

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

**Denizbank Anonim Şirketi**

Consolidated Interim Financial Statements  
As of and for the Nine Months Period Ended  
30 September 2008  
With Independent Auditor's Review Report Thereon

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

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

Denizbank A.Ş.  
To the Board of Directors  
İstanbul

We have reviewed the consolidated balance sheet of Denizbank A.Ş. (the Bank) and its subsidiaries as of 30 September 2008 and the related statement of income, changes in shareholders' equity and cash flows for the period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these consolidated financial statements based on our review. The consolidated financial statements of Denizbank A.Ş. and its subsidiaries as of 31 December 2007 have been audited by another auditor and an unqualified audit opinion has been issued on 28 February 2008.

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 consolidated financial statements do not present fairly the financial position of Denizbank A.Ş. and its subsidiaries as of 30 September 2008, and of the results of its operations and its cash flows for the period then ended, in all material respects in accordance with regulations described in Articles 37 and 38 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by Banking Regulation and Supervision Agency.

Additional paragraph for convenience translation to English:

As explained in Note 3.I.2, the effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Banks's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kılıç  
Partner, SMMM  
İstanbul, 13 November 2008

**DENİZBANK A.Ş.**  
**CONSOLIDATED INTERIM FINANCIAL REPORT AS OF 30 SEPTEMBER 2008**

Address of the Bank's Headquarters

Büyükdere Caddesi No:106  
34394 –ESENTEPE/İSTANBUL

Telephone and Fax Numbers

Tel : 0.212.355 08 00  
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Website of the Bank

www.denizbank.com

E-mail address of the Bank

investorrelations@denizbank.com

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

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

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

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

The consolidated financial statements and related disclosures and footnotes that were subject to independent 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 consolidated financial statements are presented in **Thousands of New Turkish Lira**.

**HAKAN ELVERDİ**  
Senior Vice President  
International and Regulatory  
Financial Reporting

**SUAVİ DEMİRCİOĞLU**  
Executive Vice President  
Financial Affairs

**HAKAN ATEŞ**  
Member of Board of Directors  
and President and Chief Executive Officer

**ERIC P.B.A. HERMANN**  
Member of Board of Directors  
and Audit Committee

**MUSTAFA TINAS TİTİZ**  
Deputy Chairman of Board of Directors  
and Member of Audit Committee

**DIRK G.M. BRUNEEL**  
Chairman of Board of Directors  
and Member of Audit Committee

Contact information for questions on this financial report:

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# Denizbank Anonim Şirketi

## Consolidated Financial Report as of 30 September 2008

(Currency: Thousands of TRY - 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 upon obtaining a permission to operate. Bank's shares have been quoted on Istanbul Stock Exchange ("ISE") since 1 October 2004. 0.16% of the Bank's shares are publicly held as of 30 September 2008.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006. Subsequent to the transfer of shares, a tender offer was made for the publicly traded shares on the ISE, and Dexia Participation Belgique's ownership rate increased to 99.84%.

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

Name of the Shareholder	Amount (Full TRY)	Share %
Dexia Participation Belgique SA	714,945,274	99.84
Publicly traded	1,154,681	0.16
Other shareholders	45	0.00
	<b>716,100,000</b>	<b>100.00</b>

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

<u>Name</u>	<u>Title</u>	<u>Shares owned (%)</u>
<u>President of the Board of Directors</u>		
Dirk G.M. Bruneel	Chairman	--
<u>Board of Directors</u>		
Mustafa Tınas Titiz	Deputy Chairman	0.000002
Hakan Ateş	Member, President and CEO	0.000002
Ayfer Yılmaz	Member	0.000002
M. Cem Bodur	Member	0.000002
Fikret Arabacı	Member	--
Bruno R.D.J. Accou	Member	--
Alain P.B. Delouis	Member	--
Hugo R.R. Lasat	Member	--
Eric P.B.A. Hermann	Member	--
Claude E.L.G. Piret	Member	--
<u>Audit Committee</u>		
Dirk G.M. Bruneel	Member	--
Eric P.B.A. Hermann	Member	--
Mustafa Tınas Titiz	Member	0.000002
<u>Statutory Auditors</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	--
Dilek Duman	Information Technologies	--
Gökhan Ertürk	SME and Agricultural Banking	--
Arif İsfendiyaroğlu	Retail Banking	--
Tanju Kaya	Administrative Services	--
Oğuz Vecdi Öncü	Central Operations	--
Hasan Hüseyin Uyar	Corporate and Commercial Loans	--
Wouter G.M. Van Roste	Public, Project Finance and Corporate Banking	--
Mehmet Ali Yetim	Commercial Banking	--

Dilek Duman was assigned as executive vice president responsible from information technologies by the resolution of the Board of Directors dated 6 February 2008 and numbered 2008/7.

Claude Edgar L.G. Piret was appointed as member of Board of Directors, after the resignation of Bruno Yves Marie Rene Deletre, by the resolution of the Board of Directors dated 14 August 2008 and numbered 2008/38.

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

The Bank is a private sector deposit bank which provides banking services to its customers through 372 domestic and 1 foreign branch as of 30 September 2008.

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

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

#### **V. Other information**

Bank's Official Title:	Denizbank Anonim Şirketi
Address of Bank's Headquarters:	Büyükdere Caddesi No: 106 Esentepe 34394 İstanbul
Telephone and Fax Numbers:	Telephone: (0212) 355 08 00 Fax : (0212) 267 27 24
Bank's Internet Address:	<a href="http://www.denizbank.com">www.denizbank.com</a>
Bank's E-mail Address:	<a href="mailto:investorrelations@denizbank.com">investorrelations@denizbank.com</a>
Reporting Period:	1 January 2008 - 30 September 2008

