

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

**Denizbank Anonim Şirketi**

Interim Financial Statements

As of and for the Six Months Period Ended  
30 June 2007

With Independent Auditor's Review Report Thereon

Akis Serbest Muhasebeci  
Mali Müşavirlik  
Anonim Şirketi  
14 August 2007

*This report contains 60 pages.*

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

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

To the Board of Directors of Denizbank Anonim Şirketi:

We have reviewed the balance sheet of Denizbank Anonim Şirketi (the Bank) as of 30 June 2007 and the related statement of income, changes in shareholders' equity and cash flows for the six months period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly the financial position of Denizbank Anonim Şirketi as of 30 June 2007, and of the results of its operations and its cash flows for the six months period then ended, in all material respects in accordance with regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by Banking Regulation and Supervision Agency.

Istanbul,  
14 August 2007

Akis Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik  
Anonim Şirketi

Murat Alsan  
*Partner*

**Additional paragraph for convenience translation to English:**

As explained in Note 3.I.2, the accompanying 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.**  
**UNCONSOLIDATED INTERIM FINANCIAL REPORT AS OF 30 JUNE 2007**

Address of the Bank's Headquarters

Büyükdere Caddesi No:106  
34394 –ESETEPE/İSTANBUL

Telephone and Fax Numbers

Tel : 0.212.355 08 00  
Fax: 0.212.267 27 24

Website of the Bank

[www.denizbank.com](http://www.denizbank.com)

E-mail address of the Bank

investorrelations@denizbank.com

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

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

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent review, 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 unconsolidated financial statements are presented in **New Turkish Lira (YTL) thousands**.

**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

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# Denizbank Anonim Şirketi

## Unconsolidated Financial Report as of 30 June 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. 0.22% of the Bank's shares are publicly held as of 30 June 2007.

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

<b>Name of the Shareholder</b>	<b>Amount (YTL)</b>	<b>Share %</b>
Dexia Participation Belgique SA	315,394,034	99.78
M. Cem Bodur	5	0.00
Hakan Ateş	5	0.00
Ayfer Yılmaz	5	0.00
Mustafa Tinas Titiz	5	0.00
Publicly traded	705,946	0.22
	<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, 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, Independent Member	0.000002
Hakan Ateş	Member, President and CEO	0.000002
Ayfer Yılmaz	Independent 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	Independent 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 Tinas Titiz and Eric P.B.A. Hermann have been assigned as the members of the Audit Committee, by the resolution dated 17 January 2007 and numbered 2007/2 of the Board of Directors.

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

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. 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 - 30 June 2007

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



## SECTION TWO FINANCIAL STATEMENTS

- I. Balance Sheets
- II. Off-Balance Sheet Items Statements
- III. Income Statements
- IV. Statements of Changes in Shareholders' Equity
- V. Statements of Cash Flows

ASSETS	Footnotes	CURRENT PERIOD (30/06/2007)			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>314,679</b>	<b>599,597</b>	<b>914,276</b>	<b>147,292</b>	<b>715,389</b>	<b>862,681</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(5.1.2)	<b>250,745</b>	<b>23,515</b>	<b>274,260</b>	<b>181,706</b>	<b>41,079</b>	<b>222,785</b>
2.1 Trading Securities		220,456	15,296	235,752	148,080	27,837	175,917
2.1.1 Public Sector Debt Securities		215,110	4,507	219,617	137,051	5,851	142,902
2.1.2 Share Certificates		5,346	-	5,346	11,029	-	11,029
2.1.3 Other Securities		-	10,789	10,789	-	21,986	21,986
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		30,289	8,219	38,508	33,626	13,242	46,868
<b>III. BANKS AND OTHER FINANCIAL INSTITUTIONS</b>	(5.1.3)	<b>10,041</b>	<b>1,643,346</b>	<b>1,653,387</b>	<b>63,067</b>	<b>2,117,210</b>	<b>2,180,277</b>
<b>IV. INTERBANK MONEY MARKET</b>		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	(5.1.4)	<b>837,142</b>	<b>210,829</b>	<b>1,047,971</b>	<b>578,255</b>	<b>296,474</b>	<b>874,729</b>
5.1 Share Certificates		3,927	-	3,927	3,867	-	3,867
5.2 Public Sector Debt Securities		833,215	86,571	919,786	574,388	138,868	713,256
5.3 Other Securities		-	124,258	124,258	-	157,606	157,606
<b>VI. LOANS</b>	(5.1.5)	<b>5,552,485</b>	<b>2,108,950</b>	<b>7,661,435</b>	<b>4,960,390</b>	<b>1,864,582</b>	<b>6,824,972</b>
6.1 Loans		5,545,024	2,108,950	7,653,974	4,954,378	1,864,582	6,818,960
6.2 Loans under Follow-Up		190,799	98	190,897	164,202	106	164,308
6.3 Specific Provisions (-)		183,338	98	183,436	158,190	106	158,296
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(5.1.6)	-	<b>41,562</b>	<b>41,562</b>	-	<b>44,200</b>	<b>44,200</b>
8.1 Public Sector Debt Securities		-	-	-	-	-	-
8.2 Other Securities		-	41,562	41,562	-	44,200	44,200
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	<b>3,323</b>	-	<b>3,323</b>	<b>3,323</b>	-	<b>3,323</b>
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated		3,323	-	3,323	3,323	-	3,323
9.2.1 Financial Investments		-	-	-	-	-	-
9.2.2 Non-Financial Investments		3,323	-	3,323	3,323	-	3,323
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	<b>116,570</b>	<b>82,348</b>	<b>198,918</b>	<b>113,676</b>	<b>82,348</b>	<b>196,024</b>
10.1 Unconsolidated Financial Investments		111,120	82,348	193,468	108,531	82,348	190,879
10.2 Unconsolidated Non-Financial Investments		5,450	-	5,450	5,145	-	5,145
<b>XI. JOINT VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Investments		-	-	-	-	-	-
11.2.2 Non-Financial Investments		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.11)	-	-	-	-	-	-
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>		<b>87,066</b>	<b>13</b>	<b>87,079</b>	<b>92,708</b>	<b>12</b>	<b>92,720</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>45,923</b>	<b>156</b>	<b>46,079</b>	<b>42,779</b>	<b>225</b>	<b>43,004</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		45,923	156	46,079	42,779	225	43,004
<b>XVI. TAX ASSETS</b>	(5.1.12)	<b>6,560</b>	-	<b>6,560</b>	-	-	-
16.1 Current Tax Assets		-	-	-	-	-	-
16.2 Deferred Tax Assets		6,560	-	6,560	-	-	-
<b>XVII. ASSETS HELD FOR SALE (Net)</b>		<b>15,260</b>	-	<b>15,260</b>	<b>15,363</b>	-	<b>15,363</b>
<b>XVIII. OTHER ASSETS</b>	(5.1.13)	<b>127,750</b>	<b>47,310</b>	<b>175,060</b>	<b>111,148</b>	<b>8,963</b>	<b>120,111</b>
<b>TOTAL ASSETS</b>		<b>7,367,544</b>	<b>4,757,626</b>	<b>12,125,170</b>	<b>6,309,707</b>	<b>5,170,482</b>	<b>11,480,189</b>

LIABILITIES AND EQUITY		Footnotes	CURRENT PERIOD (30/06/2007)			PRIOR PERIOD (31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(5.II.1)	4,134,397	3,751,051	7,885,448	3,218,851	4,001,039	7,219,890
<b>II.</b>	<b>NEGATIVE VALUE OF TRADING PURPOSE DERIVATIVES</b>	(5.II.2)	44,269	10,088	54,357	21,966	18,654	40,620
<b>III.</b>	<b>FUNDS BORROWED</b>	(5.II.3)	148,151	1,498,191	1,646,342	302,052	1,843,348	2,145,400
<b>IV.</b>	<b>INTERBANK MONEY MARKET</b>		450,691	-	450,691	196,337	-	196,337
4.1	Interbank Money Market Takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Takings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		450,691	-	450,691	196,337	-	196,337
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		225,010	23,957	248,967	217,084	13,283	230,367
<b>VIII.</b>	<b>OTHER EXTERNAL RESOURCES</b>	(5.II.4)	71,583	19,059	90,642	59,870	20,370	80,240
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	(5.II.5)	-	22,987	22,987	-	28,378	28,378
10.1	Financial Lease Payables		-	25,385	25,385	-	31,967	31,967
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred Financial Leasing Expenses ( - )		-	2,398	2,398	-	3,589	3,589
<b>XI.</b>	<b>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.</b>	<b>PROVISIONS</b>		81,760	8,209	89,969	66,041	8,787	74,828
12.1	General Provisions		58,374	-	58,374	52,559	-	52,559
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Termination Benefits		6,945	-	6,945	5,381	-	5,381
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		16,441	8,209	24,650	8,101	8,787	16,888
<b>XIV.</b>	<b>TAX LIABILITIES</b>		50,612	-	50,612	51,452	-	51,452
14.1	Current Tax Liability		50,612	-	50,612	49,080	-	49,080
14.2	Deferred Tax Liability		-	-	-	2,372	-	2,372
<b>XV.</b>	<b>PAYABLES RELATED TO ASSETS HELD FOR SALE</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>SUBORDINATED LOANS</b>		-	228,334	228,334	-	166,746	166,746
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.II.9)	1,351,787	5,034	1,356,821	1,237,735	8,196	1,245,931
<b>16.1</b>	<b>Paid-In Capital</b>		316,100	-	316,100	316,100	-	316,100
<b>16.2</b>	<b>Supplementary Capital</b>		299,461	5,034	304,495	296,224	8,196	304,420
16.2.1	Share Premium		98,351	-	98,351	98,351	-	98,351
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Securities Value Increase Fund		7,114	5,034	12,148	4,008	8,196	12,204
16.2.4	Revaluation Fund on Tangible Assets		-	-	-	-	-	-
16.2.5	Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6	Capital Bonus of Associates, Subsidiaries and Joint Ventures		4,832	-	4,832	4,701	-	4,701
16.2.7	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.8	Revaluation Fund on Assets Held for Sale		-	-	-	-	-	-
16.2.9	Other Supplementary Capital		189,164	-	189,164	189,164	-	189,164
<b>16.3</b>	<b>Profit Reserves</b>		610,605	-	610,605	316,227	-	316,227
16.3.1	Legal Reserves		29,484	-	29,484	15,666	-	15,666
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		581,975	-	581,975	300,742	-	300,742
16.3.4	Other Profit Reserves		(854)	-	(854)	(181)	-	(181)
<b>16.4</b>	<b>Profit or Loss</b>		125,621	-	125,621	309,184	-	309,184
16.4.1	Prior Periods Profit or Loss		14,133	-	14,133	32,840	-	32,840
16.4.2	Current Period Profit or Loss		111,488	-	111,488	276,344	-	276,344
<b>16.5</b>	<b>Minority Shares</b>		-	-	-	-	-	-
	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,558,260</b>	<b>5,566,910</b>	<b>12,125,170</b>	<b>5,371,388</b>	<b>6,108,801</b>	<b>11,480,189</b>

