% of the shares of Gelişen İşletmeler Piyasaları A.Ş. for YTL 500 on 1 March 2006. All of the amount was paid in cash in March and July.

Deniz Yatırım acquired 5% of the shares of Gelişen İşletmeler Piyasaları A.Ş. for YTL 500 on 1 March 2006. All of the amount was paid in cash in March and July.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	18,498	16,827	2,826	--	--	4,262	3,986	--
2	2,520	2,505	--	--	--	5	--	--

7.2 *Investments in consolidated associates*

None.

8. Investments in subsidiaries

The Bank has 99.97% ownership in Deniz Yatırım, a brokerage and investment company, located in Istanbul. Deniz Yatırım, established on 29 January 1997, is mainly involved in purchasing, selling and investing in any kind of securities, stocks, treasury bills and government bonds provided from capital markets; the management of mutual funds and performing intermediary services.

The Bank, together with Deniz Yatırım, acquired 78.01% of the shares of Ekspres Yatırım from Saving Deposit Insurance Fund (SDIF) at the end of 2002. With subsequent acquisitions, the Bank and Deniz Yatırım's share increased to 99.82% as of 31 March 2006. Ekspres Yatırım, located in Istanbul, is engaged in purchasing, selling and investing in any kind of securities, stocks, treasury bills and government bonds provided from capital markets.

Tariş Menkul Değerler A.Ş. (Tariş Menkul) was originally established as a subsidiary of Tarişbank in 1997 for handling the brokerage activities of its parent bank. With the acquisition of Tarişbank in 2002, Tariş Menkul became a subsidiary of the Bank. The name of the company changed to Deniz Türev Menkul Değerler A.Ş. on 12 October 2005.

The Bank has 99.99% ownership in Denizbank AG, a commercial bank located in Austria. Established in 1996 by the former Esbank A.Ş. (a Turkish bank which was taken over by SDIF), Esbank AG in Vienna offered foreign trade finance and payment services to a client base in Europe and Turkey. The DFS Group entered the Euro zone banking market by acquiring Esbank AG in August 2002. Subsequent to the acquisition, the name of Esbank AG was changed to Denizbank AG, Vienna at the beginning of 2003. Denizbank AG, Vienna has nine branches – three in Vienna, the others in Bregenz, Frankfurt, Linz, Graz, Dortmund and Innsbruck, and provides trade finance and payment services to its customers in Europe and Turkey.

The Bank acquired 49% of the outstanding shares of İktisat Bank Moscow at the beginning of 2003. The remaining 51% of the shares were acquired by Denizbank AG. Subsequent to the acquisition, the name of İktisat Bank Moscow was changed to CJSC Denizbank, Moscow. CJSC Denizbank Moscow is licensed to undertake all commercial banking transactions.

The Bank acquired 99.88% of the shares of Eurodeniz, established in the Turkish Republic of Northern Cyprus, from SDIF at the beginning of 2002. Eurodeniz is licensed to undertake all commercial banking transactions.

In May 2003, Deniz Yatırım acquired 98.43% of the shares of Ege Portföy Yönetimi A.Ş. and changed its name to Deniz Portföy. Deniz Yatırım's share in Deniz Portföy's share capital has increased to 99.15% with subsequent purchases. Deniz Portföy is engaged in serving domestic mutual funds and investment portfolios.

The Bank acquired 10.87% of the shares of Deniz Leasing for YTL 1,959 on 21 February 2005. Deniz Leasing was established on 12 December 1997, pursuant to the license obtained from the Undersecretariat of Treasury and Foreign Trade for the purpose of financial leasing as permitted by Law number 3226. Deniz Leasing started its operations in December 1998 and the Company's leasing operations principally focused on transport vehicles, machinery and equipment and office equipment. Deniz Leasing increased its share capital on 29 July 2005. YTL 816 and YTL 6,696 of the increase were paid in cash by the Bank and Deniz Faktoring, respectively. The remaining increase of YTL 2,324 and YTL 2,888 were made from the reserves by the Bank and Deniz Faktoring, respectively.

In June 2006, Deniz Leasing increased its share capital by YTL 39,900, all of which was paid in cash by Denizbank. 68% of the share capital of Deniz Leasing belongs to the Bank, while the remaining 32% belongs to Deniz Faktoring A.Ş. (Deniz Faktoring).

The Bank acquired 99.99% of the shares of Deniz Faktoring for YTL 15,184 on 21 February 2005. Deniz Faktoring was incorporated on 2 July 1998 pursuant to the license obtained from the Undersecretariat of Treasury for the purpose of giving factoring services as permitted by Law number 6762.

Deniz Faktoring increased its share capital on 21 February 2005. YTL 9,197 of the increase was paid in cash by the Bank and the remaining portion of YTL 6,002 was made from the reserves.

Deniz Yatırım increased its share capital on 22 August 2005, through the cash payment of the Bank amounting YTL 11,549.

Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (Deniz Kültür) increased its share capital by YTL 125 on 19 April 2006, and further increased it by YTL 40 on 18 September 2006 in cash.

The Bank acquired 99.9% of the shares of Adana Haddecilik Metal Sanayi ve Ticaret A.Ş. for YTL 101 on 3 August 2005 for loans previously given, however could not be collected.

Deniz Türev increased its share capital by YTL 1,000 on 12 October 2005. Deniz Yatırım paid the whole amount in cash.

Denizbank Moscow increased its share capital on 12 December 2005. The Bank paid USD 4,944,379 and Denizbank AG paid EUR 4,311,126 in cash.

