

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

**Denizbank Anonim Şirketi**

Consolidated Financial Statements

As of and for Year Ended

31 December 2007

With Independent Auditor's Report Thereon

Akis Serbest Muhasebeci

Mali Müşavirlik

Anonim Şirketi

28 February 2008

*This report contains 88 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 audited the consolidated balance sheet of Denizbank Anonim Şirketi (the Bank) and its subsidiaries as of 31 December 2007 and the related consolidated statements of income, cash flows, changes in shareholders' equity, and a summary of the significant accounting policies and other disclosures for the period 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, Turkish Financial Reporting Standards, and other regulations, explanations and circulars on accounting and financial reporting principles announced by Banking Regulation and Supervision Agency (BRSA), 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 2007, which statements reflect total assets constituting 12 percent; and total interest and commission income constituting 6 percent after elimination of intercompany balances and transactions as of and for the year ended 31 December 2007 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. We conducted our audit in accordance with the Regulation on Authorization of Entities that Conduct Independent Audit in the Banks and Their Operations, dated 1 November 2006 which is published in the Official Gazette No.26333, and international auditing standards. 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 Auditor's 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 2007, 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 Articles 37 and 38 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

İstanbul,  
28 February 2008

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.**  
**CONSOLIDATED YEAR END FINANCIAL REPORT AS OF 31 DECEMBER 2007**

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 consolidated 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 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.		
10.	Deniz Hayat Sigorta 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 **thousands of New Turkish Lira**.

**HAKAN ELVERDİ**

Senior Vice President  
International and Regulatory  
Financial Reporting

**SUAVİ DEMİRCİOĞLU**

Executive Vice President  
Financial Affairs

**HAKAN ATEŞ**

Member of Board of Directors  
and President and Chief Executive Officer

**ERIC P.B.A. HERMANN**

Member of Board of Directors  
and Audit Committee

**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: İmge İhtiyar / Department Head, International Reporting Department

Tel No: 0 212 336 4670

Fax No: 0 212 336 3080

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# Denizbank Anonim Şirketi

## Consolidated Financial Report as of 31 December 2007

(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. 0.19% of the Bank's shares are publicly held as of 30 December 2007.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006. Subsequent to the transfer of shares, a tender offer was made for the public shares. Dexia Participation Belgique's ownership rate resides at 99.81% as of the balance sheet date.

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

Name of the Shareholder	Amount (YTL)	Share %
Dexia Participation Belgique SA	315,491,205	99.81
M. Cem Bodur	5	0.00
Hakan Ateş	5	0.00
Ayfer Yılmaz	5	0.00
Mustafa Tinas Titiz	5	0.00
Publicly traded	608,775	0.19
	<b>316,100,000</b>	<b>100.00</b>

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

<u>Name</u>	<u>Job Description</u>	<u>Shares owned (%)</u>
<u>President of the Board of Directors</u>		
Dirk G.M. Bruneel	Chairman	--
<u>Board of Directors</u>		
Mustafa Tinas Titiz	Deputy Chairman	0.000002
Hakan Ateş	Member, President and CEO	0.000002
Ayfer Yılmaz	Member	0.000002
M. Cem Bodur	Member	0.000002
Fikret Arabacı	Member	--
Bruno R.D.J. Accou	Member	--
Alain P.B. Delouis	Member	--
Hugo R.R. Lasat	Member	--
Bruno Y.M.R. Deletre	Member	--
Eric P.B.A. Hermann	Member	--
<u>Audit Committee</u>		
Dirk G.M. Bruneel	Member	--
Eric P.B.A. Hermann	Member	--
Mustafa Tinas Titiz	Member	0.000002
<u>Audit Board</u>		
Cem Kadırgan	Member	--
Mehmet Uğur Ok	Member	--
<u>Executive Vice Presidents</u>		
Mustafa Aydın	Retail, SME and Agricultural Loan Allocation and Foreign Subsidiaries and Branches	--
Bora Böcügöz	Treasury	--
Suavi Demircioğlu	Financial Affairs	--
Gökhan Ertürk	SME and Agricultural Banking	--
Arif İsfendiyaroğlu	Retail Banking	--
Tanju Kaya	Administrative Services	--
Oğuz Vecdi Öncü	Central Operations	--
Hüseyin Uyar	Corporate and Commercial Loans	--
Wouter G.M. Van Roste	Public and Project Finance and Corporate Banking	--
Mehmet Ali Yetim	Commercial Banking	--

Wouter G.M. Van Roste has been assigned as executive vice president responsible from public and project finance and corporate banking 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.

Dirk G.M. Bruneel, Mustafa Tınas 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 of corporate banking by the resolution dated 24 January 2007 and numbered 2007/4 of the Board of Directors.

By the resolution of the Board of Directors dated 2 May 2007 and numbered 2007/19, Mehmet Ali Yetim's title has been changed from executive vice president of corporate banking to executive vice president of commercial banking.

By the resolution of the Board of Directors dated 2 May 2007 and numbered 2007/19, Wouter Vn Roste's title has been changed from executive vice president of public and project finance to executive vice president of public project finance and corporate banking.

By the resolution of the Board of Directors dated 2 May 2007 and numbered 2007/19, Hasan Hüseyin Uyar's title has been changed from executive vice president of commercial banking to executive vice president of corporate and commercial loans.

Mustafa Aydın has been assigned as executive vice president responsible from retail, SME and agricultural loan allocation and foreign subsidiaries and branches; and Oğuz Vecdi Öncü has been assigned as executive vice president responsible from central operations, by the resolution dated 2 May 2007 and numbered 2007/19 of the Board of Directors.

#### **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 319 domestic and 1 foreign branch as of 31 December 2007.

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:	<a href="http://www.denizbank.com">www.denizbank.com</a>
Bank's E-mail Address:	<a href="mailto:investorrelations@denizbank.com">investorrelations@denizbank.com</a>
Reporting Period:	1 January 2007 - 31 December 2007

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

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated Balance Sheets
- II. Consolidated Off-Balance Sheet Items Statements
- III. Consolidated Income Statements
- IV. Consolidated Statements of Recognized Income and Expense
- V. Consolidated Statements of Changes in Shareholders' Equity
- VI. Consolidated Statements of Cash Flows
- VII. Consolidated Profit Distribution Table

ASSETS	Footnotes	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	<b>117,346</b>	<b>584,420</b>	<b>701,766</b>	<b>147,293</b>	<b>727,923</b>	<b>875,216</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(5.1.2)	<b>400,699</b>	<b>208,973</b>	<b>609,672</b>	<b>204,258</b>	<b>171,100</b>	<b>375,358</b>
2.1 Trading Securities		288,727	168,480	457,207	170,442	157,221	327,663
2.1.1 Public Sector Debt Securities		270,658	22,322	292,980	156,845	42,583	199,428
2.1.2 Share Certificates		17,700	10	17,710	13,209	-	13,209
2.1.3 Other Securities		369	146,148	146,517	388	114,638	115,026
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		111,972	40,493	152,465	33,816	13,879	47,695
<b>III. BANKS</b>	(5.1.3)	<b>12,582</b>	<b>1,128,680</b>	<b>1,141,262</b>	<b>63,629</b>	<b>2,717,593</b>	<b>2,781,222</b>
<b>IV. DUE FROM MONEY MARKETS</b>		<b>1,150</b>	<b>12,035</b>	<b>13,185</b>	<b>260,743</b>	<b>27,390</b>	<b>288,133</b>
4.1 Interbank Money Market		1,150	-	1,150	-	27,390	27,390
4.2 Istanbul Stock Exchange		-	-	-	1,450	-	1,450
4.3 Reverse Repurchase Agreements		-	12,035	12,035	259,293	-	259,293
<b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	(5.1.4)	<b>1,851,705</b>	<b>265,648</b>	<b>2,117,353</b>	<b>582,181</b>	<b>391,585</b>	<b>973,766</b>
5.1 Share Certificates		3,869	54	3,923	3,867	58	3,925
5.2 Public Sector Debt Securities		1,847,836	180,635	2,028,471	578,314	293,798	872,112
5.3 Other Securities		-	84,959	84,959	-	97,729	97,729
<b>VI. LOANS</b>	(5.1.5)	<b>7,303,443</b>	<b>4,671,108</b>	<b>11,974,551</b>	<b>4,992,720</b>	<b>3,070,659</b>	<b>8,063,379</b>
6.1 Loans		7,250,756	4,656,261	11,907,017	4,986,668	3,070,323	8,056,991
6.1.1 Loans Utilized to the Bank's Risk Group		25	7,909	7,934	8,738	-	8,738
6.1.2 Others		7,250,731	4,648,352	11,899,083	4,977,930	3,070,323	8,048,253
6.2 Loans under Follow-Up		261,660	23,473	285,133	166,049	3,885	169,934
6.3 Specific Provisions (-)		208,973	8,626	217,599	159,997	3,549	163,546
<b>VII. FACTORING RECEIVABLES</b>		<b>410,484</b>	<b>69,994</b>	<b>480,478</b>	<b>288,469</b>	<b>16,365</b>	<b>304,834</b>
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(5.1.6)	<b>646</b>	<b>142,493</b>	<b>143,139</b>	<b>-</b>	<b>177,381</b>	<b>177,381</b>
8.1 Public Sector Debt Securities		646	55,722	56,368	-	62,591	62,591
8.2 Other Securities		-	86,771	86,771	-	114,790	114,790
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	<b>3,634</b>	<b>-</b>	<b>3,634</b>	<b>3,686</b>	<b>-</b>	<b>3,686</b>
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		3,634	-	3,634	3,686	-	3,686
9.2.1 Financial Associates		51	-	51	104	-	104
9.2.2 Non-Financial Associates		3,583	-	3,583	3,582	-	3,582
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	<b>5,700</b>	<b>-</b>	<b>5,700</b>	<b>5,145</b>	<b>-</b>	<b>5,145</b>
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		5,700	-	5,700	5,145	-	5,145
<b>XI. JOINT VENTURES (Net)</b>	(5.1.9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	<b>155,250</b>	<b>801,949</b>	<b>957,199</b>	<b>87,048</b>	<b>443,819</b>	<b>530,867</b>
12.1 Financial Lease Receivables		207,154	933,469	1,140,623	117,657	523,850	641,507
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		51,904	131,520	183,424	30,609	80,031	110,640
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>156,571</b>	<b>10,850</b>	<b>167,421</b>	<b>127,660</b>	<b>3,796</b>	<b>131,456</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>11,833</b>	<b>4,092</b>	<b>15,925</b>	<b>10,452</b>	<b>3,353</b>	<b>13,805</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		11,833	4,092	15,925	10,452	3,353	13,805
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. TAX ASSETS</b>	(5.1.15)	<b>20,216</b>	<b>1,184</b>	<b>21,400</b>	<b>-</b>	<b>-</b>	<b>-</b>
16.1 Current Tax Assets		173	418	591	-	-	-
16.2 Deferred Tax Assets		20,043	766	20,809	-	-	-
<b>XVII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>15,325</b>	<b>-</b>	<b>15,325</b>	<b>15,363</b>	<b>-</b>	<b>15,363</b>
18.1 Held For Sale		15,325	-	15,325	15,363	-	15,363
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XVIII. OTHER ASSETS</b>	(5.1.17)	<b>126,117</b>	<b>153,273</b>	<b>279,390</b>	<b>118,678</b>	<b>46,738</b>	<b>165,416</b>
<b>TOTAL ASSETS</b>		<b>10,592,701</b>	<b>8,054,699</b>	<b>18,647,400</b>	<b>6,907,325</b>	<b>7,797,702</b>	<b>14,705,027</b>

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(31/12/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	<b>5,246,709</b>	<b>6,246,955</b>	<b>11,493,664</b>	<b>3,260,206</b>	<b>6,202,819</b>	<b>9,463,025</b>
1.1 Deposits of the Bank's Risk Group		7,647	149,292	156,939	3,882	141,788	145,670
1.2 Others		5,239,062	6,097,663	11,336,725	3,256,324	6,061,031	9,317,355
<b>II. NEGATIVE VALUE OF TRADING PURPOSE DERIVATIVES</b>	(5.II.2)	<b>174,115</b>	<b>43,897</b>	<b>218,012</b>	<b>26,037</b>	<b>20,243</b>	<b>46,280</b>
<b>III. FUNDS BORROWED</b>	(5.II.3)	<b>388,594</b>	<b>2,974,629</b>	<b>3,363,223</b>	<b>255,029</b>	<b>2,445,707</b>	<b>2,700,736</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>767,679</b>	-	<b>767,679</b>	<b>455,630</b>	-	<b>455,630</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		767,679	-	767,679	455,630	-	455,630
<b>V. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Bank Borrowers' Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>231,612</b>	<b>65,409</b>	<b>297,021</b>	<b>222,137</b>	<b>63,718</b>	<b>285,855</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.4)	<b>224,974</b>	<b>26,379</b>	<b>251,353</b>	<b>68,146</b>	<b>27,539</b>	<b>95,685</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.II.5)	<b>1</b>	-	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
10.1 Financial Lease Payables		1	-	1	2	1	3
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		-	-	-	1	-	1
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.7)	<b>140,616</b>	<b>9,823</b>	<b>150,439</b>	<b>68,546</b>	<b>12,664</b>	<b>81,210</b>
12.1 General Provisions		78,987	171	79,158	52,559	-	52,559
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		8,431	712	9,143	6,071	601	6,672
12.4 Insurance Technical Provisions (Net)		26,203	395	26,598	-	-	-
12.5 Other Provisions		26,995	8,545	35,540	9,916	12,063	21,979
<b>XIV. TAX LIABILITIES</b>	(5.II.8)	<b>61,340</b>	<b>4,096</b>	<b>65,436</b>	<b>52,365</b>	<b>3,011</b>	<b>55,376</b>
14.1 Current Tax Liability		61,340	4,096	65,436	51,041	2,978	54,019
14.2 Deferred Tax Liability		-	-	-	1,324	33	1,357
<b>PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
<b>XV. OPERATIONS</b>		-	-	-	-	-	-
15.1 Held For Sale		-	-	-	-	-	-
15.2 Discontinued Operations		-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>		-	<b>362,506</b>	<b>362,506</b>	-	<b>166,746</b>	<b>166,746</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.9)	<b>1,602,227</b>	<b>75,839</b>	<b>1,678,066</b>	<b>1,301,590</b>	<b>52,892</b>	<b>1,354,482</b>
16.1 Paid-In Capital		316,100	-	316,100	316,100	-	316,100
16.2 Supplementary Capital		299,726	6,541	306,267	292,764	7,293	300,057
16.2.1 Share Premium	(5.II.10)	98,351	-	98,351	98,351	-	98,351
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities	(5.II.11)	12,211	6,541	18,752	5,248	7,293	12,541
16.2.4 Revaluation Fund on Tangible Assets		-	-	-	-	-	-
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Property		-	-	-	-	-	-
16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	1	-	1
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		189,164	-	189,164	189,164	-	189,164
16.3 Profit Reserves		617,341	7,834	625,175	338,970	21,189	360,159
16.3.1 Legal Reserves		30,807	5,018	35,825	16,990	5,017	22,007
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		590,929	11,772	602,701	317,136	10,486	327,622
16.3.4 Other Profit Reserves	(4,395)	(8,956)	(8,956)	(13,351)	4,844	5,686	10,530
16.4 Profit or Loss		369,060	61,464	430,524	353,756	24,410	378,166
16.4.1 Prior Periods' Profit or Loss		58,626	30,643	89,269	27,904	7,973	35,877
16.4.2 Current Period Profit or Loss		310,434	30,821	341,255	325,852	16,437	342,289
16.5 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,837,867</b>	<b>9,809,533</b>	<b>18,647,400</b>	<b>5,709,687</b>	<b>8,995,340</b>	<b>14,705,027</b>

The accompanying notes are an integral part of these consolidated financial statements.