	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(30/06/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>6,856,836</b>	<b>8,462,010</b>	<b>15,318,846</b>	<b>5,187,411</b>	<b>7,491,292</b>	<b>12,678,703</b>
<b>I. GUARANTEES</b>	(5.III.1-3)	<b>1,409,712</b>	<b>2,937,027</b>	<b>4,346,739</b>	<b>1,281,368</b>	<b>2,794,263</b>	<b>4,075,631</b>
1.1. Letters of Guarantee		1,409,712	1,370,929	2,780,641	1,281,250	1,513,972	2,795,222
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		86,479	16,342	102,821	131,769	14,160	145,929
1.1.3. Other Letters of Guarantee		1,323,233	1,354,587	2,677,820	1,149,481	1,499,812	2,649,293
1.2. Bank Acceptances		-	84,571	84,571	-	142,408	142,408
1.2.1. Import Letter of Acceptance		-	84,571	84,571	-	142,408	142,408
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1,271,757	1,271,757	118	1,059,389	1,059,507
1.3.1. Documentary Letters of Credit		-	923,582	923,582	118	679,862	679,980
1.3.2. Other Letters of Credit		-	348,175	348,175	-	379,527	379,527
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		-	209,770	209,770	-	78,494	78,494
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>3,186,505</b>	<b>-</b>	<b>3,186,505</b>	<b>2,728,283</b>	<b>98,392</b>	<b>2,826,675</b>
2.1. Irrevocable Commitments		3,185,824	-	3,185,824	2,727,602	98,392	2,825,994
2.1.1. Asset Purchase Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		100	-	100	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		550	-	550	455	-	455
2.1.4. Loan Granting Commitments		49,972	-	49,972	53,383	-	53,383
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		511,603	-	511,603	431,925	-	431,925
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		2,459,213	-	2,459,213	2,146,292	-	2,146,292
2.1.10. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.11. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		164,386	-	164,386	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>		<b>2,260,619</b>	<b>5,524,983</b>	<b>7,785,602</b>	<b>1,177,760</b>	<b>4,598,637</b>	<b>5,776,397</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		2,260,619	5,524,983	7,785,602	1,177,760	4,598,637	5,776,397
3.2.1. Forward Foreign Currency Purchases/Sales		392,690	4,175,063	4,567,753	350,166	3,560,339	3,910,505
3.2.1.1. Forward Foreign Currency Purchases		225,237	2,058,008	2,283,245	64,099	1,885,420	1,949,519
3.2.1.2. Forward Foreign Currency Sales		167,453	2,117,055	2,284,508	286,067	1,674,919	1,960,986
3.2.2. Currency and Interest Rate Swaps		733,576	712,263	1,445,839	392,354	307,980	700,334
3.2.2.1. Currency Swaps-Purchases		1,000	126,135	127,135	-	175,257	175,257
3.2.2.2. Currency Swaps-Sales		130,160	976	131,136	163,420	11,427	174,847
3.2.2.3. Interest Rate Swaps-Purchases		228,620	358,458	587,078	114,467	60,648	175,115
3.2.2.4. Interest Rate Swaps-Sales		373,796	226,694	600,490	114,467	60,648	175,115
3.2.3. Currency, Interest Rate and Security Options		870,244	613,020	1,483,264	435,239	693,204	1,128,443
3.2.3.1. Currency Options-Purchases		509,302	247,182	756,484	215,069	349,787	564,856
3.2.3.2. Currency Options-Sales		357,055	365,838	722,893	220,170	343,417	563,587
3.2.3.3. Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5. Securities Options-Purchases		3,887	-	3,887	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		-	1,650	1,650	-	13,906	13,906
3.2.4.1. Currency Futures-Purchases		-	1,650	1,650	-	7,768	7,768
3.2.4.2. Currency Futures-Sales		-	-	-	-	6,138	6,138
3.2.5. Interest Rate Futures		-	-	-	-	5,622	5,622
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	5,622	5,622
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		264,109	22,987	287,096	1	17,586	17,587
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>11,562,778</b>	<b>4,504,375</b>	<b>16,067,153</b>	<b>8,062,752</b>	<b>4,258,005</b>	<b>12,320,757</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>2,544,934</b>	<b>780,131</b>	<b>3,325,065</b>	<b>2,361,942</b>	<b>712,930</b>	<b>3,074,872</b>
4.1. Customers' Securities Held		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		1,744,680	188,480	1,933,160	1,805,642	156,462	1,962,104
4.3. Checks Received for Collection		161,745	143,006	304,751	3	174,170	174,173
4.4. Commercial Notes Received for Collection		177,126	442,339	619,465	155,955	345,624	501,579
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	175,324	-	175,324
4.7. Other Items under Custody		-	6,306	6,306	-	36,674	36,674
4.8. Custodians		461,383	-	461,383	225,018	-	225,018
<b>V. PLEDGED ITEMS</b>		<b>9,017,655</b>	<b>3,664,179</b>	<b>12,681,834</b>	<b>5,700,633</b>	<b>3,477,279</b>	<b>9,177,912</b>
5.1. Securities		1,948,476	17,285	1,965,761	522,582	18,415	540,997
5.2. Guarantee Notes		1,989,875	585,500	2,575,375	1,164,783	577,858	1,742,641
5.3. Commodities		1,178,659	709,018	1,887,677	1,043,363	763,509	1,806,872
5.4. Warranties		-	-	-	-	-	-
5.5. Immovables		3,649,822	2,143,649	5,793,471	2,759,254	1,876,488	4,635,742
5.6. Other Pledged Items		250,823	208,727	459,550	210,651	241,009	451,660
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>189</b>	<b>60,065</b>	<b>60,254</b>	<b>177</b>	<b>67,796</b>	<b>67,973</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>18,419,614</b>	<b>12,966,385</b>	<b>31,385,999</b>	<b>13,250,163</b>	<b>11,749,297</b>	<b>24,999,460</b>

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD (01/01/2007 - 30/06/2007)	PRIOR PERIOD (01/01/2006 - 30/06/2006)	CURRENT PERIOD (01/04/2007 - 30/06/2007)	PRIOR PERIOD (01/04/2006 - 30/06/2006)
<b>I. INTEREST INCOME</b>	(5.IV.1)	<b>751,236</b>	<b>547,576</b>	<b>390,588</b>	<b>311,850</b>
1.1 Interest on Loans		561,770	393,929	297,339	228,734
1.2 Interest Received from Reserve Deposits		18,190	12,759	9,121	7,057
1.3 Interest Received from Banks		43,053	24,038	18,052	10,033
1.4 Interest Received from Money Market Transactions		194	28,941	24	23,203
1.5 Interest Received from Securities Portfolio		114,987	79,322	59,582	37,726
1.5.1 Trading Securities		25,252	3,669	13,418	809
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		88,341	69,025	45,600	31,357
1.5.4 Held to Maturity Securities		1,394	6,628	564	5,560
1.6 Interest Received from Financial Leases		-	-	-	-
1.7 Other Interest Income		13,042	8,587	6,470	5,097
<b>II. INTEREST EXPENSE</b>	(5.IV.2)	<b>440,659</b>	<b>292,161</b>	<b>228,142</b>	<b>159,068</b>
2.1 Interest on Deposits		328,847	208,660	171,159	113,739
2.3 Interest on Funds Borrowed		65,908	78,147	28,952	43,491
2.4 Interest on Money Market Transactions		44,020	900	27,289	(1,917)
2.5 Interest on Securities Issued		-	-	-	-
2.6 Other Interest Expense		1,884	4,454	742	3,755
<b>III. NET INTEREST INCOME (I - II)</b>		<b>310,577</b>	<b>255,415</b>	<b>162,446</b>	<b>152,782</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>	(5.IV.9)	<b>93,393</b>	<b>70,192</b>	<b>50,268</b>	<b>35,818</b>
4.1 Fees and Commissions Received		130,811	95,608	71,072	50,937
4.1.1 Cash Loans		6,417	6,822	4,268	3,064
4.1.2 Non-Cash Loans		24,995	18,950	11,432	10,604
4.1.3 Other		99,399	69,836	55,372	37,269
4.2 Fees and Commissions Paid		37,418	25,416	20,804	15,119
4.2.1 Cash Loans		1,210	1,255	1,175	1,255
4.2.2 Non-Cash Loans		11	19	5	14
4.2.3 Other		36,197	24,142	19,624	13,850
<b>V. DIVIDEND INCOME</b>		<b>294</b>	<b>25,080</b>	<b>3</b>	<b>24,477</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.3)	<b>(2,194)</b>	<b>(47,758)</b>	<b>(659)</b>	<b>(44,773)</b>
6.1 Profit / Losses on Trading Account Securities		(52,258)	57,586	(55,226)	49,076
6.2 Foreign Exchange Gains / Losses		50,064	(105,344)	54,567	(93,849)
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.4)	<b>66,472</b>	<b>65,373</b>	<b>27,545</b>	<b>31,134</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>468,542</b>	<b>368,302</b>	<b>239,603</b>	<b>199,438</b>
<b>IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)</b>	(5.IV.5)	<b>62,444</b>	<b>81,613</b>	<b>23,262</b>	<b>48,792</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.6)	<b>264,559</b>	<b>213,977</b>	<b>143,895</b>	<b>116,014</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>141,539</b>	<b>72,712</b>	<b>72,446</b>	<b>34,632</b>
<b>XII. NEGATIVE GOODWILL</b>		-	-	-	-
<b>XIII. PROFIT / LOSS FROM ASSOCIATES</b>		-	-	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT / LOSS BEFORE TAXES (XI+XII+XIII+XIV)</b>		<b>141,539</b>	<b>72,712</b>	<b>72,446</b>	<b>34,632</b>
<b>XVI. PROVISION FOR TAXES ON INCOME (+/-)</b>	(5.IV.7)	<b>(30,051)</b>	<b>(10,649)</b>	<b>(15,330)</b>	<b>29</b>
16.1 Current Tax Provision		(37,447)	(4,955)	(21,031)	10,393
16.2 Deferred Tax Provision		7,396	(5,694)	5,701	(10,364)
<b>XVII. NET OPERATING PROFIT / LOSS AFTER TAXES (XV+XVI)</b>		<b>111,488</b>	<b>62,063</b>	<b>57,116</b>	<b>34,661</b>
17.1 Ceased Operations		-	-	-	-
17.2 Other		111,488	62,063	57,116	34,661
<b>XVIII. NET PROFIT / LOSS (XVII+XIX)</b>	(5.IV.8)	<b>111,488</b>	<b>62,063</b>	<b>57,116</b>	<b>34,661</b>
18.1 Group's Profit / Loss		111,488	62,063	57,116	34,661
18.2 Minority Shares		-	-	-	-
Earnings / Losses per Share (Full YTL)		0.35	0.20	0.18	0.11

**Denizbank Anonim Şirketi**

Unconsolidated Statements of Changes in Shareholders' Equity  
For the Six Month Periods Ended 30 June 2007 and 2006  
(Currency: Thousands of YTL - New Turkish Lira)