8.1 *Information on subsidiaries not consolidated*

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage(%)	Other subsidiaries' share percentage(%)
1 İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	İstanbul/Türkiye	100.00	0.00
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	İstanbul/Türkiye	100.00	0.00
3 Adana Haddecilik Metal San. ve Tic. A.Ş.	Adana/Türkiye	99.90	0.10

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	3,733	2,974	81	324	7	(101)	(406)	--
2	409	404	153	5	5	20	(12)	--
3	6,923	--	3,278	--	--	(110)	--	--

8.2 *Information on subsidiaries consolidated*

8.2.1 *Other information on consolidated subsidiaries*

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage	Other subsidiaries' share percentage	Method of consolidation
1 Denizbank AG, Vienna	Vienna / Austria	%100	%0	Full consolidation
2 Eurodeniz Off-Shore Bank Ltd.	Nicosia / Cyprus	%100	%0	Full consolidation
3 Deniz Yatırım Menkul Kıymetler A.Ş.	İstanbul / Turkey	%100	%0	Full consolidation
4 Deniz Türev Menkul Değerler A.Ş.	İstanbul / Turkey	%100	%0	Full consolidation
5 Ekspres Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	%71	%29	Full consolidation
6 CJSC Denizbank, Moscow	Moscow / Russia	%49	%51	Full consolidation
7 Deniz Portföy Yönetimi A.Ş.	İstanbul / Turkey	%0	%100	Full consolidation
8 Deniz Finansal Kiralama A.Ş.	İstanbul / Turkey	%68	%32	Full consolidation
9 Deniz Faktoring A.Ş.	İstanbul / Turkey	%100	%0	Full consolidation

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	2,018,340	98,343	5,687	100,757	21,893	16,415	688	--
2	890,448	13,661	66	68,007	96	49,044	9,268	--
3	288,979	24,663	1,337	4,268	259	291	(631)	--
4	5,060	4,544	307	993	434	1,614	(5,070)	--
5	29,298	24,061	626	3,088	(979)	7,339	468	--
6	317,830	38,643	1,159	17,718	8,804	6,927	(5,955)	--
7	2,598	2,261	18	326	20	666	(33)	--
8	719,235	88,745	186	53,371	--	18,561	--	--
9	430,516	44,236	151	50,884	(165)	11,785	--	--

8.2.2 Movement of subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	171,700	99,974
Movements during the Period	49,161	71,726
Purchases	39,910	74,329
Bonus Shares Received	--	7,578
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference	9,251	(10,181)
Impairment Provision (+)	--	--
Balance at the End of the Period	220,861	171,700
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

8.2.3 Sectoral distribution of subsidiaries

	Current Period	Prior Period
Banks	87,320	75,983
Insurance Companies	--	--
Factoring Companies	30,383	30,383
Leasing Companies	65,380	25,481
Finance Companies	37,778	39,853
Other Subsidiaries	--	--

8.2.4 Quoted subsidiaries

None.

8.2.5 Subsidiaries disposed during the current period

None.

8.2.6 Subsidiaries purchased in the current period

None.

9. Information on other investments:

9.1 Joint ventures

DFS Group does not have any joint ventures.

10. Information on financial lease receivables

10.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	238,697	185,985	116,397	92,492
Between 1-4 years	363,363	308,483	161,616	136,656
Over 4 years	39,447	36,399	18,145	14,253
Total	641,507	530,867	296,158	243,401

10.2 Information on net financial lease receivables

	Current Period	Prior Period
Gross finance lease receivable	641,507	296,158
Unearned finance income (-)	110,640	52,757
Cancelled leasing agreements (-)	--	--
Net investment on leases	530,867	243,401

10.3 Information on financial lease agreements of the Bank

None.

11. Information on hedging purpose derivatives:

None.

12. Information on tangible assets

	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
Prior Period End:					
Cost	49,921	73,752	5,143	80,966	209,782
Accumulated depreciation (-)	5,395	33,563	3,349	36,094	78,401
Net book value	44,526	40,189	1,794	44,872	131,381
Current Period End:					
Net book value at the beginning of the period	49,921	73,752	5,143	80,966	209,782
Additions	810	22,142	445	5,463	28,860
Disposals (-)	--	(1,259)	(3,197)	(50,341)	(54,797)
Impairment (-)	(4,402)	--	--	--	(4,402)
Currency translation differences resulting from foreign investment	--	--	162	679	841
Current Period Cost	46,329	94,635	2,553	36,767	180,284
Disposals(-)	--	(1,001)	(2,072)	(17,620)	(20,693)
Depreciation (-)	913	18,173	461	4,749	24,296
Current period accumulated depreciation (-)	6,308	50,735	1,738	23,223	82,004
Closing net book value	40,021	43,900	815	13,544	98,280

12.1 *If the amount of an allowance for the decrease in the value of a specific asset or the reversal from an allowance for the decrease in the value of a specific asset is significant in the financial statements*

12.1.1 *Events and conditions that resulted in an allowance or the reversal of an allowance for the decrease in the value of the asset*

In order to analyse the effects of the fluctuation in the real estate market, the Bank has conducted an expertise study of its buildings in 2006.

12.1.2 *Amount recorded or reversed in the financial statements*

The Bank has booked an impairment loss provision of YTL 4,402 for three of its buildings.

12.2 *Current year charge recorded in the financial statements as an allowance for the decrease in the value of a group of assets or income from the reversal of an allowance for the decrease in the value of a group of assets and events and conditions that resulted in them*

None.

13. Information on intangible assets

13.1 *Useful lives and amortization rates*

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of weariness, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

13.2 *Amortization methods*

The Bank uses straight line amortization method for intangibles purchased before 1 January 2003, by the rate of 20%. Assets purchased after that date are amortized by 40% using double-declining amortization method.

13.3 Movement of intangible assets

	Other	Goodwill	Leasehold Impr.	TOTAL
Prior Period End:				
Cost	37,923	--	4,082	42,005
Accumulated depreciation (-)	26,170	--	2,220	28,390
Net book value	11,753	--	1,862	13,615
Current Period End:				
Net book value at the beginning of the period (*)	37,923	--	4,082	42,005
Additions	7,141	--	60,368	67,509
Disposals (-)	(4)	--	(1,208)	(1,212)
Impairment	--	--	--	--
Currency translation differences resulting from foreign investment	6	--	33	39
Current Period Cost	45,066	--	63,275	108,341
Disposals(-)	(133)	--	16,012	15,879
Depreciation (-)	7,641	--	9,450	17,091
Current period accumulated depreciation (-)	33,678	--	27,682	61,360
Closing net book value	11,388	--	35,593	46,981

(*) According to the declaration of BRSA dated 8 March 2006, leasehold improvements are classified in "Intangible Assets".

13.4 The carrying value, description and remaining useful life of significant intangible assets, if any

None.

13.5 Information on intangible assets that have been purchased by government grants and originally have been accounted for by using the fair value principle

None.