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



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

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

ASSETS	Footnotes	REVIEWED CURRENT PERIOD (30/09/2008)			AUDITED PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
		<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	147,419	633,026	780,445	117,346
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	142,102	87,680	229,782	400,699	208,973	609,672
2.1 Trading Securities		96,078	31,731	127,809	288,727	168,480	457,207
2.1.1 Public Sector Debt Securities		85,972	15,751	101,723	270,658	22,322	292,980
2.1.2 Share Certificates		9,836	-	9,836	17,700	10	17,710
2.1.3 Other Securities		270	15,980	16,250	369	146,148	146,517
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		46,024	55,949	101,973	111,972	40,493	152,465
<b>III. BANKS</b>	(5.1.3)	154,384	944,252	1,098,636	12,582	1,128,680	1,141,262
<b>IV. DUE FROM MONEY MARKETS</b>		500	3,240	3,740	1,150	12,035	13,185
4.1 Interbank Money Market		500	-	500	1,150	-	1,150
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		-	3,240	3,240	-	12,035	12,035
<b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	(5.1.4)	2,224,036	384,503	2,608,539	1,851,705	265,648	2,117,353
5.1 Share Certificates		3,869	57	3,926	3,869	54	3,923
5.2 Public Sector Debt Securities		2,220,167	286,275	2,506,442	1,847,836	180,635	2,028,471
5.3 Other Securities		-	98,171	98,171	-	84,959	84,959
<b>VI. LOANS</b>	(5.1.5)	9,210,600	5,600,836	14,811,436	7,303,443	4,671,108	11,974,551
6.1 Loans		9,109,323	5,560,355	14,669,678	7,250,756	4,656,261	11,907,017
6.1.1 Loans Utilized to the Bank's Risk Group		62	-	62	25	7,909	7,934
6.1.2 Others		9,109,261	5,560,355	14,669,616	7,250,731	4,648,352	11,899,083
6.2 Loans under Follow-Up		354,079	54,040	408,119	261,660	23,473	285,133
6.3 Specific Provisions (-)		252,802	13,559	266,361	208,973	8,626	217,599
<b>VII. FACTORING RECEIVABLES</b>		473,677	14,232	487,909	410,484	69,994	480,478
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(5.1.6)	641	120,191	120,832	646	142,493	143,139
8.1 Public Sector Debt Securities		641	58,274	58,915	646	55,722	56,368
8.2 Other Securities		-	61,917	61,917	-	86,771	86,771
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	3,633	-	3,633	3,634	-	3,634
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		3,633	-	3,633	3,634	-	3,634
9.2.1 Financial Associates		47	-	47	51	-	51
9.2.2 Non-Financial Associates		3,586	-	3,586	3,583	-	3,583
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	5,599	-	5,599	5,700	-	5,700
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		5,599	-	5,599	5,700	-	5,700
<b>XI. JOINT VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES</b>	(5.1.10)	152,444	1,119,372	1,271,816	155,250	801,949	957,199
12.1 Financial Lease Receivables		203,963	1,335,087	1,539,050	207,154	933,469	1,140,623
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income ( - )		51,519	215,715	267,234	51,904	131,520	183,424
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.11)	52,103	2,842	54,945	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		52,103	2,842	54,945	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		183,073	16,298	199,371	156,571	10,850	167,421
<b>XV. INTANGIBLE ASSETS (Net)</b>		16,083	6,514	22,597	11,833	4,092	15,925
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		16,083	6,514	22,597	11,833	4,092	15,925
<b>XVI. INVESTMENT PROPERTY (Net)</b>		-	-	-	-	-	-
<b>XVII. TAX ASSETS</b>	(5.1.12)	74,461	3,102	77,563	20,216	1,184	21,400
17.1 Current Tax Assets		55,621	1,071	56,692	173	418	591
17.2 Deferred Tax Assets		18,840	2,031	20,871	20,043	766	20,809
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.13)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.14)	162,441	149,073	311,514	141,442	153,273	294,715
<b>TOTAL ASSETS</b>		13,003,196	9,085,161	22,088,357	10,592,701	8,054,699	18,647,400

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

LIABILITIES AND EQUITY	Footnotes	REVIEWED CURRENT PERIOD			AUDITED PRIOR PERIOD		
		(30/09/2008)			(31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	<b>5,338,789</b>	<b>6,565,884</b>	<b>11,904,673</b>	<b>5,246,709</b>	<b>6,246,955</b>	<b>11,493,664</b>
1.1 Deposits of the Bank's Risk Group		66,802	166,139	232,941	7,647	149,292	156,939
1.2 Others		5,271,987	6,399,745	11,671,732	5,239,062	6,097,663	11,336,725
<b>II. NEGATIVE VALUE OF TRADING PURPOSE DERIVATIVES</b>	(5.II.2)	<b>76,631</b>	<b>66,129</b>	<b>142,760</b>	<b>174,115</b>	<b>43,897</b>	<b>218,012</b>
<b>III. FUNDS BORROWED</b>	(5.II.3)	<b>381,005</b>	<b>5,560,994</b>	<b>5,941,999</b>	<b>388,594</b>	<b>2,974,629</b>	<b>3,363,223</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>285,277</b>	<b>5,357</b>	<b>290,634</b>	<b>767,679</b>	-	<b>767,679</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		285,277	5,357	290,634	767,679	-	767,679
<b>V. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Bank Borrowers' Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>277,481</b>	<b>61,806</b>	<b>339,287</b>	<b>231,612</b>	<b>65,409</b>	<b>297,021</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.4)	<b>86,634</b>	<b>38,968</b>	<b>125,602</b>	<b>224,974</b>	<b>26,379</b>	<b>251,353</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES</b>	(5.II.5)	-	-	-	<b>1</b>	-	<b>1</b>
10.1 Financial Lease Payables		-	-	-	1	-	1
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.6)	<b>88,703</b>	<b>11,852</b>	<b>100,555</b>	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		88,703	11,852	100,555	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.7)	<b>252,097</b>	<b>12,180</b>	<b>264,277</b>	<b>140,616</b>	<b>9,823</b>	<b>150,439</b>
12.1 General Provisions		108,262	79	108,341	78,987	171	79,158
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		22,820	2,349	25,169	21,167	712	21,879
12.4 Insurance Technical Provisions (Net)		38,292	365	38,657	26,203	395	26,598
12.5 Other Provisions		82,723	9,387	92,110	14,259	8,545	22,804
<b>XIII. TAX LIABILITIES</b>	(5.II.8)	<b>75,269</b>	<b>2,778</b>	<b>78,047</b>	<b>61,340</b>	<b>4,096</b>	<b>65,436</b>
13.1 Current Tax Liability		75,269	2,539	77,808	61,340	4,096	65,436
13.2 Deferred Tax Liability		-	239	239	-	-	-
<b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		-	<b>639,512</b>	<b>639,512</b>	-	<b>362,506</b>	<b>362,506</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.9)	<b>2,177,514</b>	<b>83,497</b>	<b>2,261,011</b>	<b>1,602,227</b>	<b>75,839</b>	<b>1,678,066</b>
16.1 Paid-In Capital		716,100	-	716,100	316,100	-	316,100
16.2 Supplementary Capital		215,819	(9,656)	206,163	299,737	6,541	306,278
16.2.1 Share Premium	(5.II.10)	98,411	-	98,411	98,351	-	98,351
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities	(5.II.11)	(78,024)	(8,666)	(86,690)	12,211	6,541	18,752
16.2.4 Revaluation Fund on Tangible Assets		-	-	-	-	-	-
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Property		-	-	-	-	-	-
16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures		11	-	11	11	-	11
16.2.8 Hedging Funds (Effective Portion)	(5.II.12)	6,257	(990)	5,267	-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		189,164	-	189,164	189,164	-	189,164
16.3 Profit Reserves		833,352	17,164	850,516	617,330	7,834	625,164
16.3.1 Legal Reserves		41,369	5,018	46,387	30,807	5,018	35,825
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		792,216	11,173	803,389	590,929	11,772	602,701
16.3.4 Other Profit Reserves		(233)	973	740	(4,406)	(8,956)	(13,362)
16.4 Profit or Loss		412,243	75,989	488,232	369,060	61,464	430,524
16.4.1 Prior Periods' Profit or Loss		174,824	44,450	219,274	58,626	30,643	89,269
16.4.2 Current Period Profit or Loss		237,419	31,539	268,958	310,434	30,821	341,255
16.5 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,039,400</b>	<b>13,048,957</b>	<b>22,088,357</b>	<b>8,837,867</b>	<b>9,809,533</b>	<b>18,647,400</b>