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

	Footnotes																Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
		Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund					
<b>PRIOR PERIOD</b>																			
<i>(30/06/2006)</i>																			
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	5,631	-	106,983	(3,611)	200,714	10,098	-	16,180	108,022	1,047,632	-	1,047,632		
II. Corrections According to Turkish Accounting Standard No.8		-	-	-	-	-	-	-	4,603	4,572	21,250	-	-	8,323	38,748	-	38,748		
2.1 Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Changes in Accounting Policies		-	-	-	-	-	-	-	4,603	4,572	21,250	-	-	8,323	38,748	-	38,748		
III. Adjusted Beginning Balance (I + II)		316,100	189,164	98,351	-	5,631	-	106,983	992	205,286	31,348	-	16,180	116,345	1,086,380	-	1,086,380		
<b>Changes in the Period</b>																			
IV. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Available-for-Sale Securities		-	-	-	-	-	-	-	-	-	-	-	-	(64,864)	(64,864)	-	(64,864)		
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Available-for-Sale Securities		-	-	-	-	-	-	-	-	-	-	-	-	(5,922)	(5,922)	-	(5,922)		
VIII. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
8.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
8.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	62,063	-	-	-	-	62,063	-	62,063		
X. Profit Distribution		-	-	-	-	10,035	-	193,759	-	(205,286)	1,492	-	-	-	-	-	-		
10.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
10.2 Transferred to Reserves		-	-	-	-	10,035	-	193,759	-	-	(203,794)	-	-	-	-	-	-		
10.3 Others		-	-	-	-	-	-	-	-	(205,286)	205,286	-	-	-	-	-	-		
XI. Capital Increase		-	-	-	-	-	-	-	1,847	-	-	-	-	-	1,847	-	1,847		
11.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Revaluation Fund on Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.3 Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.4 Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.5 Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.6 Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.7 Foreign Exchange Differences		-	-	-	-	-	-	-	1,847	-	-	-	-	-	1,847	-	1,847		
11.8 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XII. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIII. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIV. Primary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XV. Secondary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XVI. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Balances at the End of Period (III+IV+.....+XIV+XV+XVI)</b>		<b>316,100</b>	<b>189,164</b>	<b>98,351</b>	<b>-</b>	<b>15,666</b>	<b>-</b>	<b>300,742</b>	<b>2,839</b>	<b>62,063</b>	<b>32,840</b>	<b>-</b>	<b>16,180</b>	<b>45,559</b>	<b>1,079,504</b>	<b>-</b>	<b>1,079,504</b>		
<b>CURRENT PERIOD</b>																			
<i>(30/06/2007)</i>																			
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	15,666	-	300,742	4,496	276,344	32,840	-	4,701	12,204	1,250,608	-	1,250,608		
II. Corrections According to Turkish Accounting Standard No.8		-	-	-	-	-	-	-	(4,677)	-	-	-	-	-	(4,677)	-	(4,677)		
2.1 Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Changes in Accounting Policies		-	-	-	-	-	-	-	(4,677)	-	-	-	-	-	(4,677)	-	(4,677)		
III. Adjusted Beginning Balance (I + II)		316,100	189,164	98,351	-	15,666	-	300,742	(181)	276,344	32,840	-	4,701	12,204	1,245,931	-	1,245,931		
<b>Changes in the Period</b>																			
II. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. Available-for-Sale Securities		-	-	-	-	-	-	-	-	-	-	-	-	1,906	1,906	-	1,906		
IV. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Available-for-Sale Securities		-	-	-	-	-	-	-	-	-	-	-	-	(1,962)	(1,962)	-	(1,962)		
VI. Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	111,488	-	-	-	-	111,488	-	111,488		
VIII. Profit Distribution		-	-	-	-	13,818	-	281,233	-	(276,344)	(18,707)	-	-	-	-	-	-		
8.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
8.2 Transferred to Reserves		-	-	-	-	13,818	-	281,233	-	-	(295,051)	-	-	-	-	-	-		
8.3 Others		-	-	-	-	-	-	-	-	(276,344)	276,344	-	-	-	-	-	-		
IX. Capital Increase		-	-	-	-	-	-	-	(673)	-	-	-	131	-	(542)	-	(542)		
9.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9.2 Revaluation Fund on Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9.3 Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9.4 Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	131	-	131	-	131		
9.5 Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9.6 Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9.7 Foreign Exchange Differences		-	-	-	-	-	-	-	(673)	-	-	-	-	-	(673)	-	(673)		
9.8 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XI. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XII. Primary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIII. Secondary Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIV. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Balances at the End of Period (I+II+.....+XIV)</b>		<b>316,100</b>	<b>189,164</b>	<b>98,351</b>	<b>-</b>	<b>29,484</b>	<b>-</b>	<b>581,975</b>	<b>(854)</b>	<b>111,488</b>	<b>14,133</b>	<b>-</b>	<b>4,832</b>	<b>12,148</b>	<b>1,356,821</b>	<b>-</b>	<b>1,356,821</b>		

	Footnotes	CURRENT PERIOD (30/06/2007)	PRIOR PERIOD (30/06/2006)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities(+)</b>		<b>91,932</b>	<b>57,143</b>
1.1.1 Interest Received		700,604	407,062
1.1.2 Interest Paid (-)		416,477	264,695
1.1.3 Dividend Received (+)		294	25,080
1.1.4 Fees And Commissions Received (+)		130,811	95,608
1.1.5 Other Income (+)		97,980	291,527
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		40,176	9,812
1.1.7 Payments to Personnel and Service Suppliers (-)		145,347	3,174
1.1.8 Taxes Paid (-)		31,257	14,973
1.1.9 Other (+/-)		(284,852)	(489,104)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(1,202,655)</b>	<b>(888,738)</b>
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		(63,797)	(47,601)
1.2.2 Net (Increase) Decrease in Due From Banks And Other Financial Institutions(+/-)		(8,360)	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		(404,985)	(12,492)
1.2.4 Net (Increase) Decrease in Loans (+/-)		(823,732)	(1,612,946)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(403,485)	(397,002)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		149,997	(49,696)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		506,988	328,084
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		(487,136)	1,006,791
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)		331,855	(103,876)
<b>I. Net Cash (Used in)/Provided by Banking Operations (+/-)</b>		<b>(1,110,723)</b>	<b>(831,595)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (Used in) Investing Activities (+/-)</b>		<b>(179,547)</b>	<b>201,707</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		2,892	40,025
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		-	-
2.3 Fixed Assets Purchases (-)		17,664	10,255
2.4 Fixed Assets Sales (+)		977	1,324
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		367,682	-
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		207,714	262,068
2.7 Cash Paid for Purchase of Investment Securities(-)		-	11,405
2.8 Cash Obtained from Sale of Investment Securities (+)		-	-
2.9 Other (+/-)		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Used in Financing Activities (+/-)</b>		<b>(6,802)</b>	<b>(7,459)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		-	-
3.3 Capital Increase (+)		-	-
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		6,802	7,459
3.6 Other (+/-)		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>		<b>52,398</b>	<b>(230,008)</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(1,244,674)</b>	<b>(867,355)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period (+)</b>		<b>3,046,343</b>	<b>3,005,614</b>
<b>VII. Cash and Cash Equivalents at the End of Period (V+VI)</b>		<b>1,801,669</b>	<b>2,138,259</b>

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

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

The Bank has restated its prior period financial statements in accordance with TAS and TFRS as required by TAS 1 "Presentation of the Financial Statements". 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>108,022</b>	<b>(3,611)</b>	<b>200,714</b>	<b>10,098</b>	<b>1,047,632</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)	-	-	892	(185)	707
Fair Value Corrections Made to Trading and Available-for-Sale Securities (TAS 39)	8,323	-	105	69	8,497
Correction of Foreign Exchange Differences on Foreign Subsidiaries (TAS 21) *	-	4,603	-	14,133	18,736
<b>Balances Restated as of 31 December 2005</b>	<b>116,345</b>	<b>992</b>	<b>205,286</b>	<b>31,348</b>	<b>1,086,380</b>

\* According to BRSA's announcement dated 2 July 2007 and numbered BDDK.DZM.2/13/1-a-8615, it has been decided to carry investments in foreign subsidiaries at historical costs and foreign exchange difference amounting to YTL 4,603 which had been previously recorded in "other reserves" has been cancelled. On the other hand, since the financial statements of the Bank had been subject to inflation restatement until 31 December 2004, the historical costs of the investments in foreign subsidiaries are restated until that date, and the resulting inflation increase of YTL 14,133 is recorded in "prior period net profit/loss".



	<b>Net Profit for the Period</b>
<b>Balances Reported as of 30 June 2006</b>	<b>63,006</b>
Correction of Employee Termination Benefits (TAS 19)	(378)
Fair Value Corrections Made to Trading Securities (TAS 39)	(565)
<b>Balances Restated as of 30 June 2006</b>	<b>62,063</b>

#### **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 XXI below.

#### **5. Presentation of the financial statements according to the current purchasing power of the money**

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

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

### **1. Strategy for the use of financial instruments**

Denizbank A.Ş. (“the Bank”)’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 Bank generating more return than the calculated average return for the Bank.

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

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

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

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

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

## 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

Bank 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 30 June 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:

	30 June 2007	31 December 2006	30 June 2006
US Dollars	YTL 1.3046	YTL 1.4056	YTL 1.5697
Euro	YTL 1.7585	YTL 1.8515	YTL 1.9963

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

Net foreign exchange gain included in the income statement amounts to YTL 50,064 (30 June 2006: net foreign exchange loss of YTL 105,344).

### 2.3 Foreign exchange gains and losses included in the shareholders’ equity

Foreign exchange differences arising on translation of the operations of Bahrain branch amount to YTL 854 and are recorded in “other reserves”.

## III. 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 Bank does not have any embedded derivatives or hedging instruments.

The Bank’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 income statement.

#### **IV. 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 30 June 2007, the Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside”, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

As of 30 June 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. 24448 dated 30 June 2001.

#### **V. 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.

#### **VI. Financial assets**

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

##### **1. Financial assets at fair value through profit or loss**

###### **1.1 Trading securities**

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

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

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

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

## **1.2 Financial assets at fair value through profit or loss**

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

## **2. Investment securities available-for-sale**

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

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

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

## **3. Investment securities held-to-maturity**

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

Investment securities held-to-maturity and loans are initially recognized at cost. Investment securities held-to-maturity are accounted for by using a discounting method based on internal rate of return applied on the net investment amounts after the deduction of provision for impairments.

There are no 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 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 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 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.

#### **VII. 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 financial statements in accordance with TAS 36 “Impairment of Assets”.

#### **VIII. Offsetting financial instruments**

When the fair values of the quoted 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 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 balance sheet.

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

#### **IX. 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 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 balance sheet. Interest expense representing the difference between the sale and repurchase price of the related repurchase agreements is accounted on an accrual basis.

#### **X. Assets held for sale and ceased operations**

Assets held for sale comprise tangible assets received against non-performing loans. They are accounted in accordance with the “Regulation on the Methods and Principles of Purchase and Sale of Precious Metals and Disposal of Commodities and Real Estate Obtained Against Receivables”, dated 1 November 2006 and published in the Official Gazette no. 26333. As of the balance sheet date, the Bank’s assets held for sale amount to YTL 15,260 (31 December 2006: YTL 15,363).