13.6 Subsequent periods' valuation methodology for intangible assets that have been purchased by government grants in the past and originally have been accounted for by using the fair value principle

None.

13.7 Carrying value of intangible assets that are pledged or restricted in usage

None.

13.8 Amount of any commitments granted for the purchase of intangible assets

None.

13.9 In case of a revaluation, information to be supplied in the table below, on an asset by asset basis for intangible assets

None.

13.10 Total amount charged to income statement as research and development expense, if any

Research and development expenses amount to YTL 752 in the current year (31 December 2005: YTL 412).

13.11 Goodwill or negative goodwill arising from consolidated investments

None.

14. Information on deferred tax asset

14.1 Amount of deferred tax asset recognized in the balance sheet in respect of each type of deductible temporary differences, unused tax losses, unused tax credits

Deferred tax asset calculated on the basis of related regulation is YTL 1,123 (31 December 2005: YTL 425) and deferred tax liability is YTL 2,480 (31 December 2005: YTL 4,481). The amount is the net of deductible temporary differences and taxable temporary differences calculated as of the balance sheet date.

According to TAS 12, deferred tax assets and liabilities are offset against each other in the financial statements. However, deferred tax assets and liabilities relating to individual consolidated subsidiaries that do not report to the same fiscal authority are not permitted to offset against each other in the accompanying consolidated financial statements.

Deferred tax effects of items charged or credited to equity are also charged or credited directly to equity.

14.2 Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet

None.

14.3 Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes

None.

15. Information on assets held for sale

Prior Period Net Book Value	16,157
Additions	472
Disposals	(536)
Depreciation	(730)
Current Period Net Book Value	15,363

16. Information on other assets

16.1 Information on prepaid expense, tax and similar items

Prepaid taxes are YTL 31,088 (31 December 2005: YTL 57,978 YTL) and prepaid expenses are YTL 18,485 (31 December 2005: YTL 17,291).

16.2 Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

Current Period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Acc. Account	Total
Saving Deposits	257,285	--	533,878	1,255,608	20,299	10,478	5,224	--	2,082,772
Foreign Currency Deposits	1,171,362	--	1,741,076	1,692,014	352,542	538,759	327,034	--	5,822,787
Residents in Turkey	804,370	--	1,231,124	1,468,263	135,646	144,660	47,819	--	3,831,882
Residents Abroad	366,992	--	509,952	223,751	216,896	394,099	279,215	--	1,990,905
Public Sector Deposits	12,207	--	4,100	959	--	--	--	--	17,266
Commercial Deposits	512,046	--	296,122	119,358	11,482	2,993	125	--	942,126
Other Ins. Deposits	34,225	--	25,751	10,103	41	25	--	--	70,145
Precious Metal Deposits	8,585	--	--	--	--	--	--	--	8,585
Bank Deposits	31,518	--	398,495	51,103	22,074	8,363	7,791	--	519,344
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	2,951	--	262,834	2,105	1,011	1,011	--	--	269,912
Foreign Banks	28,567	--	135,661	48,998	21,063	7,352	7,791	--	249,432
Special Financial Inst.	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
Total	2,027,228	--	2,999,422	3,129,145	406,438	560,618	340,174	--	9,463,025

Prior Period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Acc. Account	Total
Saving Deposits	199,509	--	730,564	690,070	27,869	14,310	5,075	--	1,667,397
Foreign Currency Deposits	829,228	--	521,214	1,297,693	401,806	970,870	332,386	--	4,353,197
Residents in Turkey	740,647	--	427,404	1,122,306	282,986	264,766	201,948	--	3,040,057
Residents Abroad	88,581	--	93,810	175,387	118,820	706,104	130,438	--	1,313,140
Public Sector Deposits	1,972	--	5,342	36,397	155	336	--	--	44,202
Commercial Deposits	504,058	--	373,002	40,513	5,182	1,988	313	--	925,056
Other Ins. Deposits	22,923	--	4,271	1,432	43	52	--	--	28,721
Precious Metal Deposits	574	--	--	--	--	--	--	--	574
Bank Deposits	26,281	--	80,971	74,352	79,407	15,643	--	--	276,654
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	6,283	--	35,884	744	7,076	--	--	--	49,987
Foreign Banks	19,537	--	45,087	73,608	72,331	15,643	--	--	226,206
Special Financial Inst.	461	--	--	--	--	--	--	--	461
Other	--	--	--	--	--	--	--	--	--
Total	1,584,545	--	1,715,364	2,140,457	514,462	1,003,199	337,774	--	7,295,801

1.1 Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	1,138,519	953,323	833,524	602,375
Foreign Currency Savings Deposits	656,789	564,467	1,297,654	1,028,197
Other Saving Deposits	--	--	--	--
Foreign branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
Total	1,795,308	1,517,790	2,131,178	1,630,572

1.2 Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Bank is not located abroad.

1.3 Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Savings Deposits at Foreign Branches	551,930	443,930
Savings Deposits at Off-shore Branches	97,944	60,898
Total	649,874	504,828

2. Information on trading purpose derivatives

2.1 Negative value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	11,058	12,097	--	5,933
Swaps	14,960	4,933	--	3,423
Futures	19	--	--	3
Options	--	3,104	19	2,369
Other	--	109	--	1,012
Total	26,037	20,243	19	12,740

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	--	--	--	--
Domestic Bank and Institutions	105,253	52,094	101,541	46,889
Foreign Bank, Institutions and Funds	149,776	2,393,613	106,165	2,369,925
Total	255,029	2,445,707	207,706	2,416,814

3.1 Maturity information of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	255,029	1,620,393	151,572	1,440,606
Medium and Long-Term	--	825,314	56,134	976,208
Total	255,029	2,445,707	207,706	2,416,814

3.2 Additional information on concentrations of the Bank's liabilities

As at 31 December 2006, the Bank's liabilities comprise; 64% deposits, 18% funds borrowed and 3% funds provided from transactions by repurchase transactions. (31 December 2005: 61%, 21%, 4%, respectively).

4. Components of other liabilities, those that exceed 10% of total liabilities or those that exceed 20% of the individual liability items in the consolidated balance sheet

Other liabilities do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Criteria used in the determination of lease instalments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

The maximum period of the lease agreements is mostly 4 years. Interest rate and cash flow of the Bank are the criteria which are taken into consideration in the leasing contracts. There are no significant obligations imposed on the Bank as a result of the lease agreements.