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

	Footnotes	REVIEWED CURRENT PERIOD (30/09/2008)			AUDITED PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
		<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>9,541,437</b>	<b>17,281,681</b>	<b>26,823,118</b>	<b>9,468,889</b>
<b>I. GUARANTEES</b>	(5.III.1-2)	<b>1,676,707</b>	<b>3,393,804</b>	<b>5,070,511</b>	<b>1,517,019</b>	<b>3,222,482</b>	<b>4,739,501</b>
1.1. Letters of Guarantee		1,676,707	1,738,912	3,415,619	1,517,019	1,526,070	3,043,089
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		98,017	36,029	134,046	105,494	21,660	127,154
1.1.3. Other Letters of Guarantee		1,578,690	1,702,883	3,281,573	1,411,525	1,504,410	2,915,935
1.2. Bank Acceptances		-	104,724	104,724	-	92,713	92,713
1.2.1. Import Letter of Acceptance		-	104,724	104,724	-	92,713	92,713
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1,393,482	1,393,482	-	1,425,357	1,425,357
1.3.1. Documentary Letters of Credit		-	1,240,414	1,240,414	-	1,155,864	1,155,864
1.3.2. Other Letters of Credit		-	153,068	153,068	-	269,493	269,493
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		-	156,686	156,686	-	178,342	178,342
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1-2)	<b>4,065,950</b>	<b>5,924,824</b>	<b>9,990,774</b>	<b>3,106,335</b>	<b>1,619,620</b>	<b>4,725,955</b>
2.1. Irrevocable Commitments		4,065,269	5,916,850	9,982,119	3,105,654	1,619,620	4,725,274
2.1.1. Asset Purchase and Sale Commitments		53,695	5,886,510	5,940,205	54,838	1,612,500	1,667,338
2.1.2. Deposit Purchase and Sales Commitments		-	11,454	11,454	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		10,307	-	10,307	300	-	300
2.1.4. Loan Granting Commitments		723,950	-	723,950	293,769	-	293,769
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		574,727	-	574,727	485,468	-	485,468
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		2,467,674	-	2,467,674	2,113,934	-	2,113,934
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		11,553	-	11,553	33	-	33
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		223,363	18,886	242,249	157,312	7,120	164,432
2.2. Revocable Commitments		681	7,974	8,655	681	-	681
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		681	7,974	8,655	681	-	681
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>3,798,780</b>	<b>7,963,053</b>	<b>11,761,833</b>	<b>4,845,535</b>	<b>5,917,092</b>	<b>10,762,627</b>
3.1. Hedging Purpose Derivatives		940,209	1,049,778	1,989,987	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		940,209	1,049,778	1,989,987	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		2,858,571	6,913,275	9,771,846	4,845,535	5,917,092	10,762,627
3.2.1. Forward Foreign Currency Purchases/Sales		215,183	908,903	1,124,086	56,692	1,732,552	1,789,244
3.2.1.1. Forward Foreign Currency Purchases		59,419	501,896	561,315	36,949	858,074	895,023
3.2.1.2. Forward Foreign Currency Sales		155,764	407,007	562,771	19,743	874,478	894,221
3.2.2. Currency and Interest Rate Swaps		1,918,937	4,631,719	6,550,656	1,729,548	2,452,640	4,182,188
3.2.2.1. Currency Swaps-Purchases		7,762	1,938,254	1,946,016	-	986,309	986,309
3.2.2.2. Currency Swaps-Sales		1,328,759	664,747	1,993,506	577,929	429,893	1,007,822
3.2.2.3. Interest Rate Swaps-Purchases		162,749	1,137,115	1,299,864	417,199	663,439	1,080,638
3.2.2.4. Interest Rate Swaps-Sales		419,667	891,603	1,311,270	734,420	372,999	1,107,419
3.2.3. Currency, Interest Rate and Security Options		632,621	1,144,487	1,777,108	2,074,092	1,558,342	3,632,434
3.2.3.1. Currency Options-Purchases		302,247	527,861	830,108	1,051,681	746,129	1,797,810
3.2.3.2. Currency Options-Sales		330,374	503,796	834,170	972,605	812,213	1,784,818
3.2.3.3. Interest Rate Options-Purchases		-	54,920	54,920	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	54,920	54,920	-	-	-
3.2.3.5. Securities Options-Purchases		-	1,495	1,495	24,903	-	24,903
3.2.3.6. Securities Options-Sales		-	1,495	1,495	24,903	-	24,903
3.2.4. Currency Futures		-	52,218	52,218	-	17,196	17,196
3.2.4.1. Currency Futures-Purchases		-	30,667	30,667	-	7,207	7,207
3.2.4.2. Currency Futures-Sales		-	21,551	21,551	-	9,989	9,989
3.2.5. Interest Rate Futures		-	43,102	43,102	-	16,082	16,082
3.2.5.1. Interest Rate Futures-Purchases		-	21,551	21,551	-	9,989	9,989
3.2.5.2. Interest Rate Futures-Sales		-	21,551	21,551	-	6,093	6,093
3.2.6. Others		91,830	132,846	224,676	985,203	140,280	1,125,483
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>21,423,188</b>	<b>8,626,898</b>	<b>30,050,086</b>	<b>14,303,889</b>	<b>5,428,601</b>	<b>19,732,490</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>2,878,754</b>	<b>615,249</b>	<b>3,494,003</b>	<b>3,456,392</b>	<b>654,099</b>	<b>4,110,491</b>
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		1,762,183	136,520	1,898,703	2,236,156	154,516	2,390,672
4.3. Checks Received for Collection		467,022	254,702	721,724	146,725	168,814	315,539
4.4. Commercial Notes Received for Collection		369,359	198,623	567,982	274,333	330,769	605,102
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		280,083	25,404	305,487	799,178	-	799,178
4.8. Custodians		107	-	107	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>18,368,129</b>	<b>7,866,448</b>	<b>26,234,577</b>	<b>10,605,259</b>	<b>4,666,056</b>	<b>15,271,315</b>
5.1. Securities		436,344	412,804	849,148	562,262	25,228	587,490
5.2. Guarantee Notes		9,602,207	2,138,742	11,740,949	3,391,020	878,069	4,269,089
5.3. Commodities		1,257,109	777,588	2,034,697	1,345,883	594,973	1,940,856
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		6,886,487	4,270,219	11,156,706	5,045,885	2,906,585	7,952,470
5.6. Other Pledged Items		185,982	267,095	453,077	260,209	261,201	521,410
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>176,305</b>	<b>145,201</b>	<b>321,506</b>	<b>242,238</b>	<b>108,446</b>	<b>350,684</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>30,964,625</b>	<b>25,908,579</b>	<b>56,873,204</b>	<b>23,772,778</b>	<b>16,187,795</b>	<b>39,960,573</b>