Bank does not have any ceased operations.

## **XI. Goodwill and other intangible assets**

There is no goodwill in the accompanying 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%.

Gains and losses resulting from the disposal of intangible assets are recognized in “Other Operating Income/Expense” account in the 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.

## **XII. 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 after 2006 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%	20%- 25%
- Vehicles	20%	40%- 50%	20% - 50%
- Other equipment	20%	4.44% -50%	4.44% -40%
Immovable	2%	2%	2%

The Bank has an impairment provision of YTL 4,402, 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 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.

### **XIII. 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 Bank is not involved in financial leasing activities as a lessor.

### **XIV. 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 Bank 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 Bank's attorneys, there are 348 lawsuits against the Bank with total risks amounting to YTL 25,064, USD 1,640,559 and EUR 110,799 as of 30 June 2007. There are also 7,388 follow-up cases amounting to YTL 20,226, EUR 196,251 and USD 454,066 in total that are filed by the Bank and are at courts.

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

## **XV. 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>30.06.2007</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 30 June 2007 is YTL 1,961; 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.

## **XVI. 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% (20% for 2006), beginning from 2006. In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance that are deducted from the final corporate tax liability are reflected as "Current Tax Assets" on the assets side of the balance sheet.

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

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

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 Bank 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.

Deferred tax assets and liabilities have been offset in the financial statements, resulting in a net deferred tax asset of YTL 6,560.

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

## **XVII. 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.

## **XVIII. Paid-in capital**

Transactions related to issuance of share certificates are explained in footnote 5.II.10.

## **XIX. 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.

## **XX. Government grants**

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

## **XXI. Segment reporting**

Segment reporting is made according to the 28<sup>th</sup> 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 VII.

## **XXII. Other explanations**

As a result of the corrections that are explained in the disclosures related to the first time application of Turkish Accounting Standards in Section Three I-3, some classifications are made to the financial statements of the periods, 31 December 2006 and 30 June 2006, in order to maintain compliance with the accompanying financial statements of 30 June 2007.

## **SECTION FOUR**

### **FINANCIAL POSITION**

#### **I. Capital adequacy ratio**

The Bank's capital adequacy ratio is 14.03% as of 30 June 2007. Minimum requirement for this ratio is stipulated as 8% in related legislation.

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

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 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. Unconsolidated capital adequacy ratio

	30.06.2007			
	0%	20%	50%	100%
<b>Credit Risk Base</b>				
<b>Balance Sheet Items (Net)</b>	<b>2,361,433</b>	<b>1,635,297</b>	<b>1,229,910</b>	<b>6,514,092</b>
Cash in Vault	166,780	219	--	--
Due Dated Financial Assets	--	--	--	--
Central Bank of Turkey	385,908	--	--	--
Domestic and Foreign Banks, Foreign Branches	--	1,609,961	--	42,491
Interbank Money Market	--	--	--	--
Receivables from Reverse Repos	--	--	--	--
Reserve Deposits	351,414	--	--	--
Loans	405,818	23,404	1,201,504	5,843,025
Non-performing Loans (Net)	--	--	--	7,461
Receivables from Leasing Operations	--	--	--	--
Investments Available-for-Sale	982,643	--	--	6,310
Investments Held-to-Maturity	--	--	--	11,089
Receivables from Sale of Assets	--	--	--	321
Miscellaneous Receivables	--	--	--	84,523
Accrued Interest and Other Income	63,371	1,713	28,406	154,383
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	202,240
Tangible Assets	--	--	--	102,339
Other Assets	5,499	--	--	59,910
<b>Off-Balance Sheet Items</b>	<b>84,075</b>	<b>1,125,501</b>	<b>455,183</b>	<b>1,642,083</b>
Non-Cash Loans and Commitments	84,075	1,058,761	455,183	1,624,107
Derivatives	--	66,740	--	17,976
<b>Accounts Not Risk Weighted</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Risk Weighted Assets</b>	<b>2,445,508</b>	<b>2,760,798</b>	<b>1,685,093</b>	<b>8,156,175</b>

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

	Current period	Prior period
Risk Weighted Assets	9,550,882	8,641,774
Value at Risk	484,675	309,350
Operation Risk (*)	861,211	--
Shareholders' Equity	1,528,935	1,388,419
Shareholders' Equity / (RWA+VAT+OR)*100	14.03%	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	29,484	15,666
I. Legal Reserve (Turkish Commercial Code 466/1)	29,484	15,666
II. Legal Reserve (Turkish Commercial Code 466/2)	--	--
Other Legal Reserve per Special Legislation	--	--
Status Reserves	--	--
Extraordinary Reserves	581,121	305,238
Reserve Allocated at the General Assembly	581,975	300,742
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Translation Differences	(854)	4,496
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	--	--
Profit	125,621	295,050
Current Period Profit	111,488	276,344
Prior Periods' Profit	14,133	18,706
Free Provisions Booked for Possible Losses (Up to 25% of the Core Capital)	539	542
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 (-)	35,643	31,984
Prepaid Expenses (-)	24,583	14,262
Intangible Assets (-)	10,436	11,020
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	--	--
Amount Excess of Article 56/3 of the Law (-)	--	--
<b>Total Core Capital</b>	<b>1,269,718</b>	<b>1,162,845</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	58,374	52,559
45% of Revaluation Fund of Securities	--	--
45% of Revaluation Fund of Real Estate	--	--
Revaluation Surplus	4,832	4,701
Amount not Included in Core Capital for Primary Subordinated Loans	--	--
Secondary Subordinated Loans	223,495	166,617
45% of Securities Value Increase Fund	5,467	5,492
Associates and Subsidiaries	--	--
Investments Available-for-Sale	5,467	5,492
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits	--	--
<b>Total Supplementary Capital</b>	<b>292,168</b>	<b>229,369</b>
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>1,561,886</b>	<b>1,392,214</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>32,951</b>	<b>3,795</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	32,951	3,795
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>1,528,935</b>	<b>1,388,419</b>

As explained in Section Three "Accounting Policies", 2<sup>nd</sup> article "Disclosures related to the first time application of Turkish Accounting Standards", "prior years profit/loss" has been increased by YTL 14,133. In case this amount had been reflected to the prior period's calculation, the shareholders' equity and the capital adequacy ratio would have been 1,397,955 and 15.60%, respectively.

## II. 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	17,005
(II) Capital Obligation against Specific Risk - Standard Method	5,363
(III) Capital Obligation against Currency Risk - Standard Method	16,405
(IV) Capital Obligation against Commodity Risk - Standard Method	--
(V) Capital Obligation against Clearing Risk - Standard Method	--
(VI) Capital Obligation against Options Subject to Market Risk – Standard Method	1
(VII) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	--
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	38,774
<b>(IX Value-At-Risk Amount (12,5 x VIII) or (12,5 x VII))</b>	<b>484,675</b>

## III. Operational risk

The Bank 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 the Bank for the years ended 2006, 2005 and 2004.

## IV. Foreign currency exchange rate risk

### 1. Whether the bank 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 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.

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 Bank 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 1,3046
Euro purchase rate at the date of the balance sheet	YTL 1.7585

<b>Date</b>	<b>US Dollar</b>	<b>Euro</b>
25 June 2007	1.3092	1.7615
26 June 2007	1.3197	1.7753
27 June 2007	1.3250	1.7805
28 June 2007	1.3147	1.7696
29 June 2007	1.3046	1.7585

**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 June 2007 are YTL 1.3146 and YTL 1.7635, respectively.

6. Information on currency risk (Thousands of YTL)

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.	83,882	503,698	1,599	10,418	599,597
Due from Banks and Other Financial Institutions	381,865	1,220,482	2,569	38,430	1,643,346
Financial Assets at Fair Value Through Profit or Loss	5,081	18,434	--	--	23,515
Interbank Money Market Placements	--	--	--	--	--
Investment Securities Available-for-Sale	37,975	172,854	--	--	210,829
Loans (*)	911,262	1,915,443	2,048	18,620	2,847,373
Investments in Subsidiaries and Associates	56,898	11,317	--	--	68,215
Investment Securities Held-to-Maturity	29,883	11,679	--	--	41,562
Hedging Purpose Financial Derivatives	--	--	--	--	--
Tangible Assets	--	13	--	--	13
Intangible Assets	--	156	--	--	156
Other Assets	16,440	23,003	74	7,793	47,310
<b>Total Assets</b>	<b>1,523,286</b>	<b>3,877,079</b>	<b>6,290</b>	<b>75,261</b>	<b>5,481,916</b>
<b>Liabilities</b>					
Bank Deposits	13,030	24,204	--	90	37,324
Foreign Currency Deposits	1,219,104	2,427,633	11,299	55,691	3,713,727
Interbank Money Markets	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	9,165	1,481,360	62	7,604	1,498,191
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	1,762	22,112	--	83	23,957
Hedging Purpose Financial Derivatives	--	--	--	--	--
Other Liabilities (**)	193,472	93,006	49	2,150	288,677
<b>Total Liabilities</b>	<b>1,436,533</b>	<b>4,048,315</b>	<b>11,410</b>	<b>65,618</b>	<b>5,561,876</b>
<b>Net On Balance Sheet Position</b>	<b>86,753</b>	<b>(171,236)</b>	<b>(5,120)</b>	<b>9,643</b>	<b>(79,960)</b>
<b>Net Off Balance Sheet Position</b>	<b>(177,249)</b>	<b>259,472</b>	<b>2,543</b>	<b>(2,525)</b>	<b>82,241</b>
Financial Derivatives (Assets)	356,306	1,709,530	247,829	489,947	2,803,612
Financial Derivatives (Liabilities)	533,555	1,450,058	245,286	492,472	2,721,371
Non-Cash Loans	733,604	2,146,360	4,815	52,248	2,937,027
<b>Prior Period</b>					
Total Assets	1,317,893	4,493,467	1,352	73,106	5,885,818
Total Liabilities	1,230,804	4,792,315	4,280	54,649	6,082,048
<b>Net On Balance Sheet Position</b>	<b>87,089</b>	<b>(98,848)</b>	<b>(2,928)</b>	<b>18,457</b>	<b>(196,230)</b>
<b>Net Off Balance Sheet Position</b>	<b>(163,642)</b>	<b>556,022</b>	<b>3,741</b>	<b>(14,884)</b>	<b>381,237</b>
Financial Derivatives (Assets)	473,343	1,595,219	61,728	359,647	2,489,937
Financial Derivatives (Liabilities)	636,985	1,039,197	57,987	374,531	2,108,700
Non-Cash Loans	695,170	2,042,824	6,316	49,953	2,794,263

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

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

## V. 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 bank'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 Bank 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 Bank (Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates):