	Footnotes	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>9,468,889</b>	<b>10,759,194</b>	<b>20,228,083</b>	<b>5,339,036</b>	<b>8,489,068</b>	<b>13,828,104</b>
<b>I. GUARANTEES</b>	(5.III.1-3)	<b>1,517,019</b>	<b>3,222,482</b>	<b>4,739,501</b>	<b>1,278,620</b>	<b>2,932,197</b>	<b>4,210,817</b>
1.1. Letters of Guarantee		1,517,019	1,526,070	3,043,089	1,278,502	1,624,720	2,903,222
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		105,494	21,660	127,154	131,769	124,771	256,540
1.1.3. Other Letters of Guarantee		1,411,525	1,504,410	2,915,935	1,146,733	1,499,949	2,646,682
1.2. Bank Acceptances		-	92,713	92,713	-	142,409	142,409
1.2.1. Import Letter of Acceptance		-	92,713	92,713	-	142,409	142,409
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1,425,357	1,425,357	118	1,086,574	1,086,692
1.3.1. Documentary Letters of Credit		-	1,155,864	1,155,864	118	687,528	687,646
1.3.2. Other Letters of Credit		-	269,493	269,493	-	399,046	399,046
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		-	178,342	178,342	-	78,494	78,494
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1-3)	<b>3,051,497</b>	<b>7,120</b>	<b>3,058,617</b>	<b>2,728,283</b>	<b>98,392</b>	<b>2,826,675</b>
2.1. Irrevocable Commitments		3,050,816	7,120	3,057,936	2,727,602	98,392	2,825,994
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		300	-	300	455	-	455
2.1.4. Loan Granting Commitments		49,572	-	49,572	53,383	-	53,383
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		485,468	-	485,468	431,925	-	431,925
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		2,113,934	-	2,113,934	2,146,292	-	2,146,292
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		33	-	33	-	-	-
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		401,509	7,120	408,629	95,547	98,392	193,939
2.2. Revocable Commitments		681	-	681	681	-	681
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		681	-	681	681	-	681
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.5)	<b>4,900,373</b>	<b>7,529,592</b>	<b>12,429,965</b>	<b>1,332,133</b>	<b>5,458,479</b>	<b>6,790,612</b>
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		4,900,373	7,529,592	12,429,965	1,332,133	5,458,479	6,790,612
3.2.1. Forward Foreign Currency Purchases/Sales		111,530	3,198,342	3,309,872	363,959	3,637,017	4,000,976
3.2.1.1. Forward Foreign Currency Purchases		59,117	1,596,242	1,655,359	73,855	1,920,855	1,994,710
3.2.1.2. Forward Foreign Currency Sales		52,413	1,602,100	1,654,513	290,104	1,716,162	2,006,266
3.2.2. Currency and Interest Rate Swaps		1,729,548	2,599,350	4,328,898	467,519	1,013,491	1,481,010
3.2.2.1. Currency Swaps-Purchases		-	1,059,676	1,059,676	-	564,103	564,103
3.2.2.2. Currency Swaps-Sales		577,929	503,236	1,081,165	238,585	328,092	566,677
3.2.2.3. Interest Rate Swaps-Purchases		417,199	663,439	1,080,638	114,467	60,648	175,115
3.2.2.4. Interest Rate Swaps-Sales		734,420	372,999	1,107,419	114,467	60,648	175,115
3.2.3. Currency, Interest Rate and Security Options		2,074,092	1,558,342	3,632,434	500,654	770,858	1,271,512
3.2.3.1. Currency Options-Purchases		1,051,681	746,129	1,797,810	268,197	368,401	636,598
3.2.3.2. Currency Options-Sales		972,605	812,213	1,784,818	232,457	402,457	634,914
3.2.3.3. Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5. Securities Options-Purchases		24,903	-	24,903	-	-	-
3.2.3.6. Securities Options-Sales		24,903	-	24,903	-	-	-
3.2.4. Currency Futures		-	17,196	17,196	-	13,906	13,906
3.2.4.1. Currency Futures-Purchases		-	7,207	7,207	-	7,768	7,768
3.2.4.2. Currency Futures-Sales		-	9,989	9,989	-	6,138	6,138
3.2.5. Interest Rate Futures		-	16,082	16,082	-	5,622	5,622
3.2.5.1. Interest Rate Futures-Purchases		-	9,989	9,989	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	6,093	6,093	-	5,622	5,622
3.2.6. Others		985,203	140,280	1,125,483	1	17,585	17,586
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>14,303,889</b>	<b>5,428,601</b>	<b>19,732,490</b>	<b>8,361,794</b>	<b>4,409,305</b>	<b>12,771,099</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>3,456,392</b>	<b>654,099</b>	<b>4,110,491</b>	<b>2,646,418</b>	<b>818,888</b>	<b>3,465,306</b>
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		2,236,156	154,516	2,390,672	1,805,642	156,617	1,962,259
4.3. Checks Received for Collection		146,725	168,814	315,539	266,618	231,591	498,209
4.4. Commercial Notes Received for Collection		274,333	330,769	605,102	170,801	347,495	518,296
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	175,324	-	175,324
4.7. Other Items under Custody		799,178	-	799,178	3,015	83,185	86,200
4.8. Custodians		-	-	-	225,018	-	225,018
<b>V. PLEDGED ITEMS</b>		<b>10,605,259</b>	<b>4,666,056</b>	<b>15,271,315</b>	<b>5,715,199</b>	<b>3,522,621</b>	<b>9,237,820</b>
5.1. Securities		562,262	25,228	587,490	522,582	18,415	540,997
5.2. Guarantee Notes		3,391,020	878,069	4,269,089	1,178,272	586,352	1,764,624
5.3. Commodities		1,345,883	594,973	1,940,856	1,043,363	798,403	1,841,766
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		5,045,885	2,906,585	7,952,470	2,759,254	1,876,488	4,635,742
5.6. Other Pledged Items		260,209	261,201	521,410	211,728	242,963	454,691
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>242,238</b>	<b>108,446</b>	<b>350,684</b>	<b>177</b>	<b>67,796</b>	<b>67,973</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>23,772,778</b>	<b>16,187,795</b>	<b>39,960,573</b>	<b>13,700,830</b>	<b>12,898,373</b>	<b>26,599,203</b>

The accompanying notes are an integral part of these consolidated financial statements.

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
<b>I. INTEREST INCOME</b>	(5.IV.1)	<b>2,056,552</b>	<b>1,524,370</b>
1.1 Interest from Loans		1,538,331	1,110,870
1.2 Interest from Reserve Deposits		38,619	30,109
1.3 Interest from Banks		80,997	93,659
1.4 Interest from Money Market Transactions		12,415	30,865
1.5 Interest from Securities Portfolio		275,629	185,285
1.5.1 Trading Securities		59,364	27,546
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		208,418	143,412
1.5.4 Held to Maturity Securities		7,847	14,327
1.6 Interest from Financial Leases		77,012	44,888
1.7 Other Interest Income		33,549	28,694
<b>II. INTEREST EXPENSE</b>	(5.IV.2)	<b>1,143,699</b>	<b>794,524</b>
2.1 Interest on Deposits		825,482	564,738
2.3 Interest on Funds Borrowed		191,892	194,777
2.4 Interest on Money Market Transactions		124,052	1,452
2.5 Interest on Securities Issued		-	-
2.6 Other Interest Expense		2,273	33,557
<b>III. NET INTEREST INCOME (I - II)</b>		<b>912,853</b>	<b>729,846</b>
<b>IV. NET FEE AND COMMISSION INCOME</b>	(5.IV.9)	<b>145,726</b>	<b>138,369</b>
4.1 Fees and Commissions Received		238,434	211,722
4.1.1 Non-Cash Loans		47,356	42,292
4.1.2 Other		191,078	169,430
4.2 Fees and Commissions Paid		92,708	73,353
4.2.1 Non-Cash Loans		150	283
4.2.2 Other		92,558	73,070
<b>V. DIVIDEND INCOME</b>	(5.IV.3)	<b>940</b>	<b>958</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.4)	<b>26,004</b>	<b>(30,590)</b>
6.1 Profit / Loss on Trading Account Securities		(137,417)	19,794
6.2 Foreign Exchange Gain / Loss		163,421	(50,384)
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.5)	<b>121,432</b>	<b>177,473</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1,206,955</b>	<b>1,016,056</b>
<b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.6)	<b>131,091</b>	<b>94,682</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>665,027</b>	<b>529,770</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>410,837</b>	<b>391,604</b>
<b>XII. NEGATIVE GOODWILL</b>		-	-
<b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.8)	<b>410,837</b>	<b>391,604</b>
<b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>(69,582)</b>	<b>(49,315)</b>
16.1 Current Tax Provision		(91,124)	(51,931)
16.2 Deferred Tax Provision		21,542	2,616
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.10)	<b>341,255</b>	<b>342,289</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		-	-
18.1 Assets Held for Sale		-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Others		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Others		-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(5.IV.8)	-	-
<b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(5.IV.9)	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(5.IV.10)	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.IV.11)	<b>341,255</b>	<b>342,289</b>
23.1 Group's Profit / Loss		341,255	342,289
23.2 Minority Shares		-	-
Earnings / Losses per Share (Full YTL)		1.08	1.08

The accompanying notes are an integral part of these consolidated financial statements.

	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
<b>I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS</b>	10,566	(42,412)
<b>II. REVALUATION ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION ON INTANGIBLE ASSETS</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES</b>	(13,351)	10,530
<b>V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)</b>	-	-
<b>VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)</b>	-	-
<b>VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS</b>	-	-
<b>VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER IAS</b>	-	-
<b>IX. DEFERRED TAXES ON VALUATION DIFFERENCES</b>	(2,109)	2,549
<b>X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)</b>	(4,894)	(29,333)
<b>XI. CURRENT PERIOD PROFIT/LOSS</b>	<b>341,255</b>	<b>342,289</b>
1.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	2,246	64,711
1.2 Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges	-	-
1.3 Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-
1.4 Others	339,009	277,578
<b>XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)</b>	<b>336,361</b>	<b>312,956</b>

The accompanying notes are an integral part of these consolidated financial statements.



**Denizbank Anonim Şirketi**

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended 31 December 2007 and 2006

(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	31/12/2006																	
		Paid-In Capital	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)	Valuation Diff. Of Securities	Revaluation Fund of Tang./Intang.A.	Revaluation Surplus	Hedging Reserves	Val.Diff.Related to Assets Held for Sale/Disc.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
<b>PRIOR PERIOD</b>																			
(31/12/2006)																			
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	5,631	-	106,983	702	226,452	27,805	108,792	-	11,490	-	-	1,091,470	-	1,091,470
II. Corrections According to Turkish Accounting Standard No.8		-	-	-	-	-	-	-	(4,602)	9,363	7,117	8,323	-	-	-	-	20,201	-	20,201
2.1 Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Changes in Accounting Policies		-	-	-	-	-	-	-	(4,602)	9,363	7,117	8,323	-	-	-	-	20,201	-	20,201
III. Adjusted Beginning Balance (I + II)		316,100	189,164	98,351	-	5,631	-	106,983	(3,900)	235,815	34,922	117,115	-	11,490	-	-	1,111,671	-	1,111,671
Changes in the Period																			
IV. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Valuation Differences of Securities		-	-	-	-	-	-	-	-	-	-	(104,574)	-	-	-	-	(104,574)	-	(104,574)
VI. Hedging Transactions (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation Fund of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	14,430	-	-	-	-	-	-	-	14,430	-	14,430
XI. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	(11,489)	-	-	(11,489)	-	(11,489)
XIII. Effects of Changes in Equities of Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Issuance of Capital Stock		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	342,289	-	-	-	-	-	-	342,289	-	342,289
XX. Profit Distribution		-	-	-	-	16,376	-	220,639	-	(235,815)	955	-	-	-	-	-	2,155	-	2,155
20.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfer to Reserves		-	-	-	-	16,376	-	220,639	-	-	(234,860)	-	-	-	-	-	2,155	-	2,155
20.3 Others		-	-	-	-	-	-	-	-	(235,815)	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V+.....+XVII+XIX+XX)		316,100	189,164	98,351	-	22,007	-	327,622	10,530	342,289	35,877	12,541	-	1	-	-	1,354,482	-	1,354,482
<b>CURRENT PERIOD</b>																			
(31/12/2007)																			
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	22,007	-	327,622	10,530	342,289	35,877	12,541	-	1	-	-	1,354,482	-	1,354,482
Changes in the Period																			
II. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	6,211	-	(1)	-	-	6,210	-	6,210
IV. Hedging Transactions (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Fund of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	(23,881)	-	-	-	-	-	-	-	(23,881)	-	(23,881)
IX. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuance of Capital Stock		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	341,255	-	-	-	-	-	-	341,255	-	341,255
XVII. Profit Distribution	(5.V.4)	-	-	-	-	13,818	-	275,079	-	(342,289)	53,392	-	-	-	-	-	-	-	-
18.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves		-	-	-	-	13,818	-	275,079	-	-	(288,897)	-	-	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	(342,289)	342,289	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)		316,100	189,164	98,351	-	35,825	-	602,701	(13,351)	341,255	89,269	18,752	-	-	-	-	1,678,066	-	1,678,066

The accompanying notes are an integral part of these consolidated financial statements.

	Footnotes	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		127,521	419,523
1.1.1 Interest Received		1,922,839	1,430,585
1.1.2 Interest Paid		1,113,022	788,127
1.1.3 Dividend Received		940	958
1.1.4 Fees And Commissions Received		238,434	210,665
1.1.5 Other Income		50,979	205,774
1.1.6 Collections from Previously Written-Off Loans and Other Receivables		85,353	61,373
1.1.7 Payments to Personnel and Service Suppliers		364,325	263,732
1.1.8 Taxes Paid		84,556	27,931
1.1.9 Other	(5.VI.1)	(609,121)	(410,042)
1.2 Changes in Operating Assets and Liabilities		(1,277,401)	(2,185,906)
1.2.1 Net (Increase) Decrease in Trading Securities		(75,959)	(237,453)
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV		-	-
1.2.3 Net (Increase) Decrease in Banks		1,053,840	(347,391)
1.2.4 Net (Increase) Decrease in Loans		(4,426,995)	(2,591,609)
1.2.5 Net (Increase) Decrease in Other Assets		21,331	(9,816)
1.2.6 Net Increase (Decrease) in Bank Deposits		348,112	241,538
1.2.7 Net Increase (Decrease) in Other Deposits		1,668,056	1,923,264
1.2.8 Net Increase (Decrease) in Funds Borrowed		(612,893)	(1,391,610)
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(5.VI.1)	747,107	227,171
I. Net Cash (Used in)/Provided by Banking Operations		(1,149,880)	(1,766,383)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II. Net Cash Provided by / (Used in) Investing Activities	(5.VI.1)	(1,159,473)	329,533
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries		555	805
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries		-	76,444
2.3 Fixed Assets Purchases		84,716	47,542
2.4 Fixed Assets Sales		1,323	1,450
2.5 Cash Paid for Purchase of Investments Available for Sale		1,359,331	503,928
2.6 Cash Obtained From Sale of Investments Available for Sale		265,451	725,503
2.7 Cash Paid for Purchase of Investment Securities		1,053	12,725
2.8 Cash Obtained from Sale of Investment Securities		19,408	91,136
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III. Net Cash from Financing Activities		1,032,838	1,488,541
3.1 Cash Obtained from Funds Borrowed and Securities Issued		2,229,293	1,910,221
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		1,196,455	421,680
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		347,478	(123,612)
V. Net Increase (Decrease) in Cash and Cash Equivalents		(929,037)	(71,921)
VI. Cash and Cash Equivalents at the Beginning of Period	(5.VI.2)	3,017,102	3,089,023
VII. Cash and Cash Equivalents at the End of Period	(5.VI.3)	2,088,065	3,017,102

The accompanying notes are an integral part of these consolidated financial statements.

	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	410,837	391,604
1.2 TAXES AND DUTIES PAYABLE (-)	69,582	49,315
1.2.1 Corporate Tax (Income tax)	69,582	49,315
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2) (*)</b>	<b>341,255</b>	<b>342,289</b>
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	13,818
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>341,255</b>	<b>328,471</b>
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	-	275,079
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
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 (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	1,080	1,083
3.2 TO OWNERS OF ORDINARY SHARES (%)	108	108
3.3 TO OWNERS OF PRIVILAGED SHARES	-	-
3.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 (%)	-	-

General Assembly is the unique authority for the current period profit distribution of the Bank. The yearly General Assembly has not been held as of the date of this report

The accompanying notes are an integral part of these consolidated financial statements.