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

INCOME AND EXPENSE ITEMS	Footnotes	REVIEWED	REVIEWED	REVIEWED	REVIEWED
		CURRENT PERIOD (01/01/2008-30/09/2008)	PRIOR PERIOD (01/01/2007-30/09/2007)	CURRENT PERIOD (01/07/2008-30/09/2008)	PRIOR PERIOD (01/07/2007-30/09/2007)
<b>I. INTEREST INCOME</b>	(5.IV.1)	<b>2,015,602</b>	<b>1,420,024</b>	<b>708,643</b>	<b>501,332</b>
1.1 Interest from Loans		1,465,078	1,043,035	520,595	383,128
1.2 Interest from Reserve Deposits		32,297	28,513	11,295	10,323
1.3 Interest from Banks		30,968	69,026	11,964	15,567
1.4 Interest from Money Market Transactions		11,276	9,942	3,281	3,092
1.5 Interest from Securities Portfolio		368,799	188,782	124,952	62,304
1.5.1 Trading Securities		48,733	47,180	17,212	15,199
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		315,808	135,922	106,489	45,443
1.5.4 Held to Maturity Securities		4,258	5,680	1,251	1,662
1.6 Interest from Financial Leases		89,035	53,975	30,274	20,277
1.7 Other Interest Income		18,149	26,751	6,282	6,641
<b>II. INTEREST EXPENSE</b>	(5.IV.2)	<b>1,093,041</b>	<b>813,934</b>	<b>367,155</b>	<b>294,889</b>
2.1 Interest on Deposits		739,962	594,326	234,455	211,452
2.3 Interest on Funds Borrowed		210,620	135,806	89,655	52,240
2.4 Interest on Money Market Transactions		138,667	81,763	42,692	30,899
2.5 Interest on Securities Issued		-	-	-	-
2.6 Other Interest Expense		3,792	2,039	353	298
<b>III. NET INTEREST INCOME (I - II)</b>		<b>922,561</b>	<b>606,090</b>	<b>341,488</b>	<b>206,443</b>
<b>IV. NET FEE AND COMMISSION INCOME /EXPENSE</b>	(5.IV.9)	<b>170,915</b>	<b>164,011</b>	<b>63,589</b>	<b>57,661</b>
4.1 Fees and Commissions Received		253,251	228,144	95,365	82,275
4.1.1 Non-Cash Loans		35,227	37,756	12,208	11,541
4.1.2 Other		218,024	190,388	83,157	70,734
4.2 Fees and Commissions Paid		82,336	64,133	31,776	24,614
4.2.1 Non-Cash Loans		300	181	125	25
4.2.2 Other		82,036	63,952	31,651	24,589
<b>V. DIVIDEND INCOME</b>		<b>1,650</b>	<b>779</b>	<b>-</b>	<b>485</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.3)	<b>(69,305)</b>	<b>8,231</b>	<b>(62,400)</b>	<b>7,575</b>
6.1 Profit / Loss on Trading Account Securities		(63,153)	(90,775)	(69,342)	(33,201)
6.2 Foreign Exchange Gain / Loss		(6,152)	99,006	6,942	40,776
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.4)	<b>145,788</b>	<b>95,485</b>	<b>50,669</b>	<b>23,919</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1,171,609</b>	<b>874,596</b>	<b>393,346</b>	<b>296,083</b>
<b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.5)	<b>220,684</b>	<b>106,595</b>	<b>83,461</b>	<b>37,738</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.6)	<b>603,272</b>	<b>466,981</b>	<b>202,222</b>	<b>162,112</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>347,653</b>	<b>301,020</b>	<b>107,663</b>	<b>96,233</b>
<b>XII. NEGATIVE GOODWILL</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>347,653</b>	<b>301,020</b>	<b>107,663</b>	<b>96,233</b>
<b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.7)	<b>(78,695)</b>	<b>(50,382)</b>	<b>(24,268)</b>	<b>(13,339)</b>
16.1 Current Tax Provision		(53,403)	(65,325)	(36,859)	(20,663)
16.2 Deferred Tax Provision		(25,292)	14,943	12,591	7,324
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>268,958</b>	<b>250,638</b>	<b>83,395</b>	<b>82,894</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Assets Held for Sale		-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Others		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19.1 Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Others		-	-	-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.IV.8)	<b>268,958</b>	<b>250,638</b>	<b>83,395</b>	<b>82,894</b>
23.1 Group's Profit / Loss		268,958	250,638	83,395	82,894
23.2 Minority Shares		-	-	-	-
Earnings / Losses per Share		0.38	0.79	0.12	0.26

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

	REVIEWED CURRENT PERIOD (01/01/2008-30/09/2008)	REVIEWED PRIOR PERIOD (01/01/2007-30/09/2007)
<b>I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS</b>	(132,204)	8,267
<b>II. REVALUATION ON TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION ON INTANGIBLE ASSETS</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES</b>	14,102	(19,340)
<b>V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)</b>	20,333	-
<b>VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)</b>	(13,834)	-
<b>VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS</b>	-	-
<b>VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER IAS</b>	-	-
<b>IX. DEFERRED TAXES ON VALUATION DIFFERENCES</b>	25,133	(1,734)
<b>X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)</b>	(86,470)	(12,807)
<b>XI. CURRENT PERIOD PROFIT/LOSS</b>	<b>268,958</b>	<b>250,638</b>
1.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	397	(1,583)
1.2 Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges	-	-
1.3 Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-
1.4 Others	268,561	252,221
<b>XII. TOTAL RECOGNIZED PROFIT AND LOSS FOR THE PERIOD (X±XI)</b>	<b>182,488</b>	<b>237,831</b>