Current Period	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 Year and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	361,369	--	--	--	552,907	914,276
Due from Banks and Other Fin.Inst.	1,565,844	164	3,618	18,752	3,632	61,377	1,653,387
Financial Assets at Fair Value Through Profit or Loss	62,159	5,318	7,584	2,604	191,249	5,346	274,260
Interbank Money Market Placements	--	--	--	--	--	--	--
Investment Securities Av.-for-Sale	441,871	29,560	31,563	22,999	518,050	3,927	1,047,970
Loans	1,557,566	1,170,203	744,574	936,150	3,245,481	7,461	7,661,435
Investment Securities Held-to-Mat.	--	--	--	--	41,562	--	41,562
Other Assets(*)	175,061	--	--	--	--	357,219	532,280
<b>Total Assets</b>	<b>3,802,501</b>	<b>1,566,614</b>	<b>787,339</b>	<b>980,505</b>	<b>3,999,974</b>	<b>988,237</b>	<b>12,125,170</b>
<b>Liabilities</b>							
Bank Deposits	204,507	11,613	--	1,098	--	61,763	278,981
Other Deposits	5,253,846	598,349	70,751	27,082	16,932	1,639,507	7,606,467
Interbank Money Market Placements	450,691	--	--	--	--	--	450,691
Miscellaneous Payables	--	--	--	--	--	248,967	248,967
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	45,226	750,201	149,797	189,022	512,096	--	1,646,342
Other Liabilities(**)	10,135	73,698	177,319	381	63,528	1,568,661	1,893,722
<b>Total Liabilities</b>	<b>5,964,405</b>	<b>1,433,861</b>	<b>397,867</b>	<b>217,583</b>	<b>592,556</b>	<b>3,518,898</b>	<b>12,125,170</b>
On Balance Sheet Long Position	--	132,753	389,472	762,922	3,407,418	--	4,692,565
On Balance Sheet Short Position	(2,161,904)	--	--	--	--	(2,530,661)	(4,692,565)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(2,161,904)</b>	<b>132,753</b>	<b>389,472</b>	<b>762,922</b>	<b>3,407,418</b>	<b>(2,530,661)</b>	<b>--</b>

(\*) Other assets/non-interest bearings; tangible assets, intangible assets, investments in associates, investments in subsidiaries, deferred tax assets, and assets held for sale with balances of YTL 87,079, YTL 46,079, YTL 3,323, YTL 198,918, YTL 6,560, YTL, and YTL 15,260, respectively, are included.



(\*\*) Other liabilities/non-interest bearings; shareholders' equity, subordinated loans, other external resources, provisions, trading purpose derivatives, tax liabilities, and leasing payables with balances of YTL 1,356,821, YTL 228,334, YTL 90,642, YTL 89,969, YTL 54,357, YTL 50,612, and YTL 22,987, respectively, are included.

Prior Period	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 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	--	411,018	--	--	--	451,663	862,681
Due from Banks and Other Fin.Inst.	1,831,081	1,879	956	--	--	346,361	2,180,277
Financial Assets at Fair Value Through Profit or Loss	35,866	25,637	6,420	73,198	70,383	11,281	222,785
Interbank Money Market Placements	--	--	--	--	--	--	--
Investment Securities Av.-for-Sale	428,344	90,848	100,943	40,151	210,576	3,867	874,729
Loans	1,793,532	1,193,983	508,433	956,623	2,366,389	6,012	6,824,972
Investment Securities Held-to-Mat.	--	--	--	--	44,200	--	44,200
Other Assets(*)	354	--	--	--	--	470,191	470,545
<b>Total Assets</b>	<b>4,089,177</b>	<b>1,723,365</b>	<b>616,752</b>	<b>1,069,972</b>	<b>2,691,548</b>	<b>1,289,375</b>	<b>11,480,189</b>
<b>Liabilities</b>							
Bank Deposits	89,660	1,339	7,253	--	--	30,589	128,841
Other Deposits	4,686,881	437,810	82,322	57,403	4,351	1,822,282	7,091,049
Interbank Money Market Placements	196,337	--	--	--	--	--	196,337
Miscellaneous Payables	--	--	--	--	--	230,367	230,367
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	327,117	1,335,811	209,815	254,696	17,961	--	2,145,400
Other Liabilities(**)	23,676	16,484	4,579	173,764	27,558	1,442,134	1,688,195
<b>Total Liabilities</b>	<b>5,323,671</b>	<b>1,791,444</b>	<b>303,969</b>	<b>485,863</b>	<b>49,870</b>	<b>3,525,372</b>	<b>11,480,189</b>
On Balance Sheet Long Position	--	--	312,783	584,109	2,641,678	--	3,538,570
On Balance Sheet Short Position	(1,234,494)	(68,079)	--	--	--	(2,235,997)	(3,538,570)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(1,234,494)</b>	<b>(68,079)</b>	<b>312,783</b>	<b>584,109</b>	<b>2,641,678</b>	<b>(2,235,997)</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 92,720, YTL 43,004, YTL 3,323, YTL 196,024 and YTL 15,363, respectively, are included.

(\*\*) Other liabilities/non-interest bearings; shareholders' equity, subordinated loans, other external resources, provisions, trading purpose derivatives, tax liabilities, and leasing payables with balances of YTL 1,245,931, YTL 166,746, YTL 80,240, YTL 74,828, YTL 40,620, YTL 51,452, and YTL 28,378, 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>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.97	2.53	--	13.12
Due from Banks and Other Financial Institutions	4.12	5.42	--	18.01
Financial Assets at Fair Value Through Profit or Loss	5.19	5.87	--	19.33
Interbank Money Market Placements			--	
Investment Securities Available-for-Sale	4.48	6.09	--	18.81
Loans	6.24	7.24	1.63	20.01
Investment Securities Held-to-Maturity	4.64	7.88	--	--
<b>Liabilities</b>				
Bank Deposits	4.00	5.25	--	18.73
Other Deposits	3.53	5.14	0.20	18.54
Interbank Money Market Placements	--	--	--	--
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	5.97	6.34	--	11.57
<b>Prior Period</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	6.22	7.00	--	21.75
Investment Securities Held-to-Maturity	4.97	8.89	--	--
<b>Liabilities</b>				
Bank Deposits	--	5.25	--	18.64
Other Deposits	3.43	5.36	0.20	18.81
Interbank Money Market Placements	--	--	--	--
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	5.87	5.96	--	16.62

## **VI. Liquidity risk**

- 1. The sources of the current liquidity risk of the Bank; 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 Bank. The Bank maintains liquid assets to guarantee sufficient liquidity during market fluctuations. In order to meet any urgent liquidity needs, approximately 8% of the balance sheet is allocated to cash balances, 2% to investment securities which are cash equivalent, and the present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The Bank'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 Bank'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 8% of balance sheet size is allocated to cash balances, 2% to investment securities which are cash equivalent in order to meet any urgent liquidity needs. The present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The Bank's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

- 4. Evaluation of the Bank's cash flows and their resources**

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

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1 year and over</b>	<b>Undist. (*)</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	552,907	--	361,369	--	--	--	--	914,276
Due from Banks and Other Financial Institutions	61,377	1,565,832	176	3,618	18,752	3,632	--	1,653,387
Financial Assets at Fair Value Through Profit or Loss	--	7,656	1,758	5,414	4,354	249,732	5,346	274,260
Interbank Money Market Placements	--	--	--	--	--	--	--	--
Investment Securities Available-for-Sale	--	8	15,879	10,819	22,999	994,339	3,927	1,047,971
Loans	7,461	1,506,161	690,054	984,016	1,090,542	3,383,201	--	7,661,435
Investment Securities Held-to-Maturity	--	--	--	--	--	41,562	--	41,562
Other Assets	148,990	--	--	--	--	--	383,289	532,279
<b>Total Assets</b>	<b>770,735</b>	<b>3,079,657</b>	<b>1,069,236</b>	<b>1,003,867</b>	<b>1,136,647</b>	<b>4,672,466</b>	<b>392,562</b>	<b>12,125,170</b>
<b>Liabilities</b>								
Bank Deposits	61,763	204,507	11,613	--	1,098	--	--	278,981
Other Deposits	1,639,507	5,253,846	598,349	70,751	27,082	16,932	--	7,606,467
Funds Borrowed from Other Financial Institutions	--	45,226	293,591	149,797	189,022	968,706	--	1,646,342
Interbank Money Markets	--	450,691	--	--	--	--	--	450,691
Marketable Securities Issued	--	--	--	--	--	--	--	--
Miscellaneous Payables	248,967	--	--	--	--	--	--	248,967
Other Liabilities	71,259	10,136	8,430	14,252	381	291,862	1,497,402	1,893,722
<b>Total Liabilities</b>	<b>2,021,496</b>	<b>5,964,406</b>	<b>911,983</b>	<b>234,800</b>	<b>217,583</b>	<b>1,277,500</b>	<b>1,497,402</b>	<b>12,125,170</b>
<b>Net Liquidity Gap</b>	<b>(1,250,761)</b>	<b>(2,884,749)</b>	<b>157,253</b>	<b>769,067</b>	<b>919,064</b>	<b>3,394,966</b>	<b>(1,104,840)</b>	<b>--</b>
<b>Prior Period</b>								
Total Assets	915,377	3,577,793	1,185,375	790,628	1,184,334	3,452,685	373,997	11,480,189
Total Liabilities	2,083,238	5,323,672	660,821	303,969	1,028,059	638,296	1,442,134	11,480,189
<b>Net Liquidity Gap</b>	<b>(1,167,861)</b>	<b>(1,745,879)</b>	<b>524,554</b>	<b>486,659</b>	<b>156,275</b>	<b>2,814,389</b>	<b>(1,068,137)</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.

## VII. Segment reporting

The Bank 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 Bank is presented in the following table:

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total
Operating income	311,037	125,009	19,989	12,213	468,248
Net operating income	76,842	52,271	206	11,926	141,245
Income from associates	--	--	--	--	294
Provision for taxes on income	--	--	--	--	(30,051)
<b>Net profit for the period</b>					<b>111,488</b>
Segment assets	3,978,459	3,682,976	3,931,456	--	11,592,891
Subsidiaries and associates	--	--	--	--	202,241
Undistributed assets	--	--	--	--	330,038
<b>Total assets</b>					<b>12,125,170</b>
Segment liabilities	5,048,477	2,238,258	2,992,642	--	10,279,377
Undistributed liabilities	--	--	--	--	488,972
Shareholders' equity	--	--	--	--	1,356,821
<b>Total liabilities</b>					<b>12,125,170</b>

## SECTION FIVE

### DISCLOSURES AND FOOTNOTES ON 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	53,691	113,089	68,991	150,980
Central bank of Turkey	260,988	132,702	78,301	151,691
Other	--	353,806	--	412,718
<b>Total</b>	<b>314,679</b>	<b>599,597</b>	<b>147,292</b>	<b>715,389</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	260,988	132,702	78,301	151,691
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	--	--	--
<b>Total</b>	<b>260,988</b>	<b>132,702</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 13.12% for YTL, 2.53% for USD and 1.965% for Euro as of 30 June 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	--	163	851	178
Other	--	--	--	--
<b>Total</b>	<b>--</b>	<b>163</b>	<b>851</b>	<b>178</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	18,985	--	73,151	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>18,985</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	1,625	4,594	1,187	9,317
Swap Transactions	26,447	2,632	32,328	1,042
Futures	--	33	--	117
Options	2,217	960	111	2,753
Other	--	--	--	13
<b>Total</b>	<b>30,289</b>	<b>8,219</b>	<b>33,626</b>	<b>13,242</b>

## 3. **Banks and other financial institutions**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	10,041	1,643,346	63,067	2,116,050
Domestic	4,035	74,607	53,131	127,212
Foreign	6,006	1,568,739	9,936	1,988,838
Foreign Head Offices and Branches	--	--	--	--
Other Financial Institutions	--	--	--	1,160
<b>Total</b>	<b>10,041</b>	<b>1,643,346</b>	<b>63,067</b>	<b>2,117,210</b>

## 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 3,927) that are not quoted at Istanbul Stock Exchange; and debt securities representing government bonds; Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign government bonds.