## 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 accounting policies and financial statement presentation

###### 3.1 Disclosures related to the first time application of Turkish Accounting Standards

The Bank has restated its prior period financial statements in accordance with TAS and TFRS as required by TAS 1 "Presentation of the Financial Statements". Deferred tax effect has been set off in prior period net profit as required by TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effects of these restatements on prior period income of the accompanying financial statements, net of deferred taxes, are as follows:

	Securities Value Increase Fund	Other reserves	Net Profit for the Period	Prior Period Net Profit	Total Equity
<b>Balances Reported as of 31 December 2005</b>	<b>108,792</b>	<b>702</b>	<b>226,452</b>	<b>27,805</b>	<b>1,091,470</b>
Correction of Employee Termination Benefits (TAS 19)	-	-	3,575	7,233	10,808
Fair Value Corrections Made to Valuation of Trading Purpose Derivatives (TAS 39)	-	-	1,081	(185)	896
Fair Value Corrections Made to Trading and Available-for-Sale Securities (TAS 39)	8,323	-	105	69	8,497
Correction of foreign exchange difference from subsidiaries	-	(4,602)	4,602	-	-
<b>Balances Restated as of 31 December 2005</b>	<b>117,115</b>	<b>(3,900)</b>	<b>235,815</b>	<b>34,922</b>	<b>1,111,671</b>

### **3.2 Disclosures related to reclassifications**

Net book value of leasehold improvements amounting YTL 35,593 which was reported in “intangible assets” as of 31 December 2006 Financial statements has been classified in “tangible assets”.

YTL 67,148 which was reported in “fees and commission income from loans” as of 31 December 2006, has been classified in “interest income from loans”.

YTL 1,080 which was reported in “fees and commission expense for loans” as of 31 December 2006, has been classified in “interest expense for loans”.

FX rates increases and decreases of capitals indexed to foreign exchange amounting successively YTL 27,710 and YTL 12,892 which were reported in successively “other operating income” and “other operating expense” as of 31 December 2006 have been classified in “foreign exchange profit-loss”.

### **4. 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 XXIV below.

## **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 0.004% 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 2007 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:

	<b>31 December 2007</b>	<b>31 December 2006</b>
US Dollars	YTL 1.1593	YTL 1.4056
Euro	YTL 1.7060	YTL 1.8515

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

Net foreign exchange loss included in the income statement amounts to YTL 163,421 (31 December 2006: net foreign exchange loss of YTL 50,384).

### 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 year-to-date average foreign exchange rates. Foreign exchange differences arising on translation are recognized directly in equity. The foreign exchange differences derived from translation of income statements of consolidated subsidiaries, and arising from the difference between YTL equivalent of their equities and the Bank's share in their net assets are recorded in "other profit reserves". As of 31 December 2007, total foreign exchange difference in equity amount to YTL (13,351).

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 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), Deniz Faktoring A.Ş. (Deniz Faktoring) and Deniz Hayat Sigorta A.Ş. (Deniz Hayat), 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, 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, Deniz Faktoring and Deniz Hayat 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 2007 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. As of 31 December 2007 and 2006, 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”, published in the Official Gazette No. 26333 dated 1 November 2006, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

#### **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 include cash; exchange right of cash or other financial asset acquisition or equity instrument transactions with the counterpart. 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. Derivative financial instruments are classified in the trading portfolio unless they are determined to be involved in hedging relations. Trading purpose derivative instruments are measured at fair value in subsequent periods and recorded in “positive or negative value of trading purpose derivatives” accounts based on the outcome of the fair value calculations.

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, closing prices that are listed at the balance sheet date are used. Fair value of derivative instruments are determined using market prices, discounted cash flows model, or pricing models.

### **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.

Consumer price indexed government bonds issued on 21 February 2007 are in available for sale and trading portfolios and their maturity is 5 years. Nominal coupon rate is 5% per 6 months and constant in the entire duration. Besides, revaluation is performed based on the explanations of Treasury for the effects of inflation which refer to the index of issuing date and that of the balance sheet date.

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**

When the fair values of the listed equity instruments that are classified as “trading purpose” fall below their costs, impairment provision is booked for them which is netted-off from book value in the consolidated financial statements.

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”, the Bank provides specific provisions for its loans under follow-up. Those provisions are deducted from the balance of the loans under follow-up in the assets of the consolidated balance sheet.

Financial instruments other than those mentioned above were not offset in the accompanying consolidated financial statements.

## **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.

## **XI. Assets held for sale and discontinued operations**

Assets held for sale comprise tangible assets received against non-performing loans. Payable related to assets held for sale are also classified separately in the balance sheet. These items are not netted off in the financial statements.

Assets held for sale 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 15,325 (31 December 2006: YTL 15,363).

DFS Group does not have any discontinued 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 and those purchased in 2007 are amortized on a straight-line basis based on the amortization rate of 20% and those purchased between the dates mentioned above are amortized using the double-declining balance method based on the amortization rate of 40%. The amortization rate for the software of Denizbank AG is 33%

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 expensed at the period of occurrence.

### **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 and in 2007 are depreciated on a straight-line basis and those purchased in 2003, 2004, 2005 and 2006 are depreciated using the double-declining balance method. The depreciation rates used are as follows:

	<b>Purchased before 2003</b>	<b>Purchased between 2003-2007</b>	<b>Purchased in 2007</b>
Movables			
- Office equipment	20%	40% - 50%	20% - 25%
- Furniture and fixtures	20%	20%- 50%	10%- 20%
- Vehicles	20%	40%- 50%	20% - 50%
- Other equipment	20%	4.44% -50%	2.50% -50%
Immovable	2%	2%	2%

The Bank has an impairment provision of YTL 4,402, which had been recorded in the prior year, for its buildings as of the reporting date.

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 337 lawsuits against DFS Group with total risks amounting to YTL 30,094, USD 1,641,018 and Euro 110,799 as of 31 December 2007. There are also 8,028 follow-up cases amounting to YTL 24,379, Euro 196,251 and USD 622,324 in total that are filed by the DFS Group and are at courts.

#### **XVI. Contingent assets**

Contingent assets generally consist of unscheduled and other unexpected incidents which induce possible additional economic benefits to DFS Group. Provided that occurrence of those contingent assets is possible, it is expressed in the footnotes of the Financial statements. Moreover, if it is almost certain, those related assets and their incomes are reflected to the Financial statements.

#### **XVII. 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 are as follows:

	<b>31.12.2007</b>	<b>31.12.2006</b>
	<b>%</b>	<b>%</b>
Discount rate	5.71	5.71
Expected rate of salary/limit increase	5.00	5.00
Turnover rate to estimate the probability of retirement	7.31	7.31

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. The ceiling amount at 31 December 2007 is YTL 2.030; at 31 December 2006 it was YTL 1,857.

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.

## **XVIII. 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 30%. 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 between the 1<sup>st</sup> and 25<sup>th</sup> days of the following four months period after 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 20,809 of deferred tax assets .

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

**XIX. 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 and there exist no financial instruments representing borrowings issued by the Bank.

**XX. 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.

**XXI. 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.

**XXII. Government grants**

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

**XXIII. Segment reporting**

Segment reporting is made according to the 28th article of BRSA's "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, and is presented in Section Four, Footnote X.

**XXIV. Other explanations**

Turkish Financial Reporting Standard no.7 - Financial Instruments: Disclosures ("TFRS 7") is applied for the periods starting from 1 January 2007. This disclosure concerns the severity of the financial instruments for the Bank's financial situation and performance. Moreover, financial statements demonstrate the assessment of the exposed risk induced by the related financial instruments and the way of understanding of the Bank management.

## SECTION FOUR

### CONSOLIDATED FINANCIAL POSITION

#### I. Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 12.55% as of 31 December 2007. 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. According to the requirements of the Regulation, starting from 30 June 2007, operational risk is included in the computation of capital adequacy ratio. 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									
	Consolidated					Unconsolidated				
	0%	10%	20%	50%	100%	0%	10%	20%	50%	100%
<b>Credit Risk Base</b>										
<b>Balance Sheet Items (Net)</b>	<b>4,052,930</b>	--	<b>1,212,506</b>	<b>2,170,709</b>	<b>10,566,323</b>	<b>3,541,151</b>	--	<b>599,509</b>	<b>1,686,854</b>	<b>8,657,677</b>
Cash in Vault	220,532	--	21	--	--	210,923	--	21	--	--
Due Dated Financial Assets	--	--	--	--	--	--	--	--	--	--
Central Bank of Turkey	145,647	--	--	--	--	145,647	--	--	--	--
Domestic and Foreign Banks, Foreign Branches	49,040	--	1,024,424	--	62,984	--	--	563,285	--	24,405
Interbank Money Market	1,150	--	--	--	--	--	--	--	--	--
Receivables from Reverse Repos	--	--	12,024	--	--	--	--	--	--	--
Reserve Deposits	324,824	--	--	--	--	320,231	--	--	--	--
Loans	1,106,497	--	32,130	2,126,388	8,405,634	758,455	--	25,173	1,652,952	7,710,694
Non-performing Loans (Net)	--	--	--	--	67,534	--	--	--	--	46,487
Receivables from Leasing Operations	--	--	--	--	945,366	--	--	--	--	--
Investments Available-for- Sale	1,925,334	--	71,456	--	17,164	1,900,579	--	--	--	5,980
Investments Held-to-Maturity	55,282	--	67,098	--	20,061	--	--	9,194	--	--
Receivables from Sale of Assets	--	--	--	--	--	--	--	--	--	--
Miscellaneous Receivables	--	--	--	--	668,440	--	--	--	--	186,522
Accrued Interest and Other Income	138,151	--	5,353	44,321	180,615	128,635	--	1,836	33,902	159,528
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	--	9,334	--	--	--	--	355,725
Tangible Assets	--	--	--	--	111,917	--	--	--	--	117,749
Other Assets	86,473	--	--	--	77,274	76,681	--	--	--	50,587
<b>Off-Balance Sheet Items</b>	<b>58,534</b>	--	<b>1,386,970</b>	<b>413,598</b>	<b>1,834,598</b>	<b>58,534</b>	--	<b>1,332,394</b>	<b>421,291</b>	<b>1,785,255</b>
Non-Cash Loans and Commitments	58,534	--	1,230,983	413,598	1,801,727	58,534	--	1,194,202	421,291	1,772,546
Derivatives	--	--	155,987	--	32,871	--	--	138,192	--	12,709
<b>Accounts Not Risk Weighted</b>										
<b>Total Risk Weighted Assets</b>	<b>4,111,464</b>	--	<b>2,599,476</b>	<b>2,584,307</b>	<b>12,400,921</b>	<b>3,599,685</b>	--	<b>1,931,903</b>	<b>2,108,145</b>	<b>10,442,932</b>

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

	Consolidated		Unconsolidated	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets	14,212,970	10,636,546	11,883,385	8,641,774
Value at Risk	473,700	223,500	343,363	309,350
Operation Risk (*)	1,302,840	--	1,101,051	--
Shareholders' Equity	2,006,093	1,503,537	1,759,472	1,388,419
Shareholders' Equity / (RWA+VAT)*100	12.55%	13.84%	13.20%	15.51%

(\*) Operational risk is computed in accordance with the "Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks", as published in the Official Gazette dated 1 November 2006 and numbered 26333. In line with the Regulation, operational risk is computed for the first time as of 30 June 2007.

RWA: Risk Weighted Assets

VAT: Value at Risk

OR: Operational Risk

#### 4. Components of shareholders' equity

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	316,100	316,100
Nominal Capital	316,100	316,100
Capital Commitments (-)	--	--
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	189,164	189,164
Share Premium	98,351	98,351
Share Cancellation Profit	--	--
Legal Reserves	35,825	22,007
I. Legal Reserve (Turkish Commercial Code 466/1)	35,825	22,007
II. Legal Reserve (Turkish Commercial Code 466/2)	--	--
Other Legal Reserve per Special Legislation	--	--
Status Reserves	--	--
Extraordinary Reserves	589,349	338,152
Reserve Allocated at the General Assembly	602,701	327,622
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Translation Differences	(13,351)	10,530
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	--	--
Profit	430,524	378,166
Current Period Profit	341,255	342,289
Prior Periods' Profit	89,269	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 (-)	55,504	32,872
Prepaid Expenses (-)	22,214	18,485
Intangible Assets (-)	15,925	14,109
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	--	--
Amount Excess of Article 56/3 of the Law (-)	--	--
Goodwill (Net) (-)	--	--
<b>Total Core Capital</b>	<b>1,565,671</b>	<b>1,278,718</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	79,158	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	352,826	166,616
45% of Securities Value Increase Fund	8,438	5,644
Associates and Subsidiaries	--	--
Investments Available-for-Sale	8,438	5,644
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits	--	--
<b>Total Supplementary Capital</b>	<b>440,422</b>	<b>224,819</b>
<b>TIER III CAPITAL</b>	<b>440,422</b>	<b>224,819</b>
<b>CAPITAL</b>	<b>2,006,092</b>	<b>1,503,537</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>--</b>	<b>--</b>
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	--	--
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,006,093</b>	<b>1,503,537</b>

## 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 27% of the total cash loans portfolio (31 December 2006: 29%).

**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 2006: 54%).

**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 17% of the total assets and off-balance sheet items (31 December 2006: 19%).

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

As at 31 December 2007, the Bank's general loan provision amounts to YTL 79,158 (31 December 2006: YTL 52,559).

## 8. Information on concentration of credit risk up to beneficiaries and geographical regions

	Real persons and Institutions (loans)		Banks and Other Financial Institutions (loans)		Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Loan Concentration up to beneficiaries</b>								
Private Sector	8,767,942	5,911,166	--	58	120,275	109,702	8,515,768	6,268,667
Public Sector	15,308	--	24,085	10,913	2,391,095	1,138,207	4	--
Banks	23,241	30,409	1,276,652	3,023,138	192,149	215,902	4,886,611	2,491,606
Retail	3,147,514	2,121,804	--	--	--	--	2,368,587	2,879,608
Share Certificates	--	--	--	--	14,180	14,999	20,392	20,391
<b>Total</b>	<b>11,954,005</b>	<b>8,063,379</b>	<b>1,300,737</b>	<b>3,034,109</b>	<b>2,717,699</b>	<b>1,478,810</b>	<b>15,791,362</b>	<b>11,660,272</b>
<b>Loan Concentration up to Geographical Regions</b>								
Domestic	11,590,783	7,666,625	620,545	786,810	2,346,368	1,074,100	10,539,697	8,577,368
European Union Countries	159,781	135,214	269,931	1,677,669	190,756	229,519	3,842,877	1,593,013
OECD Countries***	17,819	49,979	12,003	148,268	11,050	5,563	605,700	566,341
Off Shore Regions	38,743	50,949	8,874	8,021	5,016	5,581	9,963	10,843
USA, Canada	4,396	11,736	176,186	311,650	18,396	21,928	443,696	506,851
Other Countries	142,483	148,876	213,198	101,691	146,113	142,119	349,429	405,856
<b>Total</b>	<b>11,954,005</b>	<b>8,063,379</b>	<b>1,300,737</b>	<b>3,034,109</b>	<b>2,717,699</b>	<b>1,478,810</b>	<b>15,791,362</b>	<b>11,660,272</b>

\*Consists of Securities at Fair Value through Profit/Loss, Availables For Securities, Held to Maturity

\*\*Consists of classifications other than first three columns in Uniform Accounting and loan definitions in article 48 of 5411 Numbered legislation.