5.1 Changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period.

5.2 Obligations under financial leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	2	1	16	10
Between 1-4 years	1	1	--	--
More than 4 years	--	--	--	--
Total	3	2	16	10

5.3 Information on operational lease

DFS Group has operational lease agreements for its bank branches and motor vehicles. Rental payments for the majority of these agreements are made and expensed on a monthly basis. The unexpired portion of payments made for rent agreements on a yearly basis are accounted under prepaid expenses in "other assets". The Group does not have any liabilities related to operational lease agreements.

5.4 Information on "Sale -and- lease back" agreements

The Bank does not have any sale and lease back transactions in the current period.

6. Information on liabilities arising from hedging purpose derivatives:

None.

7. Information on provisions

7.1 Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	45,925	30,253
Provisions for Loans and Receivables in Group II	--	--
Provisions for Non Cash Loans	6,634	4,533
Other	--	--
Total	52,559	34,786

7.2 Provision for currency exchange gain/loss on foreign currency indexed loans

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	--	9,953

(*) Netted against loans in assets

7.3 Specific provisions for non cash loans that are not indemnified and converted into cash

	Current Period	Prior Period
Specific Provisions for Non-Cash Loans that are not Indemnified and Converted into Cash	13,848	14,287

7.4 Information on other provisions

7.4.1 Information on general reserves for possible loan losses

	Current Period	Prior Period
General Reserves for Possible Loan Losses	542	800

7.4.2 Information on other provisions exceeding 10% of total provisions

None.

8. Taxation

8.1 Current taxes

8.1.1 Current tax liability

As of 31 December 2006, DFS Group has current tax liability of YTL 46,733 (31 December 2005: YTL 59,205) and prepaid taxes of YTL 31,088 (31 December 2005: YTL 57,978).

8.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable (*)	--	--
Taxation on securities	6,686	4,122
Capital gains tax on property	507	300
Banking Insurance Transaction Tax (BITT)	9,131	6,008
Taxes on foreign exchange transactions	585	448
Value added tax payable	207	183
Other	13,782	9,801
Total	30,898	20,862

(*) Current year corporate taxes are recorded in "Current Tax Liability". They are transferred to "Corporate Taxes Payable" after the finalization and declaration of the tax returns.

8.1.3 Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	2,469	1,966
Social security premiums- employer share	3,485	2,655
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	--	--
Pension fund membership fees and provisions- employer share	--	--
Unemployment insurance- employee share	178	131
Unemployment insurance- employer share	350	267
Other	994	118
Total	7,476	5,137

9. Information on payables related to assets held for sale

None.

10. Information on subordinated loans

On 28 December 2006, the Bank obtained a EUR 90 million subordinated loan from Dexia SA. Maturity date of the loan is 28 December 2016 and interest rate is euribor+2%.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic banks	--	--	--	--
Other domestic institutions	--	--	--	--
Foreign banks	--	166,746	--	--
Other foreign institutions	--	--	--	--
Total	--	166,746	--	--

11. Information on shareholders' equity

11.1 Paid-in capital

	Current Period	Prior Period
Common Stock	316,100	316,100
Preferred Stock	--	--

The Bank's paid-in capital has been presented in nominal values. As of 31 December 2006, the Bank has capital reserves amounting to YTL 189,164 (31 December 2005: YTL 189,164) arising from the effect of inflation on the paid-in capital.

The capital reserves amounting to YTL 189,164 arising from the effect of inflation on the paid-in capital have been transferred to "other capital reserves" in accordance with the resolution of BRSA dated 28 April 2005.

11.2 Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Registered share capital system is not applicable at the Bank.

11.3 Information on share capital increases and their sources; other information on any increase in capital shares during the current period

None.

11.4 Information on share capital increases from revaluation funds

None.

11.5 Capital commitments for current financial year and following period

DFS Group does not have any capital commitments.

11.6 Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

11.7 Information on the privileges given to stocks representing the capital

The Bank does not have any preferred stocks.

12. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Shares (in thousands)	50,368,526	50,368,526
Preferred Stock	--	--
Common Stock Issue Premium	98,351	98,351
Common Stock Cancelling Profit	--	--
Other Equity Instruments	--	--
Total Common Stock Issued	50,369	50,369

13. Securities value increase fund

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Associates, Subsidiaries and JV's	3	--	100,748	--
FV Difference	5,245	7,293	7,244	9,123
Foreign Exchange Difference	--	--	--	--
Total	5,248	7,293	107,992	9,123

III. Information and disclosures related to consolidated off-balance sheet items

1. Disclosures related to other contingent liabilities

1.1 Type and amount of irrevocable commitments

All of the DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2006, non-cash loans, commitments for credit card limits and commitments for cheque payments are YTL 4,210,817, YTL 2,146,292 and YTL 431,925, respectively (31 December 2005: YTL 3,211,010, YTL 1,649,932 and YTL 360,270, respectively). These items are reflected in the off-balance sheet accounts.

1.2 Type and amount of possible losses from off-balance sheet items including those referred to below

1.2.1 Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

As of 31 December 2006, the DFS Group has letters of guarantee amounting to YTL 2,903,222, bills of exchange and acceptances amounting to YTL 142,409, and guarantees and sureties on letters of credit amounting to YTL 1,086,692. There are also other guarantees and sureties amounting to YTL 78,494.

As of 31 December 2005, the DFS Group has letters of guarantee amounting to YTL 2,168,524, bills of exchange and acceptances amounting to YTL 197,318, and guarantees and sureties amounting to YTL 758,533. There are other guarantees and sureties amounting to YTL 86,635.