### 4.2 *Investment securities available-for-sale given as collateral*

Investment securities available-for-sale given as collateral amount to YTL 250,705 (31 December 2006: YTL 191,646) and comprise eurobonds amounting to YTL 61,636 and government bonds amounting to YTL 189,069.

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	153,884	96,821	47,806	143,840
Other	--	--	--	--
<b>Total</b>	<b>153,884</b>	<b>96,821</b>	<b>47,806</b>	<b>143,840</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	468,451	--	128,881	--
Treasury Bills	--	--	4,074	--
Other Debt Securities	--	--	--	--
Bonds issued or guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>468,451</b>	<b>--</b>	<b>132,955</b>	<b>--</b>

4.5 *Available-for-sale securities*

	Current Period	Prior Period
<b>Debt instruments</b>	<b>1,046,898</b>	<b>873,614</b>
Quoted	1,046,898	873,614
Unquoted	--	--
<b>Equity instruments</b>	<b>3,927</b>	<b>3,867</b>
Quoted	--	--
Unquoted	3,927	3,867
<b>Impairment provision (-)</b>	<b>2,854</b>	<b>2,752</b>
<b>Total</b>	<b>1,047,971</b>	<b>874,729</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>	--	--	19	2,651
<b>Loans Granted to Employees</b>	14,378	--	12,231	--
<b>Total</b>	14,378	--	12,250	2,651

### 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>	7,014,616	--	14,874	1,739
Discount Notes	14,151	--	--	--
Export Loans	801,414	--	3,565	--
Import Loans	25,543	--	--	--
Loans Given to Financial Sector	6,595	--	--	--
Foreign Loans	95,977	--	--	--
Consumer Loans	2,087,793	--	--	--
Credit Cards	435,118	--	--	--
Precious Metal Loans	8,267	--	--	--
Other	3,539,758	--	11,309	1,739
<b>Specialization Loans</b>	622,745	--	--	--
<b>Other Receivables</b>	--	--	--	--
<b>Total</b>	7,637,361	--	14,874	1,739

### 5.3 Information on consumer loans

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-YTL</b>	<b>33,473</b>	<b>1,888,601</b>	<b>1,922,074</b>
Real estate Loans	5,543	614,999	620,542
Automotive Loans	1,652	102,363	104,015
Consumer Loans	26,278	1,171,239	1,197,517
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>585</b>	<b>103,976</b>	<b>104,561</b>
Real estate Loans	--	90,918	90,918
Automotive Loans	107	8,147	8,254
Consumer Loans	478	4,911	5,389
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	--	--	--
Other	--	--	--
<b>Credit Cards-YTL</b>	<b>407,852</b>	<b>14,321</b>	<b>422,173</b>
Installment	110,822	14,321	125,143
Non installment	297,030	--	297,030
<b>Credit Cards-FC</b>	<b>338</b>	<b>--</b>	<b>338</b>
Installment	--	--	--
Non installment	338	--	338
<b>Loans Given to Employees-YTL</b>	<b>1,475</b>	<b>7,118</b>	<b>8,593</b>
Real estate Loans	--	874	874
Automotive Loans	11	13	24
Consumer Loans	1,464	6,231	7,695
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>406</b>	<b>406</b>
Real estate Loans	--	375	375
Automotive Loans	--	31	31
Consumer Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	--	--	--
Other	--	--	--
<b>Employee Credit Cards-YTL</b>	<b>5,217</b>	<b>147</b>	<b>5,364</b>
Installment	1,976	147	2,123
Non installment	3,241	--	3,241
<b>Employee Credit Cards-FC</b>	<b>15</b>	<b>--</b>	<b>15</b>
Installment	--	--	--
Non installment	15	--	15
<b>Overdraft Account-YTL (Individual)</b>	<b>52,157</b>	<b>--</b>	<b>52,157</b>
<b>Overdraft Account-FC (Individual)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>501,112</b>	<b>2,014,569</b>	<b>2,515,681</b>

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

	Short Term	Medium or Long Term	Total
<b>Installment Corporate Loans - YTL</b>	<b>93,652</b>	<b>391,077</b>	<b>484,729</b>
Real estate Loans	3,246	81,708	84,954
Automotive Loans	10,167	71,068	81,235
Consumer Loans	80,239	235,879	316,118
Other	--	2,422	2,422
<b>Installment Corporate Loans – Indexed to FC</b>	<b>13,429</b>	<b>115,739</b>	<b>129,168</b>
Real estate Loans	1,286	17,702	18,988
Automotive Loans	2,405	25,077	27,482
Consumer Loans	9,738	70,494	80,232
Other	--	2,466	2,466
<b>Installment Corporate Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	--	--	--
Other	--	--	--
<b>Corporate Credit Cards - YTL</b>	<b>7,107</b>	<b>63</b>	<b>7,170</b>
Installment	124	63	187
Non installment	6,983	--	6,983
<b>Corporate Credit Cards - FC</b>	<b>58</b>	<b>--</b>	<b>58</b>
Installment	--	--	--
Non installment	58	--	58
<b>Overdraft Account-YTL (Individual)</b>	<b>60,743</b>	<b>--</b>	<b>60,743</b>
<b>Overdraft Account-FC (Individual)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>174,989</b>	<b>506,879</b>	<b>681,868</b>

5.5 *Domestic and international loans*

	Current Period	Prior Period
Domestic Loans	7,557,997	6,649,075
Foreign Loans	95,977	169,885
<b>Total</b>	<b>7,653,974</b>	<b>6,818,960</b>

5.6 *Loans granted to subsidiaries and investments*

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Investments	21,291	148,435
Indirect Loans Granted to Subsidiaries and Investments	--	--
<b>Total</b>	<b>21,291</b>	<b>148,435</b>

5.7 *Specific provisions for loans*

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	30,644	17,537
Loans and Receivables with Doubtful Collectibility	31,474	29,825
Uncollectible Loans and Receivables	121,318	110,934
<b>Total</b>	<b>183,436</b>	<b>158,296</b>

## 5.8 Information on non-performing loans (Net)

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>	<b>17</b>	<b>904</b>	<b>10,748</b>
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	17	904	10,748
<b>Prior Period</b>	<b>--</b>	<b>82</b>	<b>13,729</b>
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	--	82	13,729

### 5.8.2 Information on total non-performing loans

	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	17,538	29,826	116,945
Additions (+)	65,872	51	840
Transfers from Other Categories of Non-Performing Loans (+)	--	34,607	19,783
Transfers to Other Categories of Non-Performing Loans (-)	34,607	19,783	--
Collections (-)	18,129	12,445	9,601
Write-offs (-)	--	--	--
<b>Balances at End of the Period</b>	<b>30,674</b>	<b>32,256</b>	<b>127,967</b>
Specific Provisions (-)	30,644	31,474	121,318
<b>Net Balance on Balance Sheet</b>	<b>30</b>	<b>782</b>	<b>6,649</b>

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>			
Period End Balance	--	--	98
Specific Provision (-)	--	--	98
<b>Net Balance on Balance Sheet</b>	--	--	--
<b>Prior Period</b>			
Period End Balance	--	--	106
Specific Provision (-)	--	--	106
<b>Net Balance on Balance Sheet</b>	--	--	--

5.9 *Liquidation policy for uncollectible loans and receivables*

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

6. **Information on investment securities held-to-maturity**

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

6.1.1 *Information on subject to repurchase agreement*

None.

6.1.2 *Information on subject to given as collateral or blocked*

None.

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

None.

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

	Current Period	Prior Period
<b>Debt Securities</b>	41,700	44,426
Listed	--	--
Unlisted	41,700	44,426
<b>Impairment (-)</b>	138	226
<b>Total</b>	<b>41,562</b>	<b>44,200</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>	44,200	39,386
Foreign exchange differences	(2,422)	894
Purchases	--	31,367
Redemptions	--	(24,115)
Changes in the accruals	(304)	(3,106)
<b>Impairment (-)</b>	<b>(88)</b>	<b>226</b>
<b>Balance at the end of the period</b>	<b>41,562</b>	<b>44,200</b>

## 7. Investments in associates

### 7.1 Investments in 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	18,257	15,474	1,757	--	--	3,672	2,030	--
2	2,520	2,505	--	--	--	5	--	--

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

## 8. Investments in subsidiaries

### 8.1 Information on subsidiaries

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/Turkey	100	--
2 Denizbank AG, Vienna	Vienna/Austria	100	--
3 Eurodeniz Off Shore Bank Ltd.	Nicosia/Cyprus	100	--
4 Deniz Yatırım Menkul Kıymetler A.Ş.	İstanbul/Turkey	100	--
5 Deniz Türev Menkul Değerler A.Ş.	İstanbul/Turkey	100	--
6 Ekspres Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	71	29
7 CJSC Denizbank, Moscow	Moscow/Russia	49	51
8 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	İstanbul/Turkey	100	--
9 Deniz Finansal Kiralama A.Ş.	İstanbul/Turkey	68	32
10 Deniz Faktoring A.Ş.	İstanbul/Turkey	100	--
11 Global Hayat Sigorta A.Ş.	İstanbul/Turkey	100	--
12 Adana Haddecilik Metal San. Ve Tic. A.Ş.	Adana / Turkey	100	--

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	3,541	2,965	47	145	2	(9)	(2,256)	--
2	2,143,278	98,783	5,857	61,242	11,909	5,539	--	--
3	777,279	30,769	22	41,033	(3,311)	18,925	12,026	--
4	364,586	24,034	1,076	2,116	381	(626)	(340)	--
5	15,485	5,678	226	709	166	1,134	(3,456)	--
6	32,040	28,714	597	2,303	680	4,653	833	--
7	307,260	39,225	1,042	11,025	5,335	2,737	541	--
8	775	692	147	--	--	(17)	8	--
9	854,075	105,087	150	38,134	-1,022	16,343	25,400	--
10	371,935	51,634	7,091	33,909	(7,730)	7,399	(48)	--
11	15,387	2,487	339	421	380	(57)	(8,758)	--
12	6,923	--	3,278	--	--	(110)	--	--

## 8.2 Movement of subsidiaries

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>196,024</b>	<b>140,167</b>
<b>Correction According TAS 8 (*)</b>	--	<b>18,736</b>
<b>New Balance</b>	<b>196,024</b>	<b>158,903</b>
<b>Movements during the Period</b>	<b>2,894</b>	<b>37,121</b>
Purchases (**)	2,894	40,195
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales	--	(3,074)
Revaluation Increase, Effect of Inflation and F/X Difference	--	--
Impairment Provision (+)	--	--
<b>Balance at the End of the Period</b>	<b>198,918</b>	<b>196,024</b>
<b>Capital Commitments</b>	--	--
<b>Share Percentage at the end of Period (%)</b>	--	--

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

(\*\*) Purchases comprise Global Hayat Sigorta A.Ş., amounting to YTL 2,515, Deniz Yatırım A.Ş., amounting to YTL 71 obtained without payment, and the additional investment in Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş., amounting to YTL 305.