\*\*\* Consists of OECD countries other than EU Countries, USA and Canada

## 9. Information on geographical concentration

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	17,112,422	11,654,299	4,186,099	9,334	242,975
European Union Countries	760,141	5,312,406	321,119	--	1,382
OECD Countries	41,065	36,318	18,070	--	--
Off-Shore Banking Regions	46,169	371,061	6,175	--	17,186
USA, Canada	199,959	236,942	21,874	--	--
Other Countries	478,310	695,119	186,164	--	79,712
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--
<b>Total</b>	<b>18,638,066</b>	<b>18,306,145</b>	<b>4,739,501</b>	<b>9,334</b>	<b>341,255</b>

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	11,257,586	9,358,330	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	--	--	--	--	--
<b>Total</b>	<b>14,696,196</b>	<b>14,362,738</b>	<b>4,210,817</b>	<b>8,831</b>	<b>342,289</b>

#### 10. Information on cash loans concentration up to sector

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>805,165</b>	<b>11.11</b>	<b>99,525</b>	<b>2.14</b>	<b>537,616</b>	<b>10.78</b>	<b>73,346</b>	<b>2.39</b>
Farming and Raising								
Livestock	789,525	10.89	81,755	1.76	533,235	10.69	50,105	1.63
Forestry	13,060	0.18	17,770	0.38	2,849	0.06	23,241	0.76
Fishing	2,580	0.04	--	0.00	1,532	0.03	--	0.00
<b>Manufacturing</b>	<b>774,420</b>	<b>10.68</b>	<b>1,977,939</b>	<b>42.48</b>	<b>648,624</b>	<b>13.00</b>	<b>1,362,436</b>	<b>44.38</b>
Mining	137,726	1.90	442,866	9.51	164,033	3.29	199,531	6.50
Production	582,971	8.04	1,350,263	29.00	483,406	9.69	1,091,681	35.56
Electric, gas and water	53,723	0.74	184,810	3.97	1,185	0.02	71,224	2.32
<b>Construction</b>	<b>513,487</b>	<b>7.08</b>	<b>360,586</b>	<b>7.74</b>	<b>228,772</b>	<b>4.59</b>	<b>223,791</b>	<b>7.29</b>
<b>Services</b>	<b>1,468,549</b>	<b>20.25</b>	<b>1,813,159</b>	<b>38.94</b>	<b>883,210</b>	<b>17.72</b>	<b>1,043,023</b>	<b>33.96</b>
Wholesale and retail trade	767,005	10.59	279,598	6.00	395,209	7.93	356,092	11.60
Hotel, food and beverage services	122,026	1.68	255,083	5.48	81,344	1.63	120,989	3.94
Transportation and telecommunication	293,794	4.05	458,468	9.85	116,974	2.35	157,941	5.14
Financial institutions	166,187	2.29	466,963	10.03	258,433	5.18	194,687	6.34
Real estate and renting services	5,299	0.07	82,437	1.77	1,535	0.03	40,947	1.33
Self-employment services	--	0.00	243	0.01	--	0.00	450	0.01
Education services	21,998	0.30	76,079	1.63	14,921	0.30	34,882	1.14
Health and social services	92,240	1.27	194,288	4.17	14,794	0.30	137,035	4.46
<b>Other</b>	<b>3,689,135</b>	<b>50.88</b>	<b>405,052</b>	<b>8.70</b>	<b>2,688,446</b>	<b>53.91</b>	<b>367,727</b>	<b>11.98</b>
<b>Total</b>	<b>7,250,756</b>	<b>100.00</b>	<b>4,656,261</b>	<b>100.00</b>	<b>4,986,668</b>	<b>100.00</b>	<b>3,070,323</b>	<b>100.00</b>

## 11. Maximum credit risk sensitivity of financial statement items

The table below demonstrates maximum credit sensitivity of Financial statement items required by TFRS 7.

	<b>Current Period</b>	<b>Prior Period</b>
Financial Assets at Fair Value through Profit/Loss	609,672	375,358
Banks and Money Markets	1,154,447	3,069,355
Available for Sale Financial Assets	2,117,353	973,766
Held to Maturity Investments	143,139	177,381
Loans	13,412,228	8,899,080
<b>Total</b>	<b>17,436,839</b>	<b>13,494,940</b>
Guarantee and Sureties	4,739,501	4,210,817
Commitments	3,058,617	2,826,675
<b>Total Credit Risk Sensitivity</b>	<b>25,234,957</b>	<b>20,532,432</b>

## 12. Distribution of credit risk according to the operational segments

<b>Current Period</b>	<b>Corporate/Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Standard Loans	8,775,165	2,646,305	461,071	1,446,345	13,328,886
Closely Monitored Loans	15,808	--	--	--	15,808
Non-performing Loans	107,231	73,358	71,434	33,110	285,133
Specific Provision (-)	91,379	50,666	62,996	12,558	217,599
<b>Total</b>	<b>8,806,825</b>	<b>2,668,997</b>	<b>469,509</b>	<b>1,466,897</b>	<b>13,412,228</b>

### 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	13,059
(II) Capital Obligation against Specific Risk - Standard Method	10,872
(III) Capital Obligation against Currency Risk - Standard Method	13,965
(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	--
(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)	37,896
<b>(IX Value-At-Risk Amount (12,5 x VIII) or (12,5 x VII))</b>	<b>473,700</b>

#### 2. Average market risk

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	22,318	27,026	17,783	12,662	14,300	5,884
Share Certificate Risk	4,196	7,292	5,470	5,864	11,028	2,272
Currency Risk	11,337	9,436	11,742	9,332	9,948	9,723
Commodity Risk	--	--	--	--	--	--
Clearing Risk	--	--	--	--	--	--
Option Risk	135	203	--	16	35	1
<b>Total Value-At-Risk</b>	<b>474,825</b>	<b>549,463</b>	<b>437,438</b>	<b>348,425</b>	<b>411,388</b>	<b>223,500</b>



#### IV. Consolidated operational risk

DFS Group used the “Basic Indicators Approach” in computation of its operational risk. In accordance with the 4th section (Computation of the Operational Risk) which is valid after 1 June 2007, of the “Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks”, published in the Official Gazette dated 1 November 2006 and numbered 26333, operational risk is computed using the gross income of DFS Group for the years ended 2006, 2005 and 2004.

<b>Basic Indicator Method</b>	<b>December 2006</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
1 Net Interest Income	729,846	527,201	400,866
2 Net Fees and Commissions Income	138,369	146,721	92,765
3 Dividend Income	958	1,886	864
4 Trading Gain/Loss(Net)	(45,408)	12,491	54,264
5 Other Operating Income	205,183	113,017	88,117
6 AFS and HTM Disposal Gain / Loss	64,711	56,120	15,497
7 Extra Ordinary Income (Subsidiaries and Associates Securities including Immovable Selling Income)	111,884	73,783	60,601
8 Indemnities from Insurance	--	--	--
<b>9 Basic Indicator Gross Income (lines 1+2+3+4+5-6-7-8)</b>	<b>852,353</b>	<b>671,413</b>	<b>560,778</b>
<b>10 Basic Indicator Capital Liability (line 9 x 15%)</b>	<b>127,853</b>	<b>100,712</b>	<b>84,117</b>
<b>11 Basic Indicator-Op. Risk Capital Lia. Average</b>		<b>104,227</b>	
<b>12 Basic Indicator-Value at Op. Risk (line 11 x 12,5)</b>		<b>1,302,840</b>	

#### V. 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 1.1593
Euro purchase rate at the date of the balance sheet	YTL 1.7060

Date	US Dollar	Euro
25 December 2007	1.1746	1.6917
26 December 2007	1.1715	1.6912
27 December 2007	1.1708	1.6976
28 December 2007	1.1647	1.7102
31 December 2007	1.1593	1.7060

**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 2007 are YTL 1.1723 and YTL 1.7081, respectively.

**6. Information on currency risk**

Current Period	EUR	USD	JPY	Others	Total
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	96,542	472,679	518	14,681	584,420
Due from Banks and Other Financial Institutions	337,291	658,745	2,566	130,078	1,128,680
Financial Assets at Fair Value Through Profit or Loss	18,647	50,280	--	140,046	208,973
Interbank Money Market Placements	--	--	--	12,035	12,035
Investment Securities Available-for-Sale	113,696	151,952	--	--	265,648
Loans (*)	2,023,152	3,468,686	13,137	80,289	5,585,264
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity	132,417	10,076	--	--	142,493
Hedging Purpose Financial Derivatives	--	--	--	--	--
Tangible Assets	3,359	9	--	7,482	10,850
Intangible Assets	2,365	110	--	1,617	4,092
Other Assets	628,857	385,782	339	11,422	1,026,400
<b>Total Assets</b>	<b>3,356,326</b>	<b>5,198,319</b>	<b>16,560</b>	<b>397,650</b>	<b>8,968,855</b>
<b>Liabilities</b>					
Bank Deposits	19,028	220,720	--	7,211	246,959
Foreign Currency Deposits	2,684,432	3,113,209	6,918	195,437	5,999,996
Interbank Money Markets	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	867,432	2,091,315	30	15,852	2,974,629
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	44,743	19,903	415	348	65,409
Hedging Purpose Financial Derivatives	--	--	--	--	--
Other Liabilities (**)	168,688	276,807	378	828	446,701
<b>Total Liabilities</b>	<b>3,784,323</b>	<b>5,721,954</b>	<b>7,741</b>	<b>219,676</b>	<b>9,733,694</b>
<b>Net On Balance Sheet Position</b>	<b>(427,997)</b>	<b>(523,635)</b>	<b>8,819</b>	<b>177,974</b>	<b>(764,839)</b>
<b>Net Off Balance Sheet Position</b>	<b>394,807</b>	<b>398,793</b>	<b>(7,743)</b>	<b>(10,969)</b>	<b>774,888</b>
Financial Derivatives (Assets)	1,220,279	2,596,371	71,239	264,351	4,152,240
Financial Derivatives (Liabilities)	825,472	2,197,578	78,982	275,320	3,377,352
Non-Cash Loans	783,257	2,368,729	5,697	64,799	3,222,482

**Prior Period**

Total Assets	2,676,337	5,576,473	1,385	272,786	8,526,981
Total Liabilities	2,910,242	5,889,747	4,722	119,237	8,923,948
<b>Net On Balance Sheet Position</b>	<b>(233,905)</b>	<b>(313,274)</b>	<b>(3,337)</b>	<b>153,549</b>	<b>(396,967)</b>
<b>Net Off Balance Sheet Position</b>	<b>224,524</b>	<b>211,464</b>	<b>3,741</b>	<b>(32,540)</b>	<b>407,189</b>
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

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

(\*\*) : FC equity items are excluded.

**6.1 Currency risk exposure**

The table below demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2007 and 2006 (excluding tax effect) on condition that 10 per cent devaluation of YTL against the currencies below. This analysis has been prepared under the circumstances of assumption of other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit Loss	Equity (*)	Period Profit Loss	Equity (*)
USD	(5,278)	3,764	(7,814)	1,752
EUR	(2,346)	6,441	(1,944)	6,487
Other FC	17,373	17,373	12,132	12,132
<b>Total (Net)</b>	<b>9,749</b>	<b>27,578</b>	<b>2,374</b>	<b>20,371</b>

(\*) Equity effect consists of income statement effect of 10 per cent devaluation of YTL against other currencies in the table.

## VI. 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 – 12 Months	1 – 5 Years	5 Year and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	334,924	--	--	--	366,842	701,766
Due from Banks and Other Fin.Inst.	531,298	131,950	156,412	9,408	--	312,194	1,141,262
Financial Assets at Fair Value Through Profit or Loss	106,695	15,564	147,307	290,295	32,102	17,709	609,672
Interbank Money Market Placements	13,185	--	--	--	--	--	13,185
Investment Securities Av.-for-Sale	478,019	94,046	106,517	1,357,591	77,257	3,923	2,117,353
Loans	2,889,860	1,773,796	2,347,985	3,718,510	1,176,865	67,535	11,974,551
Investment Securities Held-to-Mat.	39,091	78,983	24,246	819	--	--	143,139
Other Assets(*)	440,202	243,951	373,286	602,078	41,904	245,051	1,946,472
<b>Total Assets</b>	<b>4,498,350</b>	<b>2,673,214</b>	<b>3,155,753</b>	<b>5,978,701</b>	<b>1,328,128</b>	<b>1,013,254</b>	<b>18,647,400</b>
<b>Liabilities</b>							
Bank Deposits	529,912	35,229	34,928	--	--	71,478	671,547
Other Deposits	6,069,613	885,476	827,600	485,219	463	2,553,746	10,822,117
Interbank Money Market Placements	767,679	--	--	--	--	--	767,679
Miscellaneous Payables	4,799	--	--	--	--	292,222	297,021
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	942,755	1,526,885	678,784	214,799	--	--	3,363,223
Other Liabilities(**)	38,984	281,862	189,652	92,502	8,177	2,114,636	2,725,813
<b>Total Liabilities</b>	<b>8,353,742</b>	<b>2,729,452</b>	<b>1,730,964</b>	<b>792,520</b>	<b>8,640</b>	<b>5,032,082</b>	<b>18,647,400</b>
On Balance Sheet Long Position	--	--	1,424,789	5,186,181	1,319,488	--	7,930,458
On Balance Sheet Short Position	(3,855,392)	(56,238)	--	--	--	(4,018,828)	(7,930,458)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(3,855,392)</b>	<b>(56,238)</b>	<b>1,424,789</b>	<b>5,186,181</b>	<b>1,319,488</b>	<b>(4,018,828)</b>	<b>--</b>

(\*) 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 167,421, YTL 15,925, YTL 3,634, YTL 5,700, YTL 21,400 and YTL 15,325, respectively, are included.

(\*\*) Other liabilities/non-interest bearings; Shareholders' Equity, Tax Liabilities, and Provisions with balances of YTL 1,678,066, YTL 65,436, and YTL 150,439, respectively, are included.

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 –12 Months</b>	<b>1 – 5 Years</b>	<b>5 Year and Over</b>	<b>Non- Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
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	206,404	13,648	--	343,045	2,781,222
Financial Assets at Fair Value Through Profit or Loss	48,839	28,907	99,876	143,623	40,606	13,507	375,358
Interbank Money Market Placements	288,133	--	--	--	--	--	288,133
Investment Securities Av.-for-Sale	452,762	150,526	155,977	92,864	117,712	3,925	973,766
Loans	2,026,508	1,536,450	1,984,630	2,083,151	426,252	6,388	8,063,379
Investment Securities Held-to-Mat.	39,253	104,820	20,679	--	12,629	--	177,381
Other Assets(*)	100,358	207,749	193,477	326,342	26,852	315,794	1,170,572
<b>Total Assets</b>	<b>5,057,745</b>	<b>2,560,480</b>	<b>2,661,043</b>	<b>2,659,628</b>	<b>624,051</b>	<b>1,142,080</b>	<b>14,705,027</b>
<b>Liabilities</b>							
Bank Deposits	266,292	44,117	168,873	8,694	--	31,368	519,344
Other Deposits	5,266,228	671,347	696,615	308,119	3,065	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	602,645	403,237	--	--	2,700,736
Other Liabilities(**)	28,910	32,169	169,909	955	6,210	1,561,628	1,799,781
<b>Total Liabilities</b>	<b>6,205,773</b>	<b>2,261,805</b>	<b>1,639,874</b>	<b>724,002</b>	<b>9,275</b>	<b>3,864,298</b>	<b>14,705,027</b>
On Balance Sheet Long Position	--	298,675	1,021,169	1,935,626	614,776	--	3,870,246
On Balance Sheet Short Position	(1,148,028)	--	--	--	--	(2,722,218)	(3,870,246)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(1,148,028)</b>	<b>298,675</b>	<b>1,021,169</b>	<b>1,935,626</b>	<b>614,776</b>	<b>(2,722,218)</b>	<b>--</b>

(\*) Other assets/non-interest bearings; Tangible Assets, Intangible Assets, Investments in Associates and Investments in Subsidiaries and Assets Held for Sale with balances of YTL 131,456, YTL 13,805, YTL 3,686, YTL 5,145 and YTL 15,363, respectively, are included.

(\*\*) Other liabilities/non-interest bearings; Shareholders' Equity, Tax Liabilities, and Provisions with balances of YTL 1,354,482, YTL 55,376, and YTL 81,210, respectively, are included.