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

**Denizbank Anonim Şirketi**

Consolidated Statements of Changes in Shareholders' Equity  
For the Periods Ended 30 September 2008 and 2007  
(Currency: Thousands of TRY - New Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY	Paid-In Capital	Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Diff. Of Securities	Revaluation Fund of Tang./Intang.A.	Revaluation Surplus	Hedging Reserves	Val.Diff.Related to Assets Held for Sale/Disc.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
<b>REVIEWED PRIOR PERIOD (01/01/2007-30/09/2007)</b>																		
I. Balances at the Beginning of Period	316,100	189,164	98,351	-	22,008	-	327,622	10,530	342,289	35,877	12,541	-	-	-	-	1,354,482	-	1,354,482
II. Corrections According to Turkish Accounting Standard No.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I + II)	316,100	189,164	98,351	-	22,008	-	327,622	10,530	342,289	35,877	12,541	-	-	-	-	1,354,482	-	1,354,482
Changes in the Period																		
IV. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Valuation Differences of Securities	-	-	-	-	-	-	-	-	-	-	4,949	-	11	-	-	4,960	-	4,960
VI. Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation Fund of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital Bonus of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes Related to Sale of Assets	-	-	-	-	-	-	-	(19,340)	-	-	-	-	-	-	-	(19,340)	-	(19,340)
XII. Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effects of Changes in Equities of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	250,638	-	-	-	-	-	-	250,638	-	250,638
XX. Profit Distribution	-	-	-	-	13,817	-	281,321	-	(342,289)	47,151	-	-	-	-	-	-	-	-
20.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfer to Reserves	-	-	-	-	13,817	-	281,321	-	-	(295,138)	-	-	-	-	-	-	-	-
20.3 Others	-	-	-	-	-	-	-	-	(342,289)	342,289	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V+...+XVIII+XIX+XX)	316,100	189,164	98,351	-	35,825	-	608,943	(8,810)	250,638	83,028	17,490	-	11	-	-	1,590,740	-	1,590,740
<b>REVIEWED CURRENT PERIOD (01/01/2008-30/09/2008)</b>																		
I. Balances at the Beginning of Period	316,100	189,164	98,351	-	35,825	-	602,701	(13,362)	341,255	89,269	18,752	-	11	-	-	1,678,066	-	1,678,066
Changes in the Period																		
II. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities	-	-	-	-	-	-	-	-	-	-	(105,442)	-	-	-	-	(105,442)	-	(105,442)
IV. Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	5,267	-	-	5,267	-	5,267
4.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	19,101	-	-	19,101	-	19,101
4.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(13,834)	-	-	(13,834)	-	(13,834)
V. Revaluation Fund of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Bonus of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,000	-	400,000
12.1 Cash	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,000	-	400,000
12.2 Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuance of Capital Stock	-	-	60	-	-	-	-	-	-	-	-	-	-	-	-	60	-	60
XIV. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	268,958	-	-	-	-	-	-	268,958	-	268,958
XVIII. Profit Distribution	-	-	-	-	10,562	-	200,688	-	(341,255)	130,005	-	-	-	-	-	-	-	-
18.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves	-	-	-	-	10,562	-	200,688	-	-	(211,250)	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	(341,255)	341,255	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)	716,100	189,164	98,411	-	46,387	-	803,389	740	268,958	219,274	(86,690)	-	11	5,267	-	2,261,011	-	2,261,011

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

	<b>REVIEWED CURRENT PERIOD (01/01/2008-30/09/2008)</b>	<b>REVIEWED PRIOR PERIOD (01/01/2007-30/09/2007)</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>133,224</b>	<b>173,701</b>
1.1.1 Interest Received	1,727,283	1,356,837
1.1.2 Interest Paid	1,022,917	779,068
1.1.3 Dividend Received	1,650	779
1.1.4 Fees And Commissions Received	253,251	211,152
1.1.5 Other Income	5,110	(12,988)
1.1.6 Collections from Previously Written-Off Loans and Other Receivables	105,514	62,839
1.1.7 Payments to Personnel and Service Suppliers	335,135	259,549
1.1.8 Taxes Paid	56,152	74,395
1.1.9 Other	(545,380)	(331,906)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(2,739,623)</b>	<b>(1,272,461)</b>
1.2.1 Net (Increase) Decrease in Trading Securities	232,451	47,279
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3 Net (Increase) Decrease in Banks	(35,912)	68,788
1.2.4 Net (Increase) Decrease in Loans	(2,980,390)	(2,088,266)
1.2.5 Net (Increase) Decrease in Other Assets	(172,178)	(18,878)
1.2.6 Net Increase (Decrease) in Bank Deposits	(106,808)	343,172
1.2.7 Net Increase (Decrease) in Other Deposits	478,724	371,616
1.2.8 Net Increase (Decrease) in Funds Borrowed	247,582	(537,715)
1.2.9 Net Increase (Decrease) in Due Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(403,092)	541,543
<b>I. Net Cash (Used in)/Provided by Banking Operations</b>	<b>(2,606,399)</b>	<b>(1,098,760)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided by / (Used in) Investing Activities</b>	<b>(485,020)</b>	<b>(607,907)</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries	-	505
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries	101	-
2.3 Fixed Assets Purchases	80,528	36,114
2.4 Fixed Assets Sales	1,265	1,026
2.5 Cash Paid for Purchase of Investments Available for Sale	999,657	799,693
2.6 Cash Obtained From Sale of Investments Available for Sale	593,799	235,246
2.7 Cash Paid for Purchase of Investment Securities	-	7,867
2.8 Cash Obtained from Sale of Investment Securities	-	-
2.9 Other	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash from Financing Activities</b>	<b>2,997,705</b>	<b>248,723</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	3,390,362	1,284,583
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	792,657	1,035,860
3.3 Capital Increase	400,000	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(40,678)</b>	<b>228,344</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(134,392)</b>	<b>(1,229,600)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period</b>	<b>2,088,065</b>	<b>3,017,102</b>
<b>VII. Cash and Cash Equivalents at the End of Period</b>	<b>1,953,673</b>	<b>1,787,502</b>

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



## SECTION THREE ACCOUNTING POLICIES

### I. Basis of presentation

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

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

#### 2. Additional paragraph for convenience translation to English

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

#### 3. Disclosures related to the changes in accounting policies and financial statement presentation

##### 3.1 Disclosures related to reclassifications

##### 3.1.1 Disclosure related to reclassifications made in line with the change in regulation on Turkish Accounting Standard No. 39

Due to the change in regulation on Turkish Accounting Standard no.39 and Turkish Financial Reporting Standard No.7, as published in the Official Gazette No.27040, dated 31 October 2008, a portion of debt securities amounting to TRY 252,526 which had been originally classified in "Trading securities", have been reclassified to "Investment securities available-for-sale", effective from 1 September 2008 for the Bank, and 1 July 2008 for its subsidiaries CJSC Dexia Bank. As a result of exceptional volatility in the financial markets, such reclassified financial assets have been chosen among securities which have incurred significant losses as of 30 September 2008 and those that are not planned to be sold in the short run. The table below summarizes the effects of the forementioned reclassification on the financial statements:

<u>Reclassified Financial Securities</u>	<u>Amounts at the Date of Reclassification</u>	<u>Amounts at the Date of Balance Sheet</u>	<u>Amounts If Reclassification Was Not Made</u>
Cost	252,526	252,064	252,526
Fair Value	252,064	241,611	241,611
Effect on Income Statement	(3,899)	(366)	(14,285)
Effect on Shareholders' Equity	--	(10,120)	--

### 3.1.2 Disclosures related to other reclassifications

TRY 14,804 which was classified in “Fees and commissions received” at 30 September 2007, has been reclassified to “interest income from loans”; TRY 1 and TRY 3,335, which were classified in “fee and commission paid for cash loans” has been reclassified to “interests paid for money market transactions” and “interest on funds borrowed”, respectively.