### 8.2.1 Sectoral distribution of subsidiaries

	Current Period	Prior Period
Banks	82,348	82,348
Insurance Companies	2,515	--
Factoring Companies	30,384	30,384
Leasing Companies	44,999	44,999
Finance Companies	33,221	33,149
Other Subsidiaries	5,451	5,144
<b>Total</b>	<b>198,918</b>	<b>196,024</b>

### 8.2.2 Quoted subsidiaries

None.

### 8.2.3 Subsidiaries disposed during the current period

None.

### 8.2.4 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 joint ventures

The Bank does not have any joint ventures.

**10. Information on financial lease receivables**

**10.1 Maturity analysis of financial lease receivables**

None.

**10.2 Information on net financial lease receivables**

None.

**10.3 Information on financial lease agreements of the Bank**

None.

**11. Information on hedging purpose derivatives**

None.

**12. Information on deferred tax asset**

**12.1 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**

Net deferred tax asset calculated on the basis of related regulation is YTL 6,560. 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, amounting to YTL 15,623 and deferred tax liabilities, amounting to YTL 9,063 are offset against each other in the financial statements.

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

**12.2 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.

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

None.

**13. Information on other assets**

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

Prepaid expenses are YTL 24,583 (31 December 2006: YTL 14,262).

**13.2 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>	304,667	--	494,631	1,780,977	21,039	13,261	5,185	--	2,619,760
<b>Foreign Currency Deposits</b>	805,305	--	1,185,682	1,373,435	210,564	109,029	27,062	--	3,711,077
Residents in Turkey	711,620	--	1,081,882	1,339,163	195,557	101,328	26,477	--	3,456,027
Residents Abroad	93,685	--	103,800	34,272	15,007	7,701	585	--	255,050
<b>Public Sector Deposits</b>	12,998	--	797	895	--	--	--	--	14,690
<b>Commercial Deposits</b>	479,028	--	494,685	192,627	12,755	3,618	--	--	1,182,713
<b>Other Ins. Deposits</b>	34,997	--	22,139	18,313	237	29	--	--	75,715
<b>Precious Metal Deposits</b>	2,512	--	--	--	--	--	--	--	2,512
<b>Bank Deposits</b>	61,763	--	190,804	14,801	11,613	--	--	--	278,981
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	23,483	--	1,835	14,794	10,302	--	--	--	50,414
Foreign Banks	32,675	--	188,969	7	1,311	--	--	--	222,962
Special Financial Inst.	--	--	--	--	--	--	--	--	--
Other	5,605	--	--	--	--	--	--	--	5,605
<b>Total</b>	<b>1,701,270</b>	<b>--</b>	<b>2,388,738</b>	<b>3,381,048</b>	<b>256,208</b>	<b>125,937</b>	<b>32,247</b>	<b>--</b>	<b>7,885,448</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>	257,267	--	474,640	1,254,437	19,292	9,016	5,224	--	2,019,876
<b>Foreign Currency Deposits</b>	868,180	--	1,295,864	1,501,193	138,148	125,021	18,917	--	3,947,323
Residents in Turkey	762,571	--	1,194,735	1,464,581	123,801	118,197	17,270	--	3,681,155
Residents Abroad	105,609	--	101,129	36,612	14,347	6,824	1,647	--	266,168
<b>Public Sector Deposits</b>	12,207	--	4,100	959	--	--	--	--	17,266
<b>Commercial Deposits</b>	641,819	--	255,452	118,240	10,363	1,472	125	--	1,027,471
<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>	30,567	--	80,968	8,313	1,011	8,365	--	--	129,224
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	1,502	--	79,127	2,105	1,011	1,011	--	--	84,756
Foreign Banks	29,065	--	1,841	6,208	0	7,354	--	--	44,468
Special Financial Inst.	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>1,852,850</b>	<b>--</b>	<b>2,136,775</b>	<b>2,893,245</b>	<b>168,855</b>	<b>143,899</b>	<b>24,266</b>	<b>--</b>	<b>7,219,890</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
<b>Saving Deposits</b>	<b>1,347,588</b>	1,138,519	<b>1,219,024</b>	833,524
Foreign Currency Savings Deposits	714,890	656,789	1,553,536	1,297,654
Other Saving Deposits	--	--	--	--
Foreign branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
<b>Total</b>	<b>2,062,478</b>	<b>1,795,308</b>	<b>2,772,560</b>	<b>2,131,178</b>

1.2 Since the Bank's head office is not located outside Turkey, saving deposits are not insured in other countries.

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

	Current Period	Prior Period
Savings Deposits at Foreign Branches	111,866	106,262
Savings Deposits at Off-shore Branches	--	--
<b>Total</b>	<b>111,866</b>	<b>106,262</b>

**2. Information on trading purpose derivatives**

**2.1 Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	73	4,661	11,049	10,525
Swaps	41,288	4,347	10,898	4,933
Futures	--	--	19	--
Options	2,908	1,080	--	3,086
Other	--	--	--	110
<b>Total</b>	<b>44,269</b>	<b>10,088</b>	<b>21,966</b>	<b>18,654</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	91,150	31,715	71,977	42,020
Foreign Bank, Institutions and Funds	57,001	1,466,476	230,075	1,801,328
<b>Total</b>	<b>148,151</b>	<b>1,498,191</b>	<b>302,052</b>	<b>1,843,348</b>

**3.1 Maturity information of funds borrowed**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	91,150	300,319	302,052	1,385,704
Medium and Long-Term	57,001	1,197,872	--	457,644
<b>Total</b>	<b>148,151</b>	<b>1,498,191</b>	<b>302,052</b>	<b>1,843,348</b>

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

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

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

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

**5.1 Changes in agreements and further commitments arising**

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

**5.2 Obligations under financial leases**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	--	--	1	1
Between 1-4 years	25,385	22,987	31,966	28,377
More than 4 years	--	--	--	--
<b>Total</b>	<b>25,385</b>	<b>22,987</b>	<b>31,967</b>	<b>28,378</b>

**5.3 Information on operational lease**

Bank 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 Bank 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	50,576	45,925
Provisions for Loans and Receivables in Group II	--	--
Provisions for Non Cash Loans	7,798	6,634
Other	--	--
<b>Total</b>	<b>58,374</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 (*)	36,140	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	539	542

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

Other provisions comprise specific provisions for non-cash loans that are uncollected and unconverted to cash, amounting YTL 14,496; provisions for credit card promotions and other banking services, amounting YTL 2,115; and general reserves for possible loan losses, amounting YTL 539.

**8. Taxation**

**8.1 Current taxes**

**8.1.1 Current tax liability**

As of 30 June 2007, Bank has tax liabilities of YTL 50,612 (31 December 2006: YTL 49,080), after deducting prepaid taxes.

**8.1.2 Information on taxes payable**

	Current Period	Prior Period
Corporate taxes payable	22,853	16,663
Taxation on securities	9,624	6,686
Capital gains tax on property	471	507
Banking Insurance Transaction Tax (BITT)	6,177	8,444
Taxes on foreign exchange transactions	831	585
Value added tax payable	268	140
Other	3,371	10,305
<b>Total</b>	<b>43,595</b>	<b>43,330</b>

**8.1.3 Information on premiums payable**

	Current Period	Prior Period
Social security premiums- employee share	2,566	2,080
Social security premiums- employer share	3,654	2,971
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	180	145
Unemployment insurance- employer share	359	291
Other	258	263
<b>Total</b>	<b>7,017</b>	<b>5,750</b>

**8.2 Information on deferred tax liability**

None.

**9. Information on shareholders' equity**

**9.1 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 30 June 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.

**9.2 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.

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

None.

**9.4 Information on share capital increases from revaluation funds**

None.

**9.5 Capital commitments for current financial year and following period**

Bank does not have any capital commitments.

**9.6 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.

**9.7 Information on the privileges given to stocks representing the capital**

The Bank does not have any preferred stocks.

**10. 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>

**11. Securities value increase fund**

	<b>Current Period</b>		<b>Prior Period</b>	
	YTL	FC	YTL	FC
Associates, Subsidiaries and JV's	--	--	--	--
FV Difference	7,114	5,034	4,008	8,196
Foreign Exchange Difference	--	--	--	--
<b>Total</b>	<b>7,114</b>	<b>5,034</b>	<b>4,008</b>	<b>8,196</b>

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

#### 1. Disclosures related to other contingent liabilities

##### 1.1 Type and amount of irrevocable commitments

All of the Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 30 June 2007, non-cash loans, commitments for credit card limits and commitments for cheque payments are YTL 4,346,739, YTL 2,459,213 and YTL 511,603, respectively (31 December 2006: YTL 4,075,631, 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 30 June 2007, the Bank has letters of guarantee amounting to YTL 2,870,641, bills of exchange and acceptances amounting to YTL 84,571, and guarantees and sureties on letters of credit amounting to YTL 1,271,757. There are also other guarantees and sureties amounting to YTL 209,770.