1.2.2 Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	189,818	188,561
Final Letters of Guarantee	2,121,361	1,719,492
Letters of Guarantee for advances	391,104	163,739
Letters of Guarantee given to Customs Offices	145,929	96,642
Other Letters of Guarantee	55,010	90
Total	2,903,222	2,168,524

2. Non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	121,336	118,465
With Original Maturity of 1 Year or Less	58,787	29,262
With Original Maturity of More Than 1 Year	62,549	89,203
Other Non-Cash Loans	4,089,481	3,092,545
Total	4,210,817	3,211,010

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	12,812	1.00	45,867	1.57	10,536	1.04	21,502	0.98
Farming and Cattle	12,302	0.96	38,636	1.32	10,334	1.02	12,780	0.59
Forestry	266	0.02	7,055	0.24	61	0.01	8,184	0.37
Fishing	244	0.02	176	0.01	141	0.01	538	0.02
Manufacturing	355,187	27.78	1,093,205	37.28	290,220	28.75	746,119	33.89
Mining	81,441	6.37	421,578	14.38	72,555	7.19	242,295	11.01
Production	267,251	20.90	648,985	22.13	210,614	20.86	484,902	22.02
Electric, gas and water	6,495	0.51	22,642	0.77	7,051	0.70	18,922	0.86
Construction	408,511	31.95	733,965	25.03	306,123	30.32	407,669	18.52
Services	398,172	31.14	979,915	33.42	333,844	33.08	964,368	43.80
Wholesale and retail trade	271,094	21.20	498,757	17.01	226,063	22.39	497,239	22.58
Hotel, food and beverage services	13,156	1.03	25,520	0.87	13,545	1.34	19,598	0.89
Transportation and telecommunication	53,328	4.17	256,625	8.75	43,787	4.34	292,693	13.30
Financial institutions	38,430	3.01	196,319	6.70	32,525	3.22	146,403	6.65
Real estate and renting services	72	0.01	21	0.00	39	0.00	20	0.00
Self-employment services	--	0.00	56	0.00	--	0.00	48	0.00
Education services	1,557	0.12	606	0.02	4,583	0.46	4,747	0.22
Health and social services	20,535	1.60	2,011	0.07	13,302	1.33	3,620	0.16
Other	103,938	8.13	79,245	2.70	68,779	6.81	61,850	2.81
Total	1,278,620	100.00	2,932,197	100.00	1,009,502	100.00	2,201,508	100.00

4. Information about the first and second group of non-cash loans

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of guarantee	1,272,591	1,615,514	5,911	9,207
Bank acceptances	--	142,408	--	--
Letters of credit	118	1,086,574	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	78,143	--	351
Total	1,272,709	2,922,639	5,911	9,558

5. Information related to derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	6,417,171	4,580,900
Forward FC transactions	4,001,396	2,256,922
FC Swap transactions	1,130,358	329,512
Futures FC transactions	13,906	75,482
Options FC transactions	1,271,511	1,918,984
Total of interest derivative transactions (II)	355,852	19,162
Forward interest rate transactions	--	--
Interest rate Swap transactions	350,230	19,162
Interest options transactions	--	--
Futures interest transactions	5,622	--
Other trading transactions (III)	17,589	82,192
A. Total trading derivative transactions (I+II+III)	6,790,612	4,682,254
Type of hedging transactions		
Fair value hedges	--	--
Cash flow hedges	--	--
Hedging of a net investment in foreign countries	--	--
B. Total hedging related derivatives	--	--
Total derivative transactions (A+B)	6,790,612	4,682,254

6. Contingent assets and liabilities

The DFS Group does not have any significant contingent liabilities or assets.

7. Information on fiduciary services rendered on behalf of third parties:

DFS Group grants custody services on behalf of its customers for all kinds of securities. Additionally, the Group acts as a trust for any kind of customer portfolio.

IV. Information on disclosures related to consolidated income statement

1. Interest income

1.1 Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL (*)	FC
Short Term	551,907	61,493	385,344	55,006
Medium and Long Term	300,437	121,135	110,702	63,776
Loans Under Follow-Up	8,750	--	7,617	--
Total	861,094	182,628	503,663	118,782

* Foreign exchange differences of foreign currency-indexed loans are included in "Interest Income on Loans" in the prior period.

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	3,373	--	1,623	--
Domestic Banks	5,137	10,179	6,200	2,932
Foreign Banks	978	73,992	--	24,846
Foreign Branches	--	--	--	--
Total	9,488	84,171	7,823	27,778

1.3 Information on interest income received from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	14,582	12,964	46,763	11,242
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	118,696	24,715	188,241	35,664
Investment Securities Held-to-Maturity	13,005	1,323	1,718	8,704
Total	146,283	39,002	236,722	55,610

1.4 Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1,856	--

2. Interest expense

2.1 Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	17,302	147,737	23,311	70,151
Central Bank of Turkey	--	--	--	--
Domestic Banks	6,574	11,264	18,104	1,100
Foreign Banks	10,728	136,473	5,207	69,051
Foreign Branches	--	--	--	--
Other Institutions	--	28,658	--	--
Total	17,302	176,395	23,311	70,151

2.2 *Information on interest expense paid to associates and subsidiaries*

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	108	67

2.3 *Information on interest expense paid to securities issued*

None

2.4 *Maturity structure of the interest expense on deposits*

Account Name	Time Deposits						Accumulat. Deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
YTL								
Bank Deposits	696	18,341	--	--	--	--	--	19,037
Saving Deposits	649	84,504	194,487	5,386	2,790	752	--	288,568
Public Sector Deposits	--	2,681	132	11	12	--	--	2,836
Commercial Deposits	743	68,209	11,240	3,426	604	29	--	84,251
Other Deposits "7 Days Notice" Deposits	25	994	587	399	6	--	--	2,011
	--	--	--	--	--	--	--	--
Total Turkish Lira	2,113	174,729	206,446	9,222	3,412	781	--	396,703
FC								
Foreign Currency Deposits	2,161	26,801	56,299	14,061	20,552	12,488	--	132,362
Bank Deposits "7 Days Notice" Deposits	27	9,333	9,080	5,027	11,538	234	--	35,239
Precious Metal Deposits	--	432	--	--	--	--	--	432
	--	2	--	--	--	--	--	2
Total Foreign Currency	2,188	36,568	65,379	19,088	32,090	12,722	--	168,035
Total	4,301	211,297	271,825	28,310	35,502	13,503	--	564,738

3. **Dividend income**

	Current Period	Prior Period
Trading Securities	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-for-Sale	--	--
Other (from Subsidiaries and Associates)	958	1,886
Total	958	1,886