#### 4. Average interest rates applied to monetary financial instruments

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>YTL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.80	1.95	--	11.81
Due from Banks and Other Financial Institutions	3.42	5.04	--	16.83
Financial Assets at Fair Value Through Profit or Loss	5.00	6.11	--	17.12
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	5.57	5.81	--	16.95
Loans	6.26	6.89	2.70	21.20
Investment Securities Held-to-Maturity	--	7.83	--	--
<b>Liabilities</b>				
Bank Deposits	--	5.15	--	16.87
Other Deposits	3.94	4.98	0.28	17.57
Interbank Money Market Placements	--	--	--	--
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	5.18	6.08	--	12.25
<b>Prior Period</b>				
	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>YTL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.73	2.52	--	13.12
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	--	--	--	--
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	--	--
<b>Liabilities</b>				
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

**5. Possible effects of financial assets and debts' sensitivity to interest on net income and equities in the future**

The interest rate sensitivity of the income statement at 31 December 2007 is calculated by the effect of possible changes in interest rates on the floating rate, non-trading financial assets and liabilities. The sensitivity of the equity is calculated by the revaluation of the available for sale securities portfolio based on possible interest rate changes. Tax effects are ignored during calculations. Other variables, especially foreign exchange rates are held constant in the analysis.

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>	<b>1% decrease</b>
Period profit or loss	(7,528)	7,826	(4,330)	4,495
Shareholders' equity	(31,551)	32,812	(10,310)	10,709

(\*) Equity effect includes income statement effect of 100 base point (bp) interest increase and decrease

## VII. 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 6% of the balance sheet is allocated to cash balances, 9% 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 6% of balance sheet size is allocated to cash balances, 9% 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. Liquidity Ratios of the Group

According to BRSA's "legislation on measurement and assessment of liquidity adequacy of the Banks" 26333 numbered official gazette dated on 1 November 2006, liquidity ratio is required to be 80 % for foreign currency assets/liabilities and 100 % for total assets/liabilities in the calculation of the banks weekly and monthly basis reporting. Liquidity ratios for 2007 are as below:

	First Maturity Slice (Weekly)		Second Maturity Slice (Monthly)	
	FC	FC + YTL	FC	FC + YTL
Average (%)	142.78	125.83	116.82	107.64
Max. (%)	181.50	146.15	144.82	130.19
Min. (%)	111.25	108.60	98.01	102.06



## 6. Presentation of assets and liabilities according to their residual maturities

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 year and over	Undist. (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	366,842	--	334,924	--	--	--	--	701,766
Due from Banks and Other Financial Institutions	312,194	413,622	5,684	235,228	165,193	9,341	--	1,141,262
Financial Assets at Fair Value Through Profit or Loss	--	65,203	13,053	181,269	292,964	39,473	17,710	609,672
Interbank Money Market Placements	--	13,185	--	--	--	--	--	13,185
Investment Securities Available-for-Sale	--	11,545	8,536	520,018	1,468,816	104,515	3,923	2,117,353
Loans	67,534	2,373,458	954,622	3,091,415	4,307,730	1,179,792	--	11,974,551
Investment Securities Held-to-Maturity	--	135	11,792	15,623	8,769	106,820	--	143,139
Other Assets	228,244	182,731	241,474	374,154	602,105	41,904	275,860	1,946,472
<b>Total Assets</b>	<b>974,814</b>	<b>3,059,879</b>	<b>1,570,085</b>	<b>4,417,707</b>	<b>6,845,577</b>	<b>1,481,845</b>	<b>297,493</b>	<b>18,647,400</b>
<b>Liabilities</b>								
Bank Deposits	71,478	395,535	165,006	39,528	--	--	--	671,547
Other Deposits	2,553,746	5,914,065	842,098	834,979	677,229	--	--	10,822,117
Funds Borrowed from Other Financial Institutions	--	930,261	1,111,241	672,377	243,589	405,755	--	3,363,223
Interbank Money Markets	--	767,679	--	--	--	--	--	767,679
Marketable Securities Issued	--	--	--	--	--	--	--	--
Miscellaneous Payables	179,973	4,809	--	--	--	--	112,239	297,021
Other Liabilities	208,236	42,599	66,403	30,254	92,427	383,112	1,902,782	2,725,813
<b>Total Liabilities</b>	<b>3,013,433</b>	<b>8,054,948</b>	<b>2,184,748</b>	<b>1,577,138</b>	<b>1,013,245</b>	<b>788,867</b>	<b>2,015,021</b>	<b>18,647,400</b>
<b>Net Liquidity Gap</b>	<b>(2,038,619)</b>	<b>(4,995,069)</b>	<b>(614,663)</b>	<b>2,840,569</b>	<b>5,832,332</b>	<b>692,978</b>	<b>(1,717,528)</b>	<b>--</b>
<b>Prior Period</b>								
Total Assets	905,006	4,701,016	1,163,239	2,777,455	4,312,372	623,548	222,391	14,705,027
Total Liabilities	2,230,258	6,214,060	960,875	2,306,403	1,191,337	166,634	1,635,460	14,705,027
<b>Net Liquidity Gap</b>	<b>(1,325,252)</b>	<b>(1,513,044)</b>	<b>202,364</b>	<b>471,052</b>	<b>3,121,035</b>	<b>456,914</b>	<b>(1,413,069)</b>	<b>--</b>

(\*) 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.

### VIII. Presentation of financial assets and liabilities at their fair value

Estimated fair value of investment securities available for sale and held to maturity are determined by their listed market prices or prices of instruments with similar interest rates, maturities and other variables, in case an active market is not available.

Estimated fair value of loans and deposits are calculated by discounting their cash flows with current market rates. Fair value of floating rate items are accepted to approximate their carrying values.

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
<b>Financial Assets</b>	<b>15,389,490</b>	<b>12,283,881</b>	<b>15,396,341</b>	<b>12,175,563</b>
Interbank money market placements	13,185	288,133	13,185	288,133
Due from banks and other financial institutions	1,141,262	2,781,222	1,141,469	2,781,195
Investment securities available-for-sale	2,117,353	973,766	2,117,353	973,766
Investment securities held-to-maturity	143,139	177,381	130,527	165,180
Loans	11,974,551	8,063,379	11,993,807	7,967,289
<b>Financial Liabilities</b>	<b>15,516,414</b>	<b>12,449,616</b>	<b>15,522,038</b>	<b>12,437,650</b>
Bank deposits	671,547	519,344	671,627	519,003
Other deposits	10,822,117	8,943,681	10,823,400	8,942,854
Funds borrowed from other financial institutions	3,725,729	2,700,736	3,729,990	2,689,938
Marketable securities issued	--	--	--	--
Miscellaneous payables	297,021	285,855	297,021	285,855

### IX. 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.

#### 2. Are there transactions directly realized with other financial institutions depending on religious beliefs contracts? And is there a possibility of material effect on the financial situation of the Bank or Group induced from these kinds of transactions?

None.

## X. Consolidated segment reporting

DFS Group is active in three areas, namely, retail banking, corporate banking and treasury and investment banking.

In retail banking, it offers loan products (general purpose, mortgage, and auto), credit cards, investment products (mutual funds, shares, government bonds, and repos), deposit products (time, demand, protected), insurance products, SME loans as well as agricultural loans. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet everyday needs of customers are overdraft loans, automated bill payment, checkbooks and rental safes.

Corporate banking offers financial and banking solutions to large-scale local and international corporate and commercial customers. In order to meet customer needs related to projects, investment and working capital, corporate banking offers short- and long-term working capital loans, investment loans, non-cash loans, foreign exchange transactions, export finance, project finance, structured finance, corporate finance services, clearing, deposit products and cash management services.

Within treasury and investment banking, sales, prop-trading and private banking departments offer spot and forward TRY and foreign exchange transactions, sales transactions of local and international bonds and derivative products. Servicing the upper segment of retail customers who require sophisticated banking and investment services falls within the scope of private banking.

Segment information of the Group is presented in the following table:

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total
Operating income	778,337	379,621	48,057	1,206,015
Net operating income	210,717	175,642	23,538	409,897
Income from associates				940
Provision for taxes on income				(69,582)
<b>Net profit for the period</b>				<b>341,255</b>
Segment assets	5,623,493	7,788,735	4,726,377	18,138,605
Subsidiaries and associates				9,334
Undistributed assets				499,461
<b>Total assets</b>				<b>18,647,400</b>
Segment liabilities	6,538,850	4,283,998	5,382,236	16,205,084
Undistributed liabilities				764,250
Shareholders' equity				1,678,066
<b>Total liabilities</b>				<b>18,647,400</b>

## 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	83,647	136,884	68,991	158,736
Central bank of Turkey	33,699	121,001	78,301	151,691
Other	--	326,535	1	417,496
<b>Total</b>	<b>117,346</b>	<b>584,420</b>	<b>147,293</b>	<b>727,923</b>

##### 1.1 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	33,699	121,001	78,301	151,691
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	--	--	--
<b>Total</b>	<b>33,699</b>	<b>121,001</b>	<b>78,301</b>	<b>151,691</b>

##### 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 11.81% for YTL, 1.95% for USD and 1.80% for Euro as of 31 December 2007.

#### 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	14,821	272	8,388	6,324
Other	--	--	--	--
<b>Total</b>	<b>14,821</b>	<b>272</b>	<b>8,388</b>	<b>6,324</b>

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	92,397	--	73,151	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>92,397</b>	<b>--</b>	<b>73,151</b>	<b>--</b>

## 2.3 Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	716	3,539	1,378	9,337
Swap Transactions	68,882	27,629	32,328	1,044
Futures	--	135	--	117
Options	42,374	9,190	110	3,368
Other	--	--	--	13
<b>Total</b>	<b>111,972</b>	<b>40,493</b>	<b>33,816</b>	<b>13,879</b>

## 3. Information on Banks and other financial institutions

### 3.1 Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Banks</b>				
Domestic	7,505	467,852	3,631	317,818
Foreign	5,077	660,828	59,998	2,399,775
Foreign branches	--	--	--	--
<b>Total</b>	<b>12,582</b>	<b>1,128,680</b>	<b>63,629</b>	<b>2,717,593</b>

### 3.2 Foreign Banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	212,048	1,739,556	42,442	2,495
USA, Canada	176,090	309,275	96	2,389
OECD Countries*	9,090	191,298	2,914	--
Off shore zones	23	96,869	--	--
Other	223,064	117,891	138	--
<b>Total</b>	<b>620,315</b>	<b>2,454,889</b>	<b>45,590</b>	<b>4,884</b>

(\*) OECD countries except for EU countries, USA and Canada

#### 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 3,869) that are not listed at Istanbul Stock Exchange; and debt securities representing government bonds; Eurobonds and foreign currency government bonds issued by the Turkish Treasury foreign investments 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 303,965 (31 December 2006: YTL 238,224).

##### 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	168,041	135,924	47,806	190,418
Other	--	--	--	--
<b>Total</b>	<b>168,041</b>	<b>135,924</b>	<b>47,806</b>	<b>190,418</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	738,302	--	128,881	--
Treasury Bills	--	--	4,074	--
Other Debt Securities	--	--	--	--
Bonds issued or guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>738,302</b>	<b>--</b>	<b>132,955</b>	<b>--</b>

##### 4.5 Available-for-sale securities

	Current Period	Prior Period
<b>Debt instruments</b>	<b>2,116,529</b>	<b>972,593</b>
Listed	2,116,529	972,593
Unlisted	--	--
<b>Equity instruments</b>	<b>3,923</b>	<b>3,925</b>
Listed	--	--
Unlisted	3,923	3,925
<b>Impairment provision (-)</b>	<b>3,099</b>	<b>2,752</b>
<b>Total</b>	<b>2,117,353</b>	<b>973,766</b>

## 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
<b>Direct Loans Granted to Shareholders</b>	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	6,167	2,666	19	2,651
<b>Loans Granted to Employees</b>	17,481	4	12,631	37
<b>Total</b>	<b>23,648</b>	<b>2,670</b>	<b>12,650</b>	<b>2,688</b>

### 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
<b>Non-specialized Loans</b>	<b>11,219,843</b>	--	<b>14,589</b>	<b>1,219</b>
Discount Notes	13,965	--	--	--
Export Loans	956,940	--	2,948	--
Import Loans	20,899	--	--	--
Loans Given to Financial Sector	384,789	--	--	--
Foreign Loans	218,149	--	--	--
Consumer Loans	2,640,920	--	--	--
Credit Cards	461,071	--	--	--
Precious Metal Loans	16,461	--	--	--
Other	6,506,649	--	11,641	1,219
<b>Specialization Loans</b>	<b>671,366</b>	--	--	--
<b>Other Receivables</b>	--	--	--	--
<b>Total</b>	<b>11,891,209</b>	--	<b>14,589</b>	<b>1,219</b>

### 5.3 Collaterals of loans under close monitoring

The closely monitored loans, amounting to YTL 15,808 in total, are completely collateralized by cash, mortgage, cheques and notes obtained from customers.

5.4 *Information on consumer loans*

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-YTL</b>	<b>43,430</b>	<b>2,338,830</b>	<b>2,382,260</b>
Real estate Loans	5,701	832,032	837,733
Automotive Loans	1,158	76,847	78,005
Consumer Loans	36,571	1,429,951	1,466,522
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>1,311</b>	<b>165,367</b>	<b>166,678</b>
Real estate Loans	748	144,884	145,632
Automotive Loans	244	10,051	10,295
Consumer Loans	319	10,432	10,751
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>371</b>	<b>33,353</b>	<b>33,724</b>
Real estate Loans	--	7,296	7,296
Automotive Loans	--	--	--
Consumer Loans	194	26,057	26,251
Other	177	--	177
<b>Credit Cards-YTL</b>	<b>440,376</b>	<b>5,264</b>	<b>445,640</b>
Installment	222,841	5,264	228,105
Non installment	217,535	--	217,535
<b>Credit Cards-FC</b>	<b>587</b>	<b>--</b>	<b>587</b>
Installment	558	--	558
Non installment	29	--	29
<b>Loans Given to Employees-YTL</b>	<b>1,677</b>	<b>8,838</b>	<b>10,515</b>
Real estate Loans	111	1,785	1,896
Automotive Loans	9	33	42
Consumer Loans	1,557	7,020	8,577
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>342</b>	<b>342</b>
Real estate Loans	--	318	318
Automotive Loans	--	24	24
Consumer Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>141</b>	<b>474</b>	<b>615</b>
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	--	474	474
Other	141	--	141
<b>Employee Credit Cards-YTL</b>	<b>5,933</b>	<b>61</b>	<b>5,994</b>
Installment	2,788	61	2,849
Non installment	3,145	--	3,145
<b>Employee Credit Cards-FC</b>	<b>15</b>	<b>--</b>	<b>15</b>
Installment	4	--	4
Non installment	11	--	11
<b>Overdraft Account-YTL (Individual)</b>	<b>52,170</b>	<b>--</b>	<b>52,170</b>
<b>Overdraft Account-FC (Individual)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>546,011</b>	<b>2,552,529</b>	<b>3,098,540</b>



### 5.5 Information on cash loans according to maturity structure concentration

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and otherreceivables	Restructured or Rescheduled	Loans and otherreceivables	Restructured or Rescheduled
Short term Loans and Other Receivables	<b>5,796,426</b>	--	<b>6,704</b>	--
Non specialized Loans	5,445,098	--	6,704	--
Specialized Loans	351,328	--	--	--
Other Receivables	--	--	--	--
Middle and Long term Loans and Other Receivables	<b>6,094,783</b>	--	<b>7,885</b>	<b>1,219</b>
Non specialized Loans	5,774,745	--	7,885	1,219
Specialized Loans	320,038	--	--	--
Other Receivables	--	--	--	--
<b>Total</b>	<b>11,891,209</b>	--	<b>14,589</b>	<b>1,219</b>