As of 31 December 2006, the Bank has letters of guarantee amounting to YTL 2,795,222, bills of exchange and acceptances amounting to YTL 142,408, and guarantees and sureties amounting to YTL 1,059,507. 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	203,619	189,817
Final Letters of Guarantee	2,026,950	2,067,027
Letters of Guarantee for advances	440,523	391,103
Letters of Guarantee given to Customs Offices	102,821	145,929
Other Letters of Guarantee	6,728	1,346
<b>Total</b>	<b>2,780,641</b>	<b>2,795,222</b>

#### 2. Non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	69,524	78,494
With Original Maturity of 1 Year or Less	38,639	20,899
With Original Maturity of More Than 1 Year	30,885	57,595
Other Non-Cash Loans	4,277,215	3,997,137
<b>Total</b>	<b>4,346,739</b>	<b>4,075,631</b>

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

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
<b>Agricultural</b>	<b>12,688</b>	<b>0.90</b>	<b>50,350</b>	<b>1.71</b>	<b>12,812</b>	<b>1.00</b>	<b>34,065</b>	<b>1.22</b>
Farming and Cattle	12,492	0.89	46,637	1.59	12,302	0.96	26,834	0.96
Forestry	5	0.00	3,713	0.13	266	0.02	7,055	0.25
Fishing	191	0.01	0	0.00	244	0.02	176	0.01
<b>Manufacturing</b>	<b>303,591</b>	<b>21.54</b>	<b>1,172,008</b>	<b>39.90</b>	<b>355,187</b>	<b>27.72</b>	<b>1,057,040</b>	<b>37.83</b>
Mining	84,587	6.00	514,629	17.52	81,441	6.36	421,578	15.09
Production	213,839	15.17	615,009	20.94	267,251	20.86	612,820	21.93
Electric, gas and water	5,165	0.37	42,370	1.44	6,495	0.51	22,642	0.81
<b>Construction</b>	<b>482,073</b>	<b>34.20</b>	<b>760,961</b>	<b>25.91</b>	<b>408,511</b>	<b>31.88</b>	<b>690,905</b>	<b>24.73</b>
<b>Services</b>	<b>473,898</b>	<b>33.62</b>	<b>901,719</b>	<b>30.70</b>	<b>400,920</b>	<b>31.29</b>	<b>952,212</b>	<b>34.08</b>
Wholesale and retail trade	350,439	24.86	349,748	11.91	271,094	21.16	484,500	17.34
Hotel, food and beverage services	12,624	0.90	45,081	1.53	13,156	1.03	24,820	0.89
Transportation and telecommunication	51,461	3.65	264,751	9.01	53,328	4.16	255,304	9.14
Financial institutions	37,923	2.69	237,298	8.08	41,178	3.21	184,950	6.62
Real estate and renting services	76	0.01	0	0.00	72	0.01	21	0.00
Self-employment services	0	0.00	0	0.00	--	0.00	--	0.00
Education services	1,028	0.07	97	0.00	1,557	0.12	606	0.02
Health and social services	20,347	1.44	4,744	0.16	20,535	1.60	2,011	0.07
<b>Other</b>	<b>137,462</b>	<b>9.74</b>	<b>51,989</b>	<b>1.78</b>	<b>103,938</b>	<b>8.11</b>	<b>60,041</b>	<b>2.14</b>
<b>Total</b>	<b>1,409,712</b>	<b>100.00</b>	<b>2,937,027</b>	<b>100.00</b>	<b>1,281,368</b>	<b>100.00</b>	<b>2,794,263</b>	<b>100.00</b>

### 4. Non-cash loans classified in I. and II. groups

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of Guarantee	1,400,945	1,362,239	8,767	8,690
Aval and Acceptances	--	84,571	--	--
Letters of Credit	--	1,271,757	--	--
Endorsements	--	--	--	--
Purchase Guarantees for Securities Issued	--	--	--	--
Factoring Guarantees	--	--	--	--
Other Guarantees and Sureties	--	209,444	--	326
<b>Total</b>	<b>1,400,945</b>	<b>2,928,011</b>	<b>8,767</b>	<b>9,016</b>



#### IV. Information on disclosures related to income statement

##### 1. Interest income

###### 1.1 Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short Term	264,698	28,837	211,020	24,478
Medium and Long Term	220,087	40,214	123,003	32,146
Loans Under Follow-Up	7,934	--	3,282	--
<b>Total</b>	<b>492,719</b>	<b>69,051</b>	<b>337,305</b>	<b>56,624</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	--	1,777	579	--
Domestic Banks	592	2,361	1,404	4,654
Foreign Banks	160	38,163	720	16,681
Foreign Branches	--	--	--	--
<b>Total</b>	<b>752</b>	<b>42,301</b>	<b>2,703</b>	<b>21,335</b>

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	474	--

##### 2. Interest expense

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>Banks</b>				
Central Bank of Turkey	--	--	--	--
Domestic Banks	5,401	831	2,907	314
Foreign Banks	13,235	46,441	10,112	64,814
Foreign Branches	--	--	--	--
<b>Other Institutions</b>	--	--	--	--
<b>Total</b>	<b>18,636</b>	<b>47,272</b>	<b>13,019</b>	<b>65,128</b>

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	20,063	9,622

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

	Current Period	Prior Period
<b>Profit</b>	<b>1,906,068</b>	<b>3,346,190</b>
Capital Market Transactions:	63,324	129,123
<i>Derivatives and Financial Trans.</i>	53,593	121,074
<i>Other</i>	9,731	8,049
Foreign Exchange Gain	1,842,744	3,217,067
<b>Loss (-)</b>	<b>1,908,262</b>	<b>3,393,948</b>
Capital Market Transactions:	115,582	71,537
<i>Derivatives and Financial Trans.</i>	111,793	66,430
<i>Other</i>	3,789	5,107
Foreign Exchange Loss	1,792,680	3,322,411
<b>Total</b>	<b>(2,194)</b>	<b>(47,758)</b>

### 4. Other operating income

	Current Period	Prior Period
Reversals from prior year provisions	31,806	17,091
Income from customers for banking services	22,398	24,307
Communication income	5,230	5,638
Gain on sale of assets	73	478
Other	6,965	17,859
<b>Total</b>	<b>66,472</b>	<b>65,373</b>

### 5. Provision expenses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	47,634	38,523
<i>Loans and Receivables in Group III</i>	--	--
<i>Loans and Receivables in Group IV</i>	--	--
<i>Loans and Receivables in Group V</i>	47,634	38,523
Non-performing commissions and other receivables	--	--
General Provision Expenses	11,569	9,625
Provision for Possible Losses	--	--
Impairment Losses on Securities:	1,451	32,884
<i>At Fair Value Through Profit and Loss</i>	957	30,823
<i>Investment Securities Available-for-Sale</i>	494	2,061
Other Impairment Losses:	--	24
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	24
Other	1,790	557
<b>Total</b>	<b>62,444</b>	<b>81,613</b>

## 6. Other operational expenses

	Current Period	Prior Period
Personnel Expenses	145,347	94,474
Reserve for Employee Termination Indemnity Benefits	1,567	473
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment of Tangible Assets	--	6,474
Depreciation Expenses of Tangible Assets	11,389	10,745
Impairment of Intangible Assets	--	--
Depreciation Expenses of Intangible Assets	8,114	7,639
Impairment of Investments in Associates	--	--
Impairment of Securities Held for Sale	--	--
Depreciation of Securities Held for Sale	158	--
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	78,996	70,999
Operational Leases	18,427	13,664
Repair and Maintenance	2,857	2,257
Advertising	8,290	12,127
Other Expenses	49,422	42,951
Loss on Sales of Assets	516	317
Others	18,472	22,856
<b>Total</b>	<b>264,559</b>	<b>213,977</b>

## 7. Provision for taxes on income

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

The current period taxation charge is YTL 37,447 and deferred tax benefit is YTL 7,396.

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.

### 7.2 Deferred tax benefit 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 Deductible Temporary Differences (+)	8,348	13,757
Arising from Reversal of Deductible Temporary Differences (-)	(4,229)	(6,112)
Arising from Origination of Taxable Temporary Differences (-)	(32)	(16,014)
Arising from Reversal of Taxable Temporary Differences (+)	3,309	2,675
<b>Total</b>	<b>7,396</b>	<b>(5,694)</b>

### 7.3 Deferred tax benefit 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 Deductible Temporary Differences	4,119	7,645
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	3,277	(13,339)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>7,396</b>	<b>(5,694)</b>

## 8. Net profit and loss

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

Income generated from the Bank'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.

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

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

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

### 9. 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 Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit Card Commissions	62,543	35,295
Non-Cash Loans	24,995	18,950
Cash Loans	6,417	6,822
Brokerage Fees	11,327	9,620
Remittance Commissions	5,731	4,568
Insurance Services	5,005	5,505
Others	14,793	14,848
<b>Total</b>	<b>130,811</b>	<b>95,608</b>

<b>Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit Card / POS Commissions	30,940	13,827
Non-Cash Loans	11	19
Brokerage Fees	11	347
Cash Loans	1,210	1,255
Others	5,246	9,968
<b>Total</b>	<b>37,418</b>	<b>25,416</b>

## V. Information and disclosures related to the Bank'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 30 June 2007, the Bank's risk group has deposits, cash loans received, subordinated loans received, cash loans granted, non-cash loans granted and subordinated loans granted at the Bank amounting to YTL 217,201, YTL 372,939, YTL 223,495, YTL 24,583, YTL 21,299, and YTL 3,522, respectively. As a result of the transactions with the risk group, the Bank has recorded net interest and commission expense amounting to YTL 16,217.

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

#### Current Period

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	148,641	8,821	19	2,651	--	--
Balance at the End of the Period	21,291	20,299	6,775	944	39	56
Interest and Commission Income Received	474	13	--	--	1	--

#### 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	16,023	28,913	36,620	182,102	--	--
Balance at the End of the Period	148,641	8,821	19	2,651	--	--
Interest and Commission Income Received	1,883	271	443	179	--	--

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

### 1.2 Information on deposits held by the Bank'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	458,990	163,045	180,055	41,353	5,061	13,225
Balance at the End of the Period	207,867	458,990	599,658	180,055	6,111	5,061
Interest on Deposits	20,063	20,868	369	2,627	271	802

\* 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 Bank's risk group**

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes:						
Beginning of the Period	10,577	34,884	--	--	--	--
End of the Period	71,300	10,577	718,333	--	--	--
Total Income/Loss	940	(22,283)	3,058	(1,204)	--	(12)
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 Bank'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 30 June 2007, cash loans of the risk group represented 4% of the Bank's total cash loans and the deposits represented 10% of the Bank's total deposits.

**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 Bank belongs to, has entered into financial lease contracts with Deniz Leasing. As of 30 June 2007, net financial lease obligation related to these transactions amounts to YTL 22,987 (31 December 2006: YTL 28,378).

## SECTION SIX

### OTHER DISCLOSURES AND FOOTNOTES

#### I. Other explanations related to the 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 21 March 2007, the Bank signed a USD 150 million long-term securitization loan agreement, based on remittance flows. The maturity of the loan is 15 December 2014.

On 28 June 2007, the Bank signed a USD 350 million long-term securitization loan agreement with Dexia Bank Belgique and ABN Amro, based on remittance flows. The maturity of the loan is 15 June 2015.

On 28 June 2007, the Bank obtained a subordinated loan from Dexia SA, amounting to USD 50 million with ten years maturity.

##### 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 17 May 2007, Fitch Ratings affirmed Turkey's local and foreign currency ratings outlook at Stable. There has been no rating change to Turkey's country ceiling rating of BB, the long term local and foreign currency ratings of BB- and short term foreign currency ratings of B.

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

On 8 June 2007, Fitch Ratings has upgraded Denizbank's individual rating to C from C/D. On 1 June 2007, Fitch Ratings has raised the national long-term rating of Denizbank to AA+ from AA and affirmed 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	B	BB+ (Stable)	AA+ (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.

###### 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 financial statements**

On 12 July 2007, the Bank signed a loan agreement with European Investment Bank, amounting to Euro 250 million with a maturity of 10 years.

On 3 July 2007, the Bank early repaid its remaining portion of USD 150 million of its 2010 dated securitization loan amounting to USD 300 million and closed the loan.

**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' REVIEW REPORT**

#### **I. Information on the independent auditors' review report**

The Bank's interim financial statements as of 30 June 2007 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. It was noted in their review report dated 14 August 2007 that nothing material has come to their attention that caused them to believe that the accompanying interim financial statements do not present fairly the financial position of Denizbank Anonim Şirketi in all material respects in accordance with regulations described in Article 37 of the (Turkish) Banking Law No 5411.