“Assets held for sale” and “assets related to discontinued operations (net)”, amounting to TRY 15,325 at 31 December 2007 are reclassified to “other assets”.

TRY 12,736 which was reported in “other provisions” as of 31 December 2007, has been reclassified in “provision for employee benefits”.

TRY 1,667,338 which was reported in “derivative financial instruments” as of 31 December 2007, has been reclassified in “commitments”.

## 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, and other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency. Those policies and principles are explained by footnotes II through XXIV below.

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

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

Denizbank Financial Services Group’s (“DFS Group”) 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 majority 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 falling 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.

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

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

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration. The Bank hedges a portion of its floating rate liabilities by interest rate swaps for cash flow risk.

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

No risks are taken on foreign currencies other than USD and Euro. If the position taken because of customer based activities exceeds 0.004% of the balance sheet size, counter positions are taken to cover the position.

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

## 2. Transactions denominated in foreign currencies

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

DFS Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of the balance sheet date are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities are translated into TRY 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:

	<u>30 September 2008</u>	<u>31 December 2007</u>	<u>30 September 2007</u>
US Dollar	TRY 1.2316	TRY 1.1593	TRY 1.2048
Euro	TRY 1.7978	TRY 1.7060	TRY 1.7086

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

Net foreign exchange loss included in the income statement amounts to TRY 6,152 (30 September 2007: net foreign exchange gain of TRY 99,006).

### 2.3 Foreign operations

The assets and liabilities of foreign operations are translated to TRY at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to TRY at year-to-date average foreign exchange rates. The foreign exchange differences derived from translation of income statements of consolidated subsidiaries, and arising from the difference between TRY equivalent of their equities and the Bank's share in their net assets are recorded in "other profit reserves". As of 30 September 2008, total foreign exchange difference in equity amount to TRY 973 (31 December 2007: TRY (8,956)).

DFS Group hedges its foreign currency exchange rate risk from retranslation of its foreign operations by net investment hedge accounting, through recognizing the effective portion of foreign exchange rate changes of a portion of its foreign currency denominated liabilities under shareholders' equity.

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

No foreign operations are disposed of during the current year.

## III. Presentation of information regarding the consolidated subsidiaries

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

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

Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. and Denizbank Kültür Sanat Ticaret A.Ş. which are also the subsidiaries of the Bank, are not consolidated since they are non-financial subsidiaries.

The Bank, and its subsidiaries, Deniz Yatırım, Ekspres Yatırım, Deniz Türev, Eurodeniz, Deniz Portföy, Denizbank AG, CJSC Dexia Bank, Deniz Leasing, Deniz Faktoring and Deniz Hayat that are included in consolidation are altogether referred to as “DFS Group” in the disclosures and footnotes related to the consolidated financial statements.

## **1. Consolidated method**

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

### ***The major principles of consolidation***

- 1.1** The carrying amount of the Bank’s investment in each subsidiary and the Bank’s portion of equity of each subsidiary are eliminated.
- 1.2** All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 30 September 2008 and appropriate adjustments are made to financial statements to use uniform accounting policies for like transactions and events in similar circumstances.

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

## **2. With respect to associates**

There are no financial associates included in the consolidation.

## **3. With respect to joint ventures**

There are no joint ventures.

## **IV. Forward transactions, options and derivative instruments**

DFS Group’s derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts. DFS Group does not have any embedded derivatives separated from the host contract.

In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, forward foreign currency purchase/sale contracts, swaps, options and futures that are classified as “hedging-purpose” and “trading purpose” transactions. 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 contractual notional amounts.

The derivative transactions are valued at fair value using market prices, discounted cash flows model, or pricing models subsequent to initial recognition and are presented in the “Positive Value of Trading / Hedging Purpose Derivatives” and “Negative Value of Trading / Hedging 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 are recognized in the income statement for trading purpose derivatives. The effective portion of the fair value changes are recognized in the shareholders’ equity, while the ineffective portion is accounted for in the income statement for hedging purpose derivatives.

## **V. Interest income and expenses**

Interest income and expenses are recognized as they are accrued taking into account the internal rate of return method. As of 30 September 2008 and 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”, published in the Official Gazette No. 26333 dated 1 November 2006, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

## **VI. Fees and commissions**

Fees charged to customers for banking services, commissions received against cash and non-cash loans, and fees and commissions paid to other financial institutions are recognized in the period they are realized.

## **VII. Financial assets**

Financial assets include cash; acquisition right of cash or acquisition right of other financial asset or bilateral exchange right of financial assets or equity instrument transactions with the counterpart. Financial assets are classified in four categories; as financial assets at fair value through profit or loss, financial assets available-for-sale, investment held-to-maturity, and loans and receivables.

### **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. Differences between the fair value and cost of trading securities are also recorded in “trading securities”.

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

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

As of the balance sheet date, 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 on ISE; and for those securities not traded on 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 and foreign currency government bonds are measured at market prices. However, those securities not traded in an active market and whose fair values cannot be reliably measured are valued using amortised cost method based on internal rate of return. For equity securities, closing prices that are listed at the balance sheet date are used. Fair value of derivative instruments are determined by using market prices, discounted cash flows model, or pricing models.

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

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

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

Available-for-sale assets are financial assets that are not held for trading purposes, loans or held to maturity investments.

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

A part of securities accounted as "Trading securities", has been reclassified to "Investment securities available-for-sale" in accordance with the amendmends made in TAS 39 as explained in Section Three, Footnote I.2.1.1.

### **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 held-to-maturity and loans are initially recognized at cost.

Investment securities held-to-maturity and loans are initially recognized at cost, and subsequently carried at "Amortized cost" using the "Effective yield method"; and provision is made for impairment if any . There are no provisions for the impairment for held-to-maturity securities.

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

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.

Purchases/sales of held-to-maturity securities are recognized and accounted for on a settlement date basis.

### **4. Loans and specific provisions**

Loans and receivables represent financial assets which have been occurred through money, commodity or service to the debtor.

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

Foreign currency loans are re-measured to reflect the changes in the currency exchange rates. Currency exchange differences arising from such re-measurements are reflected in "Foreign Exchange Gains/Losses" account in the consolidated income statement. Foreign currency-indexed loans are initially recognized in their New 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 at amortised cost 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 and 26333 numbered official gazette dated on 1 November 2006. Specific provisions are recognized in the consolidated income statement.

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

### **VIII. Impairment of financial assets**

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

### **IX. Offsetting financial instruments**

When the fair values of the listed equity instruments that are classified as "trading purpose" fall below their costs, impairment provision is booked for them which is offset against their book values in the consolidated financial statements.

In accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside", the Bank provides specific provisions for its loans under follow-up. Those provisions are deducted from the balance of the loans under follow-up in the assets of the consolidated balance sheet.