### 5.6 Information on installment corporate loans and corporate credit cards

	Short Term	Medium or Long Term	Total
<b>Installment Corporate Loans - YTL</b>	<b>82,817</b>	<b>592,083</b>	<b>674,900</b>
Real estate Loans	2,106	100,737	102,843
Automotive Loans	5,030	61,605	66,635
Consumer Loans	75,680	428,999	504,679
Other	1	742	743
<b>Installment Corporate Loans – Indexed to FC</b>	<b>11,387</b>	<b>141,853</b>	<b>153,240</b>
Real estate Loans	889	20,534	21,423
Automotive Loans	1,285	31,293	32,578
Consumer Loans	8,906	89,005	97,911
Other	307	1,021	1,328
<b>Installment Corporate Loans - FC</b>	<b>694</b>	<b>8,190</b>	<b>8,884</b>
Real estate Loans	--	3,354	3,354
Automotive Loans	--	--	--
Consumer Loans	694	4,836	5,530
Other	--	--	--
<b>Corporate Credit Cards - YTL</b>	<b>8,671</b>	<b>29</b>	<b>8,700</b>
Installment	3,996	29	4,025
Non installment	4,675	--	4,675
<b>Corporate Credit Cards - FC</b>	<b>135</b>	<b>--</b>	<b>135</b>
Installment	103	--	103
Non installment	32	--	32
<b>Overdraft Account-YTL (Individual)</b>	<b>78,649</b>	<b>--</b>	<b>78,649</b>
<b>Overdraft Account-FC (Individual)</b>	<b>23,710</b>	<b>--</b>	<b>23,710</b>
<b>Total</b>	<b>206,063</b>	<b>742,155</b>	<b>948,218</b>

### 5.7 Loan concentration according to counterparty

	Current Period	Prior Period
Public	15,308	--
Private	11,891,709	8,056,991
<b>Total</b>	<b>11,907,017</b>	<b>8,056,991</b>

**5.8 Domestic and international loans**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	11,688,868	7,699,061
Foreign Loans	218,149	357,930
<b>Total</b>	<b>11,907,017</b>	<b>8,056,991</b>

**5.9 Loans granted to subsidiaries and investments**

	<b>Current Period</b>	<b>Prior Period</b>
Direct Loans Granted to Subsidiaries and Investments	7,934	8,738
Indirect Loans Granted to Subsidiaries and Investments	--	--
<b>Total</b>	<b>7,934</b>	<b>8,738</b>

**5.10 Specific provisions for loans**

<b>Specific Provisions</b>	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectibility	14,321	17,549
Loans and Receivables with Doubtful Collectibility	51,636	34,980
Uncollectible Loans and Receivables	151,642	111,017
<b>Total</b>	<b>217,599</b>	<b>163,546</b>

**5.11 Information on non-performing loans (Net)**

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>	<b>201</b>	<b>78</b>	<b>23,857</b>
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	201	78	23,857
<b>Prior Period</b>	<b>--</b>	<b>82</b>	<b>13,812</b>
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	--	82	13,812

5.11.2 Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>17,541</b>	<b>35,368</b>	<b>117,025</b>
Additions (+)	153,380	19,619	27,590
Transfers from Other Categories of Non- Performing Loans (+)	--	85,016	52,611
Transfers to Other Categories of Non- Performing Loans (-)	85,016	52,626	--
Collections (-)	37,503	27,545	20,305
Write-offs (-)	--	22	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	15	--
Credit Cards	--	--	--
Other	--	7	--
<b>Balances at End of the Period</b>	<b>48,402</b>	<b>59,810</b>	<b>176,921</b>
Specific Provisions (-)	14,321	51,636	151,642
<b>Net Balance on Balance Sheet</b>	<b>34,081</b>	<b>8,174</b>	<b>25,279</b>

5.11.3 Information on specific provision movements

	Corporate/ commercial loans	Consumer/ retail loans	Credit cards	Total
<b>Prior Period Closing</b>	<b>73,038</b>	<b>24,826</b>	<b>65,682</b>	<b>163,546</b>
FX Difference (+)	(259)	(42)	--	(301)
Addition	34,363	36,253	16,081	86,697
Collection (-)	4,186	9,374	18,767	32,327
<b>Write off(-)</b>	<b>--</b>	<b>16</b>	<b>--</b>	<b>16</b>
<b>Current Period Closing</b>	<b>102,956</b>	<b>51,647</b>	<b>62,996</b>	<b>217,599</b>

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>			
Period End Balance	--	4,241	19,232
Specific Provision (-)	--	3,746	4,880
<b>Net Balance on Balance Sheet</b>	<b>--</b>	<b>495</b>	<b>14,352</b>
<b>Prior Period</b>			
Period End Balance	--	3,696	189
Specific Provision (-)	--	3,360	189
<b>Net Balance on Balance Sheet</b>	<b>--</b>	<b>336</b>	<b>--</b>

5.11.5 *Information on non performing loans according to beneficiary group*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>34,081</b>	<b>8,174</b>	<b>25,279</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	48,402	48,402	59,521
Specific provision (-)	14,321	51,355	151,642
Loans Allowed to Real Persons and Corporate Bodies (Net)	<b>34,081</b>	<b>8,166</b>	<b>25,279</b>
Banks (Gross)	--	--	--
Specific provision (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	289	--
Specific provision (-)	--	281	--
Other Loan and Receivables (Net)	--	<b>8</b>	--
<b>Prior Period (Net)</b>	<b>4</b>	<b>376</b>	<b>6,008</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	17,541	35,368	117,025
Specific provision (-)	17,537	34,992	111,017
Loans Allowed to Real Persons and Corporate Bodies (Net)	<b>4</b>	<b>376</b>	<b>6,008</b>
Banks (Gross)	--	--	--
Specific provision (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provision (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

5.12 *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.

5.13 *Information on write-off from assets policy*

On condition that receivable of the Bank is less than the prospective exposed expenses of issuing of those mentioned documents, write-off from assets is performed after the decision of Board of Directors.

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*

None

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	646	77,458	--	26,016
Other	--	--	--	--
<b>Total</b>	<b>646</b>	<b>77,458</b>	<b>--</b>	<b>26,016</b>

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

	Current Period	Prior Period
Government Bonds	55,961	62,591
Treasury Bills	--	--
Other Government Securities	407	--
<b>Total</b>	<b>56,368</b>	<b>62,591</b>

6.3 Information on investment securities held-to-maturity

	Current Period	Prior Period
<b>Debt Securities</b>	143,139	177,381
Listed	--	--
Unlisted	143,139	177,381
<b>Impairment (-)</b>	--	--
<b>Total</b>	<b>143,139</b>	<b>177,381</b>

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

	Current Period	Prior Period
<b>Balance in the beginning of the period</b>	<b>177,381</b>	<b>235,709</b>
Foreign exchange differences	(15,227)	30,401
Purchases	1,054	12,306
Redemptions	(20,069)	(101,035)
<b>Impairment (-)</b>	--	--
<b>Balance at the end of the period</b>	<b>143,139</b>	<b>177,381</b>

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

	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	--	--

(\*) Amounts given are as of the year ended 31 December 2006.

## 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 eleven branches – three in Vienna, the others in Bregenz, Frankfurt, Linz, Graz, Dortmund, Innsbruck, Floridsdorf and Neustadt, 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. Denizbank Moscow has one branch in Kazan.

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.

On 22 November 2007, Deniz Leasing increased its share capital by YTL 162,000. YTL 149,678 of this amount was paid in cash, YTL 12,283 from extra ordinary reserves, YTL 39 from legal reserve inflation adjustment account. As of 31 December 2007, 84% of the share capital of Deniz Leasing belongs to the Bank, while the remaining 16% 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.

The Bank acquired 99.6% of the shares of Global Hayat Sigorta A.Ş. for YTL 2,515 on 30 March 2007. Global Hayat Sigorta A.Ş. changed its name to Deniz Hayat Sigorta A.Ş. (Deniz Hayat) on 10 August 2007. Deniz Hayat increased its paid-in capital by paying YTL 1,313 completely through the Bank.

Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (Deniz Kültür) increased its share capital by YTL 125 on 19 April 2006, YTL 40 on 18 September 2006, YTL 105 on 22 January 2007, YTL 30 on 17 April 2007, YTL 70 on 30 April 2007, YTL 100 on 12 June 2007 and YTL 200 on 30 July 2007, YTL 50 on 2 November 2007, all 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%	0%
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	İstanbul/Türkiye	100%	0%
3 Adana Haddecilik Metal San. ve Tic. A.Ş.	Adana/Türkiye	100%	0%

  

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1,818	1,119	7	241	(240)	(1,855)	(2,256)	--
2	1,143	1,105	190	--	15	146	8	--
3	6,923	--	3,278	--	--	(110)	--	--

### 8.2 Information on subsidiaries consolidated

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	84%	16%	Full consolidation
9 Deniz Faktoring A.Ş.	İstanbul / Turkey	100%	0%	Full consolidation
10 Global Hayat Sigorta 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	1,952,525	101,611	5,724	122,045	24,714	11,983	15,498	--
2	1,172,611	64,522	19	88,987	(1,827)	59,191	10,686	--
3	29,048	23,991	1,103	3,874	1,363	(619)	(340)	--
4	7,688	7,180	161	1,518	100	2,636	(3,456)	--
5	35,063	32,364	590	4,304	1,358	8,303	496	--
6	405,623	36,483	9,099	21,800	12,211	2,446	481	--
7	2,907	2,619	13	427	11	358	151	--
8	1,236,364	273,796	192	87,742	(4,961)	35,374	25,400	--
9	519,776	60,417	258	77,113	(9,879)	16,182	14,087	--
10	33,264	4,930	550	1,929	1,693	1,058	(8,758)	--

### 8.2.1 Movement of consolidated subsidiaries

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>230,321</b>	<b>171,675</b>
Correction According TAS 8 (*)	--	18,736
<b>New Balance</b>	<b>230,321</b>	<b>190,411</b>
<b>Movements during the Period</b>	<b>164,765</b>	<b>39,910</b>
Purchases	153,506	39,910
Bonus Shares Received	12,393	--
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference	(1,134)	--
Impairment Provision (+)	--	--
<b>Balance at the End of the Period</b>	<b>395,086</b>	<b>230,321</b>
<b>Capital Commitments</b>	--	--
<b>Share Percentage at the end of Period (%)</b>	--	--

(\*) Explained in 2<sup>nd</sup> article of "Accounting Policies"

### 8.2.2 Sectoral distribution of consolidated subsidiaries

	Current Period	Prior Period
Banks	95,643	96,780
Insurance Companies	3,828	--
Factoring Companies	30,383	30,383
Leasing Companies	227,381	65,380
Finance Companies	37,851	37,778
Other Subsidiaries	--	--
<b>Total</b>	<b>395,086</b>	<b>230,321</b>

### 8.2.3 Listed subsidiaries

None.

### 8.2.4 Subsidiaries disposed during the current period

None.

### 8.2.5 Subsidiaries purchased in the current period

On 3 October 2006, the Bank has started negotiations with Global Yatırım Holding A.Ş. ("Global Yatırım") regarding the purchase of shares held at Global Hayat Sigorta A.Ş. ("Global Hayat"); and on 26 January 2007, a Share Purchase Agreement has been signed between the parties. Pursuant to this Agreement, Global Yatırım has agreed to transfer 99.6% of Global Hayat's issued share capital to the Bank. This transaction is approved by the General Directorate of Insurance of Undersecretariat of Turkish Treasury and the transfer is realized on 30 March 2007, with a price of YTL 2,515.

## 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	48,976	44,704	238,697	185,985
Between 1-4 years	741,891	642,053	363,363	308,483
Over 4 years	349,756	270,442	39,447	36,399
<b>Total</b>	<b>1,140,623</b>	<b>957,199</b>	<b>641,507</b>	<b>530,867</b>

### 10.2 Information on net financial lease receivables

	Current Period	Prior Period
Gross finance lease receivable	1,140,623	641,507
Unearned finance income (-)	183,424	110,640
Cancelled leasing agreements (-)	--	--
<b>Net investment on leases</b>	<b>957,199</b>	<b>530,867</b>

### 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
<b>Prior Period End:</b>					
Cost	46,329	94,636	2,433	94,938	238,336
Accumulated depreciation (-)	6,308	50,733	1,617	48,222	106,880
<b>Net book value</b>	<b>40,021</b>	<b>43,903</b>	<b>816</b>	<b>46,716</b>	<b>131,456</b>
<b>Current Period End:</b>					
<b>Net book value at the beginning of the period</b>	<b>46,329</b>	<b>94,636</b>	<b>2,433</b>	<b>94,938</b>	<b>238,336</b>
Additions	1,562	20,384	209	50,290	72,445
Disposals (-)	--	--	(595)	(3,003)	(3,598)
Impairment (-)	--	--	--	--	--
Currency translation differences resulting from foreign investment	--	--	(56)	(710)	(766)
<b>Current Period Cost</b>	<b>47,891</b>	<b>115,020</b>	<b>1,991</b>	<b>141,515</b>	<b>306,417</b>
Disposals(-)	--	--	(431)	(1,848)	(2,279)
Net FX difference from foreign subsidiaries (-)	--	--	(34)	(408)	(442)
Depreciation (-) (-)	937	18,096	362	15,442	34,837
<b>Current period accumulated depreciation (-)</b>	<b>7,245</b>	<b>68,829</b>	<b>1,514</b>	<b>61,408</b>	<b>138,996</b>
<b>Closing net book value</b>	<b>40,646</b>	<b>46,191</b>	<b>477</b>	<b>80,107</b>	<b>167,421</b>

**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.

There has been no significant fluctuations in the real estate and the Bank did not conduct an expertise study in 2007 accordingly.

**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 and after 31 December 2006, by the rate of 20%. Assets purchased in other periods are amortized by 40% using double-declining amortization method.

### 13.3 *Movement of intangible assets*

	Rights	Other	TOTAL
<b>Prior Period End:</b>			
<i>Cost</i>	48,016	2,650	50,666
<i>Accumulated depreciation (-)</i>	34,450	2,411	36,861
<b>Net book value</b>	<b>13,566</b>	<b>239</b>	<b>13,805</b>
<b>Current Period End:</b>			
<b>Net book value at the beginning of the period</b>	<b>48,016</b>	<b>2,650</b>	<b>50,666</b>
<i>Additions</i>	11,439	--	11,439
<i>Disposals (-)</i>	(52)	--	(52)
<i>Impairment</i>	--	--	--
<i>Currency translation differences resulting from foreign investment</i>	(632)	--	(632)
<b>Current Period Cost</b>	<b>58,771</b>	<b>2,650</b>	<b>61,421</b>
<i>Disposals(-)</i>	--	--	--
<i>FX differences derived from foreign subsidiaries(-)</i>	(213)	--	(213)
<i>Depreciation (-)</i>	8,710	138	8,848
<b>Current period accumulated depreciation (-)</b>	<b>42,947</b>	<b>2,549</b>	<b>45,496</b>
<b>Closing net book value</b>	<b>15,824</b>	<b>101</b>	<b>15,925</b>

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 387 in the current year (31 December 2006: YTL 752).

**13.11 Goodwill or negative goodwill arising from consolidated investments**

None.

**14. Information on held for investment immovables**

None.

**15. Information on deferred tax asset**

**15.1 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 20,809 (31 December 2006: None) and there is no deferred tax liability (31 December 2006: YTL 1,357). 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.

**15.2 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.

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

None.

**16. Information on assets held for sale**

	Current Period	Prior Period
<b>Prior Period Closing</b>		
Cost	16,093	16,157
Accumulated depreciation(-)	(730)	-
<b>Net Book Value</b>	<b>15,363</b>	<b>16,157</b>
<b>Current Period Closing</b>		
Additions	1,123	585
Disposals (Cost)	(738)	(649)
Disposals (Depreciation)	-	--
Impairment	-	-
Depreciation (-)	-	(730)
Currency translation differences resulting from foreign investment	-	-
Cost	16,478	16,093
Accumulated Depreciation(-)	(1,153)	(730)
<b>Net Book Value</b>	<b>15,325</b>	<b>15,363</b>

DFS Group has no discontinued operations DFS during the current period.

**17. Information on other assets**

**17.1 Information on prepaid expense, tax and similar items**

Prepaid expenses are YTL 22,214 (31 December 2006: YTL 18,485).