4. Trading income / loss (net)

	Current Period	Prior Period
Profit	6,238,830	2,546,486
Capital Market Transactions:	127,068	92,747
Derivatives and Financial Trans.	100,929	41,511
Other	26,139	51,236
Foreign Exchange Gain	6,111,762	2,453,739
Loss (-)	6,284,238	2,533,995
Capital Market Transactions:	106,555	57,658
Derivatives and Financial Trans.	74,647	35,172
Other	31,908	22,486
Foreign Exchange Loss	6,177,683	2,476,337
Total	(45,408)	12,491

5. Other operating income

	Current Period	Prior Period
Gain on sale of assets	82,246	17,765
Income from customers for banking services	38,731	9,872
Reversals from prior year provisions	30,337	27,189
Foreign exchange gain on foreign currency indexed loans *	27,706	--
Other	11,166	11,136
Communication income	--	4,442
Negative goodwill	14,997	42,613
Total	205,183	113,017

(*) In line with the regulation dated 2 November 2005 (Official Gazette no. 24984), the Bank booked foreign exchange gain on foreign currency indexed loans, amounting to YTL 27,706 among "Other Operating Income". In 2005, foreign exchange gain on foreign currency-indexed loans (principal) had been presented among "Interest Income on Loans".

6. Provision expenses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	66,708	53,713
<i>Loans and Receivables in Group III</i>	9,066	2,554
<i>Loans and Receivables in Group IV</i>	--	1
<i>Loans and Receivables in Group V</i>	57,642	51,158
Non-performing commissions and other receivables	--	--
General Provision Expenses	20,018	13,003
Provision for Possible Losses	--	--
Foreign Exchange Losses on Foreign Currency Indexed Loans	--	--
Impairment Losses on Securities:	5,003	1,445
<i>Trading securities</i>	3,957	8
<i>Investment Securities Available-for-Sale</i>	1,046	1,437
Other Impairment Losses:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	--
Other	2,953	277
Total	94,682	68,438

7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	263,784	195,705
Reserve for Employee Termination Indemnity Benefits	2,781	7,821
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment of Tangible Assets	4,402	--
Depreciation Expenses of Tangible Assets	24,297	30,367
Impairment of Intangible Assets	--	--
Impairment of Goodwill	--	--
Depreciation Expenses of Intangible Assets	17,080	7,492
Impairment of Investments in Associates	--	--
Impairment of Securities Held for Sale	--	--
Depreciation of Securities Held for Sale	730	--
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	170,526	123,704
Operational Leases	31,226	--
Repair and Maintenance	9,697	8,634
Advertising	26,767	24,632
Other Expenses	102,836	90,438
Loss on Sales of Assets	622	1,422
Other	58,440	60,662
Total	542,662	427,173

8. Profit before taxes

	Current Period	Prior Period
Interest income	1,457,222	1,028,153
Interest expense	(793,444)	(500,952)
Net fee and commission income	204,437	146,721
Dividend income	958	1,886
Net trading income/(loss)	(45,408)	12,491
Other operating income	205,183	113,017
Provision for loan losses or other receivables (-)	(94,682)	(68,438)
Other operating expenses (-)	(542,662)	(427,173)
Profit before taxes	391,604	305,705

9. Provision for taxes on income

9.1 Current period taxation benefit or charge and deferred tax benefit or charge

The current period taxation charge is YTL 51,931 and deferred tax benefit is YTL 2,616.

Corporate Tax Rate is reduced from 30% to 20% in accordance with the article 32 of the new Corporate Tax Law No 5520, as announced in the Official Gazette dated 21 June 2006, no.26205. Consequently, corporate earnings is subject to 20% corporate tax rate starting from 1 January 2006. It is announced that corporate taxes which have been computed and paid using the corporate tax rate of 30% for the taxation periods before the new Law is enacted, will be offset against the corporate taxes of the following periods.

9.2 *Deferred tax charge arising from origination or reversal of temporary differences*

	Current Period	Prior Period
Deferred tax benefit/charge arising from temporary differences:		
Arising from Origination of Deductable Temporary Differences (+)	5,259	397
Arising from Reversal of Deductable Temporary Differences (-)	(2,332)	(5,939)
Arising from Origination of Taxable Temporary Differences (-)	(7,095)	(3,425)
Arising from Reversal of Taxable Temporary Differences (+)	6,784	397
Total	2,616	(8,570)

9.3 *Deferred tax charge arising from temporary differences, tax losses or unused tax credits*

	Current Period	Prior Period
Sources of deferred tax benefit/charge:		
Arising from Origination (+)/ Reversal (-) of Deductable Temporary Differences	2,927	(5,542)
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	(311)	(3,028)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	2,616	(8,570)

10. Net profit and loss

10.1 *Any further explanation on operating results needed for a proper understanding of the Bank's performance*

Income generated from the DFS Group's ordinary banking transactions during the current and prior period are mainly consisted of interest income from loans and marketable securities and income from other banking services. Main expense items are the interest expenses related to deposits and borrowings which are the main funding sources of marketable securities and loans. The size and recurring ratio of these items are not significant which would require additional explanation and disclosure.

10.2 Changes in estimations made by the DFS Group do not have a material effect on current and subsequent period profit/loss.

10.3 Since there is no minority right in the share capital of the DFS Group, there is not any profit or loss related to minority rights.

10.4 No changes have been made in the accounting estimates which may have a material effect in current period and materially affect subsequent periods.

11. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group

Fees and Commissions Received	Current Period	Prior Period
Credit Card Commissions	86,634	77,686
Brokerage Fees	84,413	60,060
Non-Cash Loans	42,292	34,445
Cash Loans	26,006	13,213
Remittance Commissions	9,873	3,358
Insurance Services	9,565	3,997
Others	20,087	13,326
Total	278,870	206,085

Fees and Commissions Paid	Current Period	Prior Period
Credit Card / POS Commissions	49,068	28,841
Brokerage Fees	5,319	15,659
Cash Loans	915	4,572
Non-Cash Loans	283	833
Others	18,848	9,459
Total	74,433	59,364

V. Information and disclosures related to consolidated statement of changes in shareholders' equity

1. Changes due to revaluation of investments available-for-sale

The amount of decreases from revaluation of investments available-for-sale of DFS Group has been YTL 39,863 as of 31 December 2006. This amount has been reflected to "Securities Value Increase Fund" in the balance sheet.