Other than those expressed above, financial assets and liabilities are offset when there is legally enforceable right to set off, the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made.

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

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

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

A non-current asset shall be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single balance.

DFS Group does not have any assets held for sale as of 30 September 2008.

A discontinued operation is a division of a bank that is either disposed or held for sale and represents a separate major line of business or geographical area of operations; or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

DFS Group does not have any discontinued operation.

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

There is no goodwill in the accompanying consolidated financial statements.

All intangible assets are initially recognized at cost in accordance with TAS 38 “Intangible Assets”. According to the resolution of the BRSA No. 1623 dated 21 April 2005, the banks and special financial institutions are no longer required to prepare their financial statements in accordance with Regulation and Accounting Policies 14 “Accounting Standard for Financial Reporting in Hyperinflationary Periods” since the indicators of hyperinflation as disclosed in Article 5 of Regulation and Accounting Policies 14 no longer exist in Turkey. In line with this resolution, other intangible assets have been restated for the effects of inflation, up to 31 December 2004. Subsequent to this date, intangible assets have not been adjusted in accordance with inflation accounting and restated values as of 31 December 2004 considered as cost. Any currency exchange differences, financing expenses and revaluation surplus that might have been capitalized are eliminated and only the acquisition cost of the intangible assets are restated until 31 December 2004. The new additions to intangible assets after 31 December 2004 are shown with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Intangible assets purchased before 1 January 2003 and those purchased in 2007 are amortized on a straight-line basis based on the amortization rate of 20% and those purchased between the dates mentioned above are amortized using the double-declining balance method based on the amortization rate of 40%. The amortization rate for the software of Denizbank AG is 33%.

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

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

Costs associated with the computer software that are in use are expensed at the period of occurrence.

## **XIII. Tangible assets**

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

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



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

	<b><u>Purchased before 2003</u></b>	<b><u>Purchased between 2003-2006</u></b>	<b><u>Purchased in 2007</u></b>	<b><u>Purchased in 2008</u></b>
Movables				
- Office equipment	20%	40% - 50%	20% - 25%	10% - 25%
- Furniture and fixtures	20%	20% - 50%	10% - 20%	12.50% - 20%
- Vehicles	20%	40% - 50%	20% - 50%	20% - 50%
- Other equipment	20%	4.44% -50%	2.50% -50%	2% - 50%
Properties	2%	2%	2%	2%

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

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

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

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

#### **XIV. Leasing activities**

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

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

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

## **XV. Provisions and contingent liabilities**

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

Based on the representations of the DFS Group's attorneys, there are 429 lawsuits against DFS Group with total risks amounting to TRY 33,637, USD 1,672,773 and Euro 163,099 as of 30 September 2008. There are also 7,325 follow-up cases amounting to TRY 25,499, USD 663,604 and Euro 196,251 in total that are filed by the DFS Group and are at courts.

## **XVI. Contingent assets**

Contingent assets generally consist of unscheduled and other unexpected incidents which induce possible additional economic benefits to DFS Group. Provided that occurrence of those contingent assets is possible, they are disclosed in the notes to the financial statements. Moreover, if occurrence is almost virtually certain, the related assets are recognized in the financial statements.

## **XVII. Obligations for employee benefits**

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>30.09.2008</b>	<b>31.12.2007</b>
	<b>%</b>	<b>%</b>
Discount rate	5.71	5.71
Expected rate of salary/retirement pay ceiling limit increase	5.00	5.00
Turnover rate to estimate the probability of retirement	7.73	7.31

The computation of the liability is calculated upon retirement pay ceiling announced by the Government. The ceiling amount at 30 September 2008 is TRY 2.173 (31 December 2007: TRY 2.030).

There are no employees with definite employment term contract whose contracts will terminate within more than twelve months from the balance sheet date.

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

## **XVIII. Taxation**

### **1. Current taxes**

In accordance with the amendments made to the tax legislation by Law No. 5520, effective 21 June 2006, the corporate tax rate is levied at the rate 20% (30% for 2005), beginning from 1 January 2006.

Companies file their corporate tax returns between the 1<sup>st</sup> and 25<sup>th</sup> days of the following four months period after to which they relate and the payments are made until the end of that month.

The provision for corporate tax for the period is reflected as the “Current Tax Liability” in the liabilities and “Current Tax Provision” in the income statement.

The foreign subsidiaries of the DFS Group that operate in Austria, the Russian Federation and Cyprus are entitled to corporate tax rates of 25%, 24% and 2%, respectively.

In accordance with the Corporate Tax Law, tax losses can be carried forward for five years. The tax authorities can inspect tax returns and the related accounting records back to a maximum period of five years.

Effective from 24 April 2003, statutory income, including retained earnings from 2002 and before, is not subject to withholding tax if retained, or transferred to paid-in 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 increased to 15% by the Resolution of the Council of Ministers no. 2006/10731, dated 22 July 2006.

### **2. Deferred taxes**

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

Individual deferred tax assets and liabilities of the consolidated entities have been offset in their financial statements, resulting in TRY 20,871 deferred tax assets and TRY 239 deferred tax liabilities in the accompanying financial statements.

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

## **XIX. Additional explanations on borrowings**

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

General hedging techniques are used for borrowings against liquidity, interest rate and currency risks. The Parent Bank uses cash flow hedge accounting to maintain protection for a portion of its floating rate liabilities by interest rate swaps.

As of the balance sheet date, there are no convertible bonds issued and there exist no financial instruments representing borrowings issued by the Bank.

## **XX. Shares and share issuance**

Transactions related to issuance of share certificates are explained in footnote 5.II.10. No dividends have been declared subsequent to the balance sheet date.

**XXI. Acceptances**

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

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

**XXII. Government grants**

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

**XXIII. Segment reporting**

Segment reporting is made according to the 28th article of BRSA's "Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 10 February 2007 which is published in the Official Gazette No. 26430, and is presented in Section Four, Footnote VI.

**XXIV. Other explanations**

None.

## **SECTION FOUR CONSOLIDATED FINANCIAL POSITION**

### **I. Consolidated capital adequacy ratio**

The Bank's consolidated capital adequacy ratio is 14.12% as of 30 September 2008. This ratio is higher than the stipulated minimum legal ratio in the related legislation.

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

Consolidated capital adequacy ratio is calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" published in the Official Gazette No.26333, dated 1 November 2006. For the calculation of the consolidated capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. According to the requirements of the Regulation, starting from 30 June 2007, operational risk is included in the computation of capital adequacy ratio. Moreover, market risk value is calculated in accordance with the "Regulation on Banks' Internal Control and Risk Management Systems" and factored into capital adequacy ratio.

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

For the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside". The net amounts are then multiplied by the rates stated in the Article 21, paragraph (1) of "Regulation on the Establishment and Operations of Banks". For the calculation of their risk based values, derivative financial instruments are re-weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 21, paragraph (2) of "Regulation on the Establishment and Operations of Banks".