**17.2 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
<b>Saving Deposits</b>	332,368	--	495,945	2,092,873	29,768	30,466	3,294	--	2,984,714
<b>Foreign Currency Deposits</b>	1,326,248	--	1,365,253	1,654,290	313,866	794,338	543,993	--	5,997,988
Residents in Turkey	916,781	--	1,126,117	1,536,187	123,739	233,426	90,173	--	4,026,423
Residents Abroad	409,467	--	239,136	118,103	190,127	560,912	453,820	--	1,971,565
<b>Public Sector Deposits</b>	116,965	--	1,228	2,545	15	--	--	--	120,753
<b>Commercial Deposits</b>	764,766	--	631,465	229,898	13,182	15,348	1,089	--	1,655,748
<b>Other Ins. Deposits</b>	11,211	--	22,475	26,486	515	39	--	--	60,726
<b>Precious Metal Deposits</b>	2,188	--	--	--	--	--	--	--	2,188
<b>Bank Deposits</b>	71,478	--	402,284	181,340	7,987	8,429	29	--	671,547
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	42,263	--	342,211	26,808	3,280	1,051	--	--	415,613
Foreign Banks	23,844	--	60,073	154,532	4,707	7,378	29	--	250,563
Special Financial Inst.	5,371	--	--	--	--	--	--	--	5,371
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2,625,224</b>	<b>--</b>	<b>2,918,650</b>	<b>4,187,432</b>	<b>365,333</b>	<b>848,620</b>	<b>548,405</b>	<b>--</b>	<b>11,493,664</b>

#### 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
<b>Saving Deposits</b>	257,285	--	533,878	1,255,608	20,299	10,478	5,224	--	2,082,772
<b>Foreign Currency Deposits</b>	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
<b>Public Sector Deposits</b>	12,207	--	4,100	959	--	--	--	--	17,266
<b>Commercial Deposits</b>	512,046	--	296,122	119,358	11,482	2,993	125	--	942,126
<b>Other Ins. Deposits</b>	34,225	--	25,751	10,103	41	25	--	--	70,145
<b>Precious Metal Deposits</b>	8,585	--	--	--	--	--	--	--	8,585
<b>Bank Deposits</b>	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	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2,027,228</b>	<b>--</b>	<b>2,999,422</b>	<b>3,129,145</b>	<b>406,438</b>	<b>560,618</b>	<b>340,174</b>	<b>--</b>	<b>9,463,025</b>

**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	1,498,799	1,138,519	1,385,275	833,524
Foreign Currency Savings Deposits	690,167	656,789	1,505,279	1,297,654
Other Saving Deposits	--	--	--	--
Foreign branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
<b>Total</b>	<b>2,188,966</b>	<b>1,795,308</b>	<b>2,890,554</b>	<b>2,131,178</b>

**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
Deposits and Other Accounts in Foreign Branches	635,598	551,930
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	3,946	6,983
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	--	--
Deposits belong to Off-shore Banks who are established in Turkey.	114,032	97,944
<b>Total</b>	<b>753,576</b>	<b>656,857</b>

**2. Information on trading purpose derivatives**

**2.1 Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	8,887	3,316	11,058	12,097
Swaps	123,175	31,064	14,960	4,933
Futures	--	144	19	--
Options	42,053	9,373	--	3,104
Other	--	--	--	109
<b>Total</b>	<b>174,115</b>	<b>43,897</b>	<b>26,037</b>	<b>20,243</b>

### 3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	--	--	--	--
Domestic Bank and Institutions	82,592	29,930	105,253	52,094
Foreign Bank, Institutions and Funds	306,002	2,944,699	149,776	2,393,613
<b>Total</b>	<b>388,594</b>	<b>2,974,629</b>	<b>255,029</b>	<b>2,445,707</b>

#### 3.1 Maturity information of funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	319,208	166,797	255,029	1,620,393
Medium and Long-Term	69,386	2,807,832	--	825,314
<b>Total</b>	<b>388,594</b>	<b>2,974,629</b>	<b>255,029</b>	<b>2,445,707</b>

#### 3.2 Additional information on concentrations of the Bank's liabilities

As at 31 December 2007, the Bank's liabilities comprise; 62% deposits, 18% funds borrowed and 4% funds provided from transactions by repurchase transactions. (31 December 2006: 64%, 18%, 3%, 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.

##### 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	1	1	2	1
Between 1-4 years	--	--	1	1
More than 4 years	--	--	--	--
<b>Total</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>

##### 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	69,991	45,925
Provisions for Loans and Receivables in Group II	--	--
Provisions for Non Cash Loans	9,167	6,634
Other	--	--
<b>Total</b>	<b>79,158</b>	<b>52,559</b>

**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 (*)	76,864	18,487

(\*) Netted against loans in assets

**7.3 Information on other provisions**

**7.3.1 Information on general reserves for possible loan losses**

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

**7.3.2 Information on other provisions exceeding 10% of total provisions**

YTL 15,397 of other provisions consists of unindemnified and unconverted cash amount of specific provision of non-cash loans. YTL 4,150 comprises credit card promotions related to banking services and YTL 15,993 comprises other provisions.

## 8. Taxation

### 8.1 Current taxes

#### 8.1.1 Current tax liability

As of 31 December 2007, DFS Group has current tax liability of YTL 65,436 (31 December 2006: YTL 54,019) after deducting prepaid taxes. If the differences between tax base and carrying value of the taxable items are related to equity accounts, then the current tax effects are also considered under equity.

#### 8.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	27,349	15,645
Taxation on securities	10,864	6,686
Capital gains tax on property	431	507
Banking Insurance Transaction Tax (BITT)	9,496	9,131
Taxes on foreign exchange transactions	660	585
Value added tax payable	333	207
Other	10,038	13,782
<b>Total</b>	<b>59,171</b>	<b>46,543</b>

#### 8.1.3 Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	2,398	2,469
Social security premiums- employer share	3,364	3,485
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	165	178
Unemployment insurance- employer share	334	350
Other	4	994
<b>Total</b>	<b>6,265</b>	<b>7,476</b>

#### 8.2 Information on deferred tax liabilities

None.

## 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. The loan has a maturity of 10 years which is repayable after 5 years.

On 28 June 2007, the Bank obtained a USD 50 million subordinated loan from Dexia SA. The loan has a maturity of 10 years which is repayable after 5 years.

On 27 September 2007, the Bank obtained a USD 130 million subordinated loan from Dexia SA. The loan has a maturity of 10 years which is repayable after 5 years.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic banks	--	--	--	--
Other domestic institutions	--	--	--	--
Foreign banks	--	362,506	--	166,746
Other foreign institutions	--	--	--	--
<b>Total</b>	<b>--</b>	<b>362,506</b>	<b>--</b>	<b>166,746</b>

## 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 2007, the Bank has "other capital reserves" amounting to YTL 189,164 (31 December 2006: YTL 189,164) arising from the effect of inflation on the paid-in capital.

### 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**

	<b>Current Period</b>	<b>Prior Period</b>
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	--	--
<b>Total Common Stock Issued</b>	<b>50,369</b>	<b>50,369</b>

**13. Valuation difference of securities**

	<b>Current Period</b>		<b>Prior Period</b>	
	YTL	FC	YTL	FC
Associates, Subsidiaries and JV's	--	--	3	--
FV Difference	12,211	6,541	5,245	7,293
Foreign Exchange Difference	--	--	--	--
<b>Total</b>	<b>12,211</b>	<b>6,541</b>	<b>5,248</b>	<b>7,293</b>

### 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 2007, non-cash loans, commitments for credit card limits and commitments for cheque payments are YTL 4,739,501, YTL 2,113,934 and YTL 485,468, respectively (31 December 2006: YTL 4,210,817, YTL 2,146,292 and YTL 431,925, 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 2007, the DFS Group has letters of guarantee amounting to YTL 3,043,089, bills of exchange and acceptances amounting to YTL 92,713, and guarantees and sureties on letters of credit amounting to YTL 1,425,357. There are also other guarantees and sureties amounting to YTL 178,342.

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 amounting to YTL 1,086,692. There are other guarantees and sureties amounting to YTL 78,494.

###### 1.2.2 Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	336,400	189,818
Final Letters of Guarantee	2,090,411	2,121,361
Letters of Guarantee for advances	486,266	391,104
Letters of Guarantee given to Customs Offices	127,153	145,929
Other Letters of Guarantee	2,859	55,010
<b>Total</b>	<b>3,043,089</b>	<b>2,903,222</b>

#### 2. Non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	228,406	121,336
With Original Maturity of 1 Year or Less	161,329	58,787
With Original Maturity of More Than 1 Year	67,077	62,549
Other Non-Cash Loans	4,511,095	4,089,481
<b>Total</b>	<b>4,739,501</b>	<b>4,210,817</b>

### 3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	(%)	YTL	(%)	YTL	(%)	YTL	(%)
<b>Agricultural</b>	<b>12,629</b>	<b>0.83</b>	<b>43,904</b>	<b>1.36</b>	<b>12,812</b>	<b>1.00</b>	<b>45,867</b>	<b>1.57</b>
Farming and Cattle	12,425	0.82	40,630	1.26	12,302	0.96	38,636	1.32
Forestry	13	0.00	3,274	0.10	266	0.02	7,055	0.24
Fishing	191	0.01	--	0.00	244	0.02	176	0.01
<b>Manufacturing</b>	<b>322,993</b>	<b>21.29</b>	<b>1,217,910</b>	<b>37.79</b>	<b>355,187</b>	<b>27.78</b>	<b>1,093,205</b>	<b>37.28</b>
Mining	89,077	5.87	500,837	15.54	81,441	6.37	421,578	14.38
Production	211,231	13.92	582,042	18.06	267,251	20.90	648,985	22.13
Electric, gas and water	22,685	1.50	135,031	4.19	6,495	0.51	22,642	0.77
<b>Construction</b>	<b>508,946</b>	<b>33.55</b>	<b>925,705</b>	<b>28.73</b>	<b>408,511</b>	<b>31.95</b>	<b>733,965</b>	<b>25.03</b>
<b>Services</b>	<b>526,412</b>	<b>34.70</b>	<b>945,262</b>	<b>29.33</b>	<b>398,172</b>	<b>31.14</b>	<b>979,915</b>	<b>33.42</b>
Wholesale and retail trade	374,917	24.71	438,887	13.62	271,094	21.20	498,757	17.01
Hotel, food and beverage Services	26,516	1.75	37,892	1.18	13,156	1.03	25,520	0.87
Transportation and telecommunication	61,844	4.08	209,123	6.49	53,328	4.17	256,625	8.75
Financial institutions	41,696	2.75	246,373	7.65	38,430	3.01	196,319	6.70
Real estate and renting Services	71	0.00	7,695	0.24	72	0.01	21	0.00
Self-employment services	--	0.00	56	0.00	--	0.00	56	0.00
Education services	1,481	0.10	956	0.03	1,557	0.12	606	0.02
Health and social services	19,887	1.31	4,280	0.13	20,535	1.60	2,011	0.07
<b>Other</b>	<b>146,039</b>	<b>9.63</b>	<b>89,701</b>	<b>2.78</b>	<b>103,938</b>	<b>8.13</b>	<b>79,245</b>	<b>2.70</b>
<b>Total</b>	<b>1,517,019</b>	<b>100.00</b>	<b>3,222,482</b>	<b>100.00</b>	<b>1,278,620</b>	<b>100.00</b>	<b>2,932,197</b>	<b>100.00</b>

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

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of guarantee	1,515,333	1,525,981	1,686	89
Bank acceptances	--	92,713	--	--
Letters of credit	--	1,425,357	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	178,342	--	--
<b>Total</b>	<b>1,515,333</b>	<b>3,222,393</b>	<b>1,686</b>	<b>89</b>

## 5. Information related to derivative financial instruments

Cari dönem	1 month	3 months	12 months	1-5 year	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of trading transactions</b>						
<b>Foreign currency related derivative transactions (I)</b>	<b>5,766,901</b>	<b>1,999,500</b>	<b>1,041,890</b>	<b>99,782</b>	<b>142,464</b>	<b>9,050,537</b>
<i>Forward FC Call transactions</i>	<i>1,610,078</i>	<i>39,017</i>	<i>6,264</i>	--	--	<i>1,655,359</i>
<i>Forward FC Put transactions</i>	<i>1,609,622</i>	<i>38,676</i>	<i>6,215</i>	--	--	<i>1,654,513</i>
<i>Swap FC Call transactions</i>	<i>641,957</i>	<i>129,519</i>	<i>176,114</i>	<i>46,372</i>	<i>65,714</i>	<i>1,059,676</i>
<i>Swap FC Put transactions</i>	<i>656,653</i>	<i>123,382</i>	<i>170,970</i>	<i>53,410</i>	<i>76,750</i>	<i>1,081,165</i>
<i>Options FC Call transactions</i>	<i>624,481</i>	<i>827,551</i>	<i>345,778</i>	--	--	<i>1,797,810</i>
<i>Options FC Put transactions</i>	<i>624,110</i>	<i>824,159</i>	<i>336,549</i>	--	--	<i>1,784,818</i>
<i>Futures FC Call transactions</i>	--	<i>7,207</i>	--	--	--	<i>7,207</i>
<i>Futures FC Put transactions</i>	--	<i>9,989</i>	--	--	--	<i>9,989</i>
<b>Total of interest derivative transactions (II)</b>	<b>15,898</b>	<b>57,085</b>	<b>479,050</b>	<b>1,416,984</b>	<b>284,928</b>	<b>2,253,945</b>
<i>Swap Interest Call transactions</i>	--	<i>3,548</i>	<i>242,362</i>	<i>692,264</i>	<i>142,464</i>	<i>1,080,638</i>
<i>Swap Interest Put transactions</i>	--	<i>3,547</i>	<i>236,688</i>	<i>724,720</i>	<i>142,464</i>	<i>1,107,419</i>
<i>Options Interest Call transactions</i>	--	--	--	--	--	--
<i>Options Interest Put transactions</i>	--	--	--	--	--	--
<i>Securities Interest Call transactions</i>	<i>7,949</i>	<i>16,954</i>	--	--	--	<i>24,903</i>
<i>Securities Interest Put transactions</i>	<i>7,949</i>	<i>16,954</i>	--	--	--	<i>24,903</i>
<i>Futures Interest Call transactions</i>	--	<i>9,989</i>	--	--	--	<i>9,989</i>
<i>Futures Interest Put transactions</i>	--	<i>6,093</i>	--	--	--	<i>6,093</i>
<b>Other types of trading transactions (III)</b>	<b>120,800</b>	<b>780,948</b>	<b>84,619</b>	<b>139,116</b>	--	<b>1,125,483</b>
<b>B. Total types of trading transactions (I+II+III)</b>	<b>5,903,599</b>	<b>2,837,533</b>	<b>1,605,559</b>	<b>1,655,882</b>	<b>427,392</b>	<b>12,429,965</b>
<b>Total Derivative Transactions (A+B)</b>	<b>5,903,599</b>	<b>2,837,533</b>	<b>1,605,559</b>	<b>1,655,882</b>	<b>427,392</b>	<b>12,429,965</b>

Prior period	1 month	3 months	12 months	1-5 year	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of trading transactions</b>						
<b>Foreign currency related derivative transactions (I)</b>	<b>4,147,416</b>	<b>1,426,734</b>	<b>572,919</b>	<b>113,677</b>	<b>156,428</b>	<b>6,417,174</b>
<i>Forward FC Call transactions</i>	1,568,403	354,982	71,325	--	--	1,994,710
<i>Forward FC Put transactions</i>	1,579,923	355,426	70,917	--	--	2,006,266
<i>Swap FC Call transactions</i>	97,062	218,661	112,479	56,224	79,677	564,103
<i>Swap FC Put transactions</i>	97,239	226,798	112,479	53,410	76,751	566,677
<i>Options FC Call transactions</i>	408,943	127,481	98,322	1,852	--	636,598
<i>Options FC Put transactions</i>	395,846	129,480	107,397	2,191	--	634,914
<i>Futures FC Call transactions</i>	--	7,768	--	--	--	7,768
<i>Futures FC Put transactions</i>	--	6,138	--	--	--	6,138
<b>Total of interest derivative transactions (II)</b>	--	<b>5,622</b>	--	<b>102,247</b>	<b>247,983</b>	<b>355,852</b>
<i>Swap Interest Call transactions</i>	--	--	--	51,123	123,992	175,115
<i>Swap Interest Put transactions</i>	--	--	--	51,124	123,991	175,115
<i>Options Interest Call transactions</i>	--	--	--	--	--	--
<i>Options Interest Put transactions</i>	--	--	--	--	--	--
<i>Securities Interest Call transactions</i>	--	--	--	--	--	--
<i>Securities Interest Put transactions</i>	--	--	--	--	--	--
<i>Futures Interest Call transactions</i>	--	--	--	--	--	--
<i>Futures Interest Put transactions</i>	--	5,622	--	--	--	5,622
<b>Other types of trading transactions (III)</b>	<b>9,839</b>	<b>7,747</b>	--	--	--	<b>17,586</b>
<b>B. Total types of trading transactions (I+II+III)</b>	<b>4,157,255</b>	<b>1,440,103</b>	<b>572,919</b>	<b>215,924</b>	<b>404,411</b>	<b>6,790,612</b>
<b>Total Derivative Transactions (A+B)</b>	<b>4,157,255</b>	<b>1,440,103</b>	<b>572,919</b>	<b>215,924</b>	<b>404,411</b>	<b>6,790,612</b>

## 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	743,983	87,943	613,438	64,293
Medium and Long Term	512,620	176,764	300,926	123,463
Loans Under Follow-Up	17,021	--	8,750	--
Source Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>1,273,624</b>	<b>264,707</b>	<b>923,114</b>	<b>187,756</b>

\*Includes fees and commissions from cash loans.