On 18 September 2006, DFS Group sold its investment amounting to 32,481,802 shares in Zorlu Enerji Elektrik Üretimi Otoprodüktör A.Ş with a unit price of YTL 4.35, totalling to YTL 141,296 to Zorlu Holding A.Ş.. 20,730,000 shares of this sale, amounting to YTL 90,176 have been realized from "Investments available-fore-sale" portfolio. As a result of the sale, the Bank transferred YTL 71,595 from "Securities Value Increase Fund" to "Profit/Loss" accounts.

During 2006, an additional amount of YTL 6,884 has been realized as income from redemption/sale of other items in "investments available-for-sale" portfolio.

2. Reconciliation of the beginning and end of the year balances of foreign exchange differences

Foreign exchange differences resulting from the Bahrain branch of the Bank and from the translation of the financial statements of consolidated foreign subsidiaries amounted to YTL 10,530 (31 December 2005: YTL 702) and are included in shareholders' equity as "other profit reserves".

3. Dividend information

3.1 *Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statements*

None.

3.2 *Net profit per share decided to be distributed after the balance sheet date*

None.

4. Amounts transferred to legal reserves

The Bank transferred YTL 16,376 to legal reserves and YTL 220,639 to extraordinary reserves in 2006.

5. Information on issuance of common stock

5.1 *Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital*

None.

6. Explanations for other increases in consolidated statements of changes in shareholders' equity

None.

VI. Information and disclosures related to consolidated cash flow statement

1. Disclosures for “other” items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents

“Other” item amounting to YTL (411,122) before “changes in operating assets and liabilities” comprise other operating expenses, fees and commissions paid and net trading income/loss. The Bank’s net cash outflow from investing activities amounts to YTL 329,533. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from YTL 3,414,136 to YTL 3,423,426 in 2006.

“Other liabilities” item included in “operating assets and liabilities”, amounting to YTL 227,171 comprise taxes and duties payable, factoring payables and other changes in liabilities.

The effect of foreign currency exchange rates on cash and cash equivalents is reflected in foreign exchange gains and losses, which is presented as a separate line item as “effect of change in foreign currency exchange rate on cash and cash equivalents”.

2. Information on cash and cash equivalents at the beginning of the period

	Current Period 31.12.2005	Prior Period 31.12.2004
Cash	187,156	234,224
Interbank Money Market Placements	390,312	197,475
Trading Securities (Net)	242,007	94,501
Reserve Deposits	325,113	294,708
Banks and Other Financial Institutions	2,269,548	1,461,350
Cash Equivalents	3,414,136	2,282,258

3. Information on cash and cash equivalents at the end of the period

	Current Period 31.12.2006	Prior Period 31.12.2005
Cash	236,353	187,156
Interbank Money Market Placements	287,463	390,312
Trading Securities (Net)	17,906	242,006
Reserve Deposits	406,324	325,113
Banks and Other Financial Institutions	2,475,380	2,269,549
Cash Equivalents	3,423,426	3,414,136

4. Information on cash and cash equivalent assets of the DFS Group that are not available for free use due to legal restrictions or other reasons

None.

5. Additional information

5.1 Restrictions on the line of unused credit facilities to be used in banking operations and in fulfilling capital commitments, if any

None.

VII. Information and disclosures related to the DFS Group's risk group

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

1.1 As of 31 December 2006, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to YTL 748,606, YTL 8,738 and YTL 4,813, respectively. As a result of the transactions with the risk group, the Bank has recorded interest and commission income/(expense) amounting to YTL (7,950).

Interest and commission income/(expense) also included the transactions made with Zorlu Group in the first nine months of 2006.

Current Period

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	6,589	3,992	21,162	186,340	--	--
Balance at the End of the Period	8,738	2,125	--	2,651	--	37
Interest and Commission Income Received	1,856	1	3,379	337	--	--

Prior Period

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	303	2,527	23,139	227,786	287	--
Balance at the End of the Period	6,589	3,992	21,162	186,340	--	--
Interest and Commission Income Received	1	28	4,322	629	--	--

* As described in the Article 49 of Banking Law no.5411.

1.2 Information on deposits held by the DFS Group's risk group

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<u>Deposits</u>						
Balance at the beginning of the Period	2,732	735	643,137	571,471	14,144	14,451
Balance at the End of the Period	23	2,732	743,522	643,137	5,061	14,144
Interest on Deposits	108	67	12,304	4,379	802	423

* As described in the Article 49 of Banking Law no.5411.

1.3 Information on forward and option agreements and similar agreements made with the DFS Group's risk group

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes:						
Beginning of the Period	--	--	--	5,692	--	4,903
End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	(309)	--	--	(4)
Transactions for Hedging Purposes:						
Beginning of the Period	--	--	--	--	--	--
End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

* As described in the Article 49 of Banking Law no.5411.

2. Disclosures of transactions with the DFS Group's risk group

2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of 31 December 2006, cash loans of the risk group represented 0.1% of the DFS Group's total cash loans and the deposits represented 6% of the DFS Group's total deposits. The non-cash loans of the risk group represented 1% of the DFS Group's total non-cash loans.

2.3 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

The risk group, which the DFS Group belongs to, has entered into financial lease contracts with Deniz Leasing.

VIII. Domestic, foreign and off-shore banking branches and foreign representatives

1. Information relating to the bank's domestic and foreign branch and representatives

	Number	Number of employees		Total Assets	Statutory share capital
Domestic branch	261	5,519			
			Country of incorporation		
Foreign representation			1-		
			2-		
			3-		
Foreign branch	1	9	1-Bahrain	1,563,533	
			2-		
			3-		
Off-shore banking region branches			1-		
			2-		
			3-		

2. The branches of associates and subsidiaries

There are nine branches of Denizbank AG, the subsidiary located centrally in Vienna, Austria. Three of the branches are located in Vienna, one each in Bregenz, Frankfurt, Linz, Graz, Dortmund and Innsbruck.

SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to the Bank's operations

1. Explanations related to the Bank's operations

In June 2005, the Bank completed a securitization transaction by issuance of three tranches of series: USD 150 millions Series 2005-A Floating Rate Notes Due 2010; USD 80 millions Series 2005-B Fixed Rate Notes Due 2012; and USD 70 millions Series 2005-C Fixed Rate Notes Due 2010. The Bank securitizes its SWIFT MT 100 category payment orders received primarily through foreign depository banks in EUR, USD and GBP currencies.