###### 1.2 Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	--	3,196	3,373	--
Domestic Banks	848	14,876	5,137	10,179
Foreign Banks	1,351	60,726	978	73,992
Foreign Branches	--	--	--	--
<b>Total</b>	<b>2,199</b>	<b>78,798</b>	<b>9,488</b>	<b>84,171</b>

###### 1.3 Information on interest income received from securities portfolio

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	47,036	12,328	14,582	12,964
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	187,882	20,537	118,696	24,715
Investment Securities Held-to-Maturity	1,058	6,788	13,005	1,323
<b>Total</b>	<b>235,976</b>	<b>39,653</b>	<b>146,283</b>	<b>39,002</b>

###### 1.4 Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	745	1,856

## 2. Interest expense

### 2.1 Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Banks</b>	<b>47,542</b>	<b>144,350</b>	<b>17,467</b>	<b>177,310</b>
Central Bank of Turkey	249	--	165	--
Domestic Banks	23,643	3,844	6,574	11,264
Foreign Banks	23,650	140,506	10,728	166,046
Foreign Branches	--	--	--	--
Other Institutions	--	--	--	--
<b>Total</b>	<b>47,542</b>	<b>144,350</b>	<b>17,467</b>	<b>177,310</b>

\*Includes fees and commissions from cash loans.

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	278	108

### 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							Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Accumulat. Deposit	
<b>YTL</b>								
Bank Deposits	728	31,576	--	--	--	--	--	32,304
Saving Deposits	2,789	93,773	311,588	5,332	2,625	889	--	416,996
Public Sector Deposits	77	1,343	1,301	--	627	123	--	3,471
Commercial Deposits	841	96,430	35,813	2,921	625	4	--	136,634
Other Deposits "7 Days Notice" Deposits	107	3,663	5,445	40	5	--	--	9,260
<b>Total Turkish Lira</b>	<b>4,542</b>	<b>226,785</b>	<b>354,147</b>	<b>8,293</b>	<b>3,882</b>	<b>1,016</b>	<b>--</b>	<b>598,665</b>
<b>FC</b>								
Foreign Currency Deposits	19,989	66,230	68,915	13,779	27,144	21,170	--	217,227
Bank Deposits "7 Days Notice" Deposits	5	8,990	15	--	580	--	--	9,590
Precious Metal Deposits	--	--	--	--	--	--	--	--
<b>Total Foreign Currency</b>	<b>19,994</b>	<b>75,220</b>	<b>68,930</b>	<b>13,779</b>	<b>27,724</b>	<b>21,170</b>	<b>--</b>	<b>226,817</b>
<b>Total</b>	<b>24,536</b>	<b>302,005</b>	<b>423,077</b>	<b>22,072</b>	<b>31,606</b>	<b>22,186</b>	<b>--</b>	<b>825,482</b>

### 3. Dividend income

	Current Period	Prior Period
Trading Securities	646	--
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-for-Sale	--	--
Other (from Subsidiaries and Associates)	294	958
<b>Total</b>	<b>940</b>	<b>958</b>

### 4. Trading income / loss (net)

	Current Period	Prior Period
<b>Profit</b>	<b>5,597,094</b>	<b>6,224,604</b>
Capital Market Transactions:	515,491	123,218
<i>Derivatives and Financial Trans.</i>	492,861	94,082
<i>Other</i>	22,630	29,136
Foreign Exchange Gain	5,081,603	6,101,386
<b>Loss (-)</b>	<b>5,571,090</b>	<b>6,255,194</b>
Capital Market Transactions:	652,908	103,424
<i>Derivatives and Financial Trans.</i>	640,810	68,128
<i>Other</i>	12,098	35,296
Foreign Exchange Loss	4,918,182	6,151,770
<b>Total</b>	<b>26,004</b>	<b>(30,590)</b>

### 5. Other operating income

	Current Period	Prior Period
Reversal from prior year provisions	45,460	38,731
Income from customers for banking services	43,675	30,337
Communication income	9,588	11,166
Assets held for sale	77	82,246
Other	22,632	14,993
<b>Total</b>	<b>121,432</b>	<b>177,473</b>

## 6. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	86,697	66,708
<i>Loans and Receivables in Group III</i>	--	9,066
<i>Loans and Receivables in Group IV</i>	6,894	--
<i>Loans and Receivables in Group V</i>	79,803	57,642
Non-performing commissions and other receivables	--	--
General Provision Expenses	32,218	20,018
Provision for Possible Losses	--	--
Foreign Exchange Losses on Foreign Currency Indexed Loans	--	--
Impairment Losses on Securities:	6,777	5,003
<i>Trading securities</i>	3,738	3,957
<i>Investment Securities Available-for-Sale</i>	3,039	1,046
Other Impairment Losses:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	--
Other	5,399	2,953
<b>Total</b>	<b>131,091</b>	<b>94,682</b>

## 7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	361,286	263,784
Reserve for Employee Termination Indemnity Benefits	3,039	2,781
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment of Tangible Assets	--	4,402
Depreciation Expenses of Tangible Assets	34,837	32,939
Impairment of Intangible Assets	--	--
Depreciation Expenses of Intangible Assets	8,848	8,438
Impairment of Investments in Associates	--	--
Impairment of Securities Held for Sale	--	--
Depreciation of Securities Held for Sale (*)	422	730
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	213,669	170,526
<i>Operational Leases</i>	43,437	32,929
<i>Repair and Maintenance</i>	6,666	6,207
<i>Advertising</i>	27,585	26,768
<i>Other Expenses</i>	135,981	104,622
Loss on Sales of Assets	814	622
Other	42,112	45,548
<b>Total</b>	<b>665,027</b>	<b>529,770</b>

## 8. Profit / loss before taxes for continued and discontinued operations

The Group does not have any discontinued operation .

	Current Period	Prior Period
Interest income	2,056,552	1,524,370
Interest expense	(1,143,699)	(794,524)
Net fee and commission income	145,726	138,369
Dividend income	940	958
Net trading income/(loss)	26,004	(30,590)
Other operating income	121,432	177,473
Provision for loan losses or other receivables (-)	(131,091)	(94,682)
Other operating expenses (-)	(665,027)	(529,770)
<b>Profit before tax – Continued operations</b>	<b>410,837</b>	<b>391,604</b>

## 9. Taxes for continued and discontinued operations

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

The current period taxation charge is YTL 91,124 and deferred tax benefit is YTL 21,542.

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
<b>Deferred tax benefit/charge arising from temporary differences:</b>		
Arising from Origination of Deductable Temporary Differences (+)	15,443	5,259
Arising from Reversal of Deductable Temporary Differences (-)	(1,726)	(2,332)
Arising from Origination of Taxable Temporary Differences (-)	(1,274)	(7,095)
Arising from Reversal of Taxable Temporary Differences (+)	9,099	6,784
<b>Total</b>	<b>21,542</b>	<b>2,616</b>

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

	Current Period	Prior Period
<b>Sources of deferred tax benefit/charge:</b>		
Arising from Origination (+)/ Reversal (-) of Deductable Temporary Differences	13,717	2,927
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	7,825	(311)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>21,542</b>	<b>2,616</b>

## 10. Information on continued and discontinued operations net profit/loss

	Current Period	Prior Period
Continued operations profit before tax	410,837	391,604
Continued operations tax provision	(69,582)	(49,315)
<b>Continued operations net profit/loss for the period</b>	<b>341,255</b>	<b>342,289</b>

The Group does not have any discontinued operation .

## 11. Net profit and loss

### 11.1 *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.

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

11.3 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.

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

## 12. 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

<b>Fees and Commissions</b>	<b>Current Period</b>	<b>Prior Period</b>
Brokerage Fees	67,909	72,104
Member companies / POS commissions	57,657	43,566
Non-Cash Loans	47,356	42,292
Remittance Service	11,115	9,873
Inurance Service	9,225	9,565
Other	45,172	34,322
<b>Total</b>	<b>238,434</b>	<b>211,722</b>

<b>Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit Card / POS Commissions	70,428	49,068
Brokerage Fees	4,876	5,319
Non-Cash Loans	148	283
Others	17,256	18,683
<b>Total</b>	<b>92,708</b>	<b>73,353</b>

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

### **1. Changes due to valuation of investments available-for-sale**

The amount of decreases from revaluation of investments available-for-sale of DFS Group has been YTL 8,457 as of 31 December 2006. This amount has been reflected to "Securities Value Increase Fund" in the balance sheet.

As of 31 December 2007, an additional amount of YTL 2,246 has been realized as income from redemption/sale of other items in "investments available-for-sale" portfolio.

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.

### **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 (13,351) (31 December 2006: YTL 10,530) 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 13,818 to legal reserves and YTL 275,079 to extraordinary reserves in 2007.

### **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 (609,121) 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 1,159,473. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from YTL 3,017,102 to YTL 2,088,065 in 2007.

“Other liabilities” item included in “change in assets and liabilities subjected to banking activities”, amounting to YTL 747,107 comprise taxes and duties payable, and other external resources 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 31.12.2007	Prior Period 31.12.2006
Cash	236,353	187,156
Interbank Money Market Placements	287,463	390,312
Trading Securities (Net)	17,906	242,006
Banks and Other Financial Institutions	2,475,380	2,269,549
<b>Cash Equivalents</b>	<b>3,017,102</b>	<b>3,089,023</b>

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

	Current Period 31.12.2007	Prior Period 31.12.2006
Cash	220,551	236,353
Interbank Money Market Placements	13,185	287,463
Trading Securities (Net)	26,118	17,906
Banks and Other Financial Institutions	1,828,211	2,475,380
<b>Cash Equivalents</b>	<b>2,088,065</b>	<b>3,017,102</b>

### 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 2007, the Bank's risk group has deposits, received loans, cash, given bank deposit and non-cash loans, and subordinated loans at the Bank amounting to YTL 156,939, YTL 2,302,647, YTL 7,934, YTL 7,958, YTL 3,535, and YTL 362,506, respectively. As a result of the transactions with the risk group, the Bank has recorded net interest and commission expense and derivative transaction loss amounting to YTL 63,313 and 4,792, respectively.

#### 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	8,738	2,125	--	2,651	--	37
Balance at the End of the Period	9,676	834	6,167	2,666	49	35
Interest and Commission Income Received	745	--	7	462	2	3

#### 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	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	--	168	2,166	722	--	--

\* 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	23	2,732	743,522	643,137	5,061	14,144
Balance at the End of the Period	2,876	23	2,816,035	743,522	3,181	5,061
Interest on Deposits	278	2	63,845	5,932	409	--

\* 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	Current Period	Prior Period	Current Period
Transactions for Trading Purposes:						
Beginning of the Period	--	--	--	--	--	--
End of the Period	--	--	410,322	--	--	--
Total Income/Loss	--	--	(4,792)	98	--	--
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 2007, cash loans of the risk group represented 0.1% of the DFS Group's total cash loans granted, the deposits and loans received represented 18.5% of the DFS Group's total deposits and loans received. Non-cash loans granted represent 0.07% of the total balance.

**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	319	6,621			
			Country of incorporation		
Foreign representation	--	--	1-		
			2-		
			3-		
Foreign branch	1	13	1-Bahrain	2,615,168	
			2-		
			3-		
Off-shore banking region branches	--	--	1-		
			2-		
			3-		

### 2. The branches of associates and subsidiaries

There are eleven 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, Innsbruck, Floridsdorf and Neustadt.

There is one branch of CJSC Denizbank Moscow in Kazan, the subsidiary located centrally in Moscow, Russia.

## SECTION SIX

### OTHER DISCLOSURES AND FOOTNOTES

#### I. Other explanations related to the Parent Bank's operations

##### 1. Explanations related to the Bank's operations

On 5 March 2007, the Bank fully repaid its club loan, amounting to USD 500 millions.

On 28 June 2007, the Bank obtained a securitization loan based on remittances, amounting to USD 350 million (Series 2007-B, USD 200 million, and Series 2007-C, USD 150 million) by the intermediation of Dexia Bank Belgium and ABN Amro Bank. The maturity of the loan is 15 June 2015.

The Bank obtained a 10 years maturity (repayable after 5 years) subordinated loan from Dexia SA, amounting to USD 50 million on 28 June 2007.

On 3 July 2007, the Bank fully repaid its securitization loan, amounting to USD 150 millions (Series 2005-A) which had an original maturity of 2010.

The Bank signed a 10 years loan facility with European Investment Bank, amounting to Euro 250 million, on 12 July 2007. The loan is designed to be granted to small and medium sized enterprises, and commercial and corporate customers, in portions of Euro 150 million and Euro 100 million, respectively.

The Bank obtained a 10 years maturity (repayable after 5 years) subordinated loan from Dexia SA, amounting to USD 130 million on 27 September 2007.

The Bank recorded its new capital investments to Denizbank AG and CJSC Denizbank Moscow, amounting to YTL 25,534 and YTL 14,217, respectively, in "other assets" since the authorizations of the related foreign bodies have not been granted yet.

##### 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 12 December 2007, Fitch Ratings has upgraded Turkey's long-term local currency rating to BB from BB-. Fitch Ratings has affirmed long-term foreign currency rating of BB- and the outlooks for long-term local and foreign currency at Stable. There has been no change to Turkey's country ceiling rating of BB and short term foreign currency rating of B.

###### Denizbank's rating by Fitch Ratings

On 14 December 2007, Fitch Ratings has upgraded Denizbank's long term local currency rating to BBB- from BB+, short term local currency rating to F3 from B and national long-term rating to AAA from AA+. Fitch ratings affirmed DenizBank's long and short term foreign currency rating and the outlooks for foreign and local currency IDRs and the National rating at Stable. The latest ratings of Denizbank are as follows:

Foreign Currency				Local Currency		
Short Term	Long Term	Individual	Support	Short Term	Long Term	National
B	BB (Stable)	C	3	F3	BBB- (Stable)	AAA (Stable)

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

On 24 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. And domestic bill debt country ceiling was affirmed as A2.

### Denizbank's rating by Moody's Investors Service

On 24 April 2007, Moody's has raised Denizbank's financial strength rating to C- from D+ and assigned its outlook at Stable. The latest ratings of Denizbank are as follows:

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	C-	Stable

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

According to the provisions of BRSA's "Regulation on Amendments for the Regulation of 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. 26779, dated 6 February 2008, the general loan loss provisions for closely monitored cash loans and non-cash loans increased from 1% to 2%, and 0.2% to 0.4%, respectively.

Following the approval of the legal authority on 11 January 2008, the Bank transferred the amount of its new investment (YTL 14,217) in CJSC Denizbank Moscow from temporary account to subsidiaries account.

Following the approval of the legal authority on 28 January 2008, the Bank transferred the amount of its new investment (YTL 25,534) in Denizbank AG from temporary account to subsidiaries account.

### 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 auditor's report**

The Bank's consolidated financial statements as of 31 December 2007 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. It was noted in their audit report dated 28 February 2008 that the consolidated financial statements present fairly the financial position of Denizbank Anonim Şirketi and its subsidiaries as of 31 December 2007, 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 Articles 37 and 38 of the (Turkish) Banking Law No. 5411.