On 25 October 2005, the Bank signed a USD 650 million syndicated term loan facility agreement arranged by 25 banks. The loan comprised of a USD 300 million portion with one year maturity, and a USD 350 million portion with two years maturity. The interest rates are Libor+0.45% for the one year portion, and Libor+0.80% for the two years portion. On 7 November 2006, the Bank repaid the USD 300 million portion of the syndicated term loan facility.

On 6 June 2006, the Bank signed a USD 500 million club loan facility agreement arranged by 20 banks with USD 25 million participation amount by each, with the maturity of 364 days. The interest rate is Libor+0.30%.

On 28 December 2006, the Bank obtained a EUR 90 million subordinated loan from Dexia SA. The loan has eleven years maturity.

On 27 September 2006, Eurodeniz obtained a loan amounting to USD 100 millions from Dexia SA. The maturity date of the loan is December 2007.

On 5 September 2006, Deniz Leasing signed a USD 77.5 millions syndication loan facility agreement arranged by nine banks. The loan has one year maturity.

On 30 November 2006, Deniz Leasing obtained loans amounting to EUR 139 millions and USD 14 millions from Dexia SA. The loans have maturities of 398 days.

On 30 November 2006, Deniz Faktoring obtained a loan amounting to EUR 50 millions from Dexia Banque Internationale a Luxembourg. The maturity date of the loan is January 2008.

2. Information summary about ratings of the Banks which has been performed by the international risk rating institutions

Republic of Turkey's rating by Fitch Ratings

On 18 August 2006, Fitch Ratings upgraded Turkey's country ceiling rating from BB- to BB. Fitch affirmed Turkey's long term local and foreign currency ratings outlook at Positive. There has been no rating change to the long term local and foreign currency ratings of BB- and short term local and foreign currency ratings of B.

Denizbank's rating by Fitch Ratings

On 18 October 2006, Fitch Ratings has upgraded Denizbank's ratings to foreign currency Issuer Default BB from BB-, local currency Issuer Default BB+ from BB-, National long-term AA(tur) from A(tur) and Support 3 from 4. The Rating Watch Positive on the above ratings has been removed. A Positive Outlook has been assigned to foreign and local currency IDRs and the Outlook for the National rating is Stable. Denizbank's other ratings are affirmed at Short-term B and Individual C/D.

Foreign Currency				Local Currency		
Short Term	Long Term	Individual	Support	Short Term	Long Term	National
B	BB (Positive)	C/D	3	B	BB (Positive)	AA

Republic of Turkey's rating by Moody's Investors Service

On May 2006, Moody's Investors Service upgraded Turkey's country ceiling for foreign currency debt to Ba1 from Ba3. There has been no change to the Ba3 rating of Turkey's long term foreign currency bond ratings and Turkish government's long term foreign and local currency issuer ratings. Moody's affirmed foreign currency bank deposit country ceiling at B1, local currency bank deposit country ceiling at A3 and the outlooks on the country and government ratings at stable.

Denizbank's rating by Moody's Investors Service

On 19 October 2006, Moody's has raised the local currency deposit ratings of Denizbank to A3/Prime-2 with a stable outlook from Baa3/Prime-3. Denizbank's D+ financial strength rating remains unchanged with a stable outlook, while its foreign currency deposit ratings, currently at B1/Not-Prime.

Long Term Foreign Currency Deposit	Long Term Local Currency Deposit	Short Term Local Currency Deposit	Local Currency Deposit Outlook	Financial Strength Rating	Financial Strength Rating Outlook
B1 / Stable	A3	Prime-2	Stable	D+	Stable

3. Transactions that have not been finalized and their effect on the consolidated financial statements

On 26 January 2007, a Share Purchase Agreement is signed between the Bank and Global Yatırım Holding A.Ş. ("Global Yatırım"), the main shareholder of Global Hayat Sigorta A.Ş. ("Global Hayat"). Pursuant to this Agreement, Global Yatırım has agreed to transfer 317,295,720 shares representing 99.6% of Global Hayat's issued share capital to the Bank. The share purchase price is determined as YTL 2,700,000, subject to a post-closing adjustment. This transaction is subject to the approval of the General Directorate of Insurance of Undersecretariat of Turkish Treasury.

Wouter G.M. Van Roste has been assigned as executive vice president responsible from public and project finance by the resolution dated 10 January 2007 and numbered 2007/1 of the Board of Directors.

Mustafa Tinas Titiz has been assigned as deputy chairman of the Board of Directors by the resolution dated 17 January 2007 and numbered 2007/2 of the Board of Directors.

The number of members of the Board of Directors has been determined as 11 at the Extraordinary General Assembly held on 17 January 2007; and Ayfer Yılmaz, Hugo R.R. Lasat, Bruno Yves Marie Rene Deletre, Alain Philippe Bernard Delouis and Eric P.B.A. Hermann have been assigned as new members of the Board of Directors. Ayfer Yılmaz, Hugo R.R. Lasat ve Alain Philippe Bernard Delouis have sworn and started up their duties.

Dirk G.M. Bruneel, Mustafa Tinas Titiz and Eric P.B.A. Hermann have been assigned as the members of the Audit Committee, by the resolution dated 17 January 2007 and numbered 2007/2 of the Board of Directors.

Mehmet Ali Yetim has been assigned as executive vice president responsible from corporate banking by the resolution dated 24 January 2007 and numbered 2007/4 of the Board of Directors.

On 22 January 2007, Deniz Kültür increased its share capital by YTL 105, to a total of YTL 500. The increase was paid in cash by the Bank.

4. Information about effects on foreign currency transactions and financial statements of significant changes in foreign exchange rates after balance sheet date and foreign operations of the bank

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process should they not be mentioned.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Information on the independent auditors' report

Consolidated financial statements of the Bank and its subsidiaries as of 31 December 2006 have been audited by Akis Serbest Muhasebeci Mali Müşavirlik A.Ş. It was noted in their audit report dated 28 February 2007 that the consolidated financial statements present fairly the financial position of Denizbank Anonim Şirketi and its subsidiaries as of 31 December 2006, and the results of its operations and cash flows for the year then ended, in all material respects in accordance with regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411.