## 2. Consolidated and unconsolidated capital adequacy ratios

	Risk Weighted Assets						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base</b>							
<b>Balance Sheet Items (Net)</b>	<b>2,008,295</b>	--	<b>1,232,282</b>	<b>2,517,451</b>	<b>13,372,460</b>	<b>18,133</b>	<b>133</b>
Cash in Vault	267,539	--	373	--	--	--	--
Due Dated Financial Assets	--	--	--	--	--	--	--
Central Bank of Turkey	56,135	--	--	--	--	--	--
Domestic and Foreign Banks, Foreign Branches	41,614	--	898,982	--	154,363	--	--
Interbank Money Market	500	--	--	--	--	--	--
Receivables from Reverse Repos	--	--	3,068	--	--	--	--
Reserve Deposits	444,660	--	--	--	--	--	--
Loans	1,015,119	--	261,494	2,445,586	10,524,327	18,133	133
Non-performing Loans (Net)	--	--	--	--	141,758	--	--
Receivables from Leasing Operations	--	--	--	--	1,252,855	--	--
Investments Available-for-Sale	--	--	--	--	3,926	--	--
Investments Held-to-Maturity	58,055	--	56,319	--	5,705	--	--
Receivables from Sale of Assets	--	--	--	--	--	--	--
Miscellaneous Receivables	--	--	--	--	662,674	--	--
Accrued Interest and Other Income	41,040	--	12,046	71,865	316,788	--	--
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	--	9,232	--	--
Tangible Assets	--	--	--	--	199,371	--	--
Other Assets	83,633	--	--	--	101,461	--	--
<b>Off-Balance Sheet Items</b>	<b>141,510</b>	--	<b>291,979</b>	<b>109,618</b>	<b>2,896,209</b>	--	--
Non-Cash Loans and Commitments	141,510	--	131,849	109,618	2,863,034	--	--
Derivatives	--	--	160,130	--	33,175	--	--
<b>Accounts Not Risk Weighted</b>							
<b>Total Risk Weighted Assets</b>	<b>2,149,805</b>	--	<b>1,524,261</b>	<b>2,627,069</b>	<b>16,268,669</b>	<b>18,133</b>	<b>133</b>

<b>Risk Weighted Assets</b>							
<b>Unconsolidated</b>							
	<b>%0</b>	<b>%10</b>	<b>%20</b>	<b>%50</b>	<b>%100</b>	<b>%150</b>	<b>%200</b>
<b>Credit Risk Base</b>							
<b>Balance Sheet Items (Net)</b>	<b>1,380,707</b>	--	<b>810,788</b>	<b>2,436,000</b>	<b>10,206,033</b>	<b>18,133</b>	<b>133</b>
Cash in Vault	256,447	--	373	--	--	--	--
Due Dated Financial Assets	--	--	--	--	--	--	--
Central Bank of Turkey	56,136	--	--	--	--	--	--
Domestic and Foreign Banks, Foreign Branches	--	--	533,780	--	8,548	--	--
Interbank Money Market	--	--	--	--	--	--	--
Receivables from Reverse Repos	--	--	--	--	--	--	--
Reserve Deposits	440,971	--	--	--	--	--	--
Loans	566,656	--	259,587	2,365,762	9,025,827	18,133	133
Non-performing Loans (Net)	--	--	--	--	89,889	--	--
Receivables from Leasing Operations	--	--	--	--	--	--	--
Investments Available-for-Sale	--	--	--	--	3,869	--	--
Investments Held-to-Maturity	--	--	7,909	--	--	--	--
Receivables from Sale of Assets	--	--	--	--	--	--	--
Miscellaneous Receivables	--	--	--	--	169,189	--	--
Accrued Interest and Other Income	28,691	--	9,139	70,238	269,307	--	--
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	--	405,777	--	--
Tangible Assets	--	--	--	--	181,069	--	--
Other Assets	31,806	--	--	--	52,558	--	--
<b>Off-Balance Sheet Items</b>	<b>141,510</b>	--	<b>276,245</b>	<b>109,619</b>	<b>2,842,857</b>	--	--
Non-Cash Loans and Commitments	141,510	--	131,849	109,619	2,813,199	--	--
Derivatives	--	--	144,396	--	29,658	--	--
<b>Accounts Not Risk Weighted</b>	--	--	--	--	--	--	--
<b>Total Risk Weighted Assets</b>	<b>1,522,217</b>	--	<b>1,087,033</b>	<b>2,545,619</b>	<b>13,048,890</b>	<b>18,133</b>	<b>133</b>

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

	<b>Consolidated</b>		<b>Unconsolidated</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
Risk Weighted Assets	17,914,521	14,212,970	14,566,572	11,883,385
Value at Market Risk	651,263	473,700	441,213	343,363
Value at Operational Risk	1,675,745	1,302,840	1,353,779	1,101,051
Shareholders' Equity	2,857,451	2,006,093	2,520,391	1,759,472
Shareholders' Equity / (RWA+VAMR+VAOR)*100	14.12%	%12.55	%15.40	%13.20

RWA: Risk Weighted Assets

VAMR: Value at Market Risk

VAOR: Value at Operational Risk

#### 4. Components of shareholders' equity

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	716,100	316,100
Nominal Capital	716,100	316,100
Capital Commitments (-)	--	--
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	189,164	189,164
Share Premium	98,411	98,351
Share Cancellation Profit	--	--
Legal Reserves	46,387	35,825
I. Legal Reserve (Turkish Commercial Code 466/1)	46,387	35,825
II. Legal Reserve (Turkish Commercial Code 466/2)	--	--
Other Legal Reserve per Special Legislation	--	--
Status Reserves	--	--
Extraordinary Reserves	804,129	589,339
Reserve Allocated at the General Assembly	803,389	602,701
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Translation Differences	740	(13,362)
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	--	--
Profit	488,232	430,524
Current Period Profit	268,958	341,255
Prior Periods' Profit	219,274	89,269
Free Provisions Booked for Possible Losses (Up to 25% of the Core Capital)	50,560	--
Gain on Sale of Real Estate and Investments in Associates and Subsidiaries to be Added to the Paid-in capital	--	--
Primary Subordinated Loans (Up to 15% of the Core Capital)	--	--
Accumulated Losses (-)	--	--
Current Period Loss	--	--
Prior Periods' Loss	--	--
Leasehold Improvements (-)	--	55,504
Prepaid Expenses (-)	27,664	22,214
Intangible Assets (-)	22,597	15,925
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	--	--
Amount Excess of Article 56/3 of the Law (-)	--	--
Consolidation Goodwill (Net) (-)	--	--
<b>Total Core Capital</b>	<b>2,392,983</b>	<b>1,659,303</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	108,341	79,158
45% of Revaluation Fund of Movable Fixed Assets	--	--
45% of Revaluation Fund of Properties	--	--
Revaluation Surplus	11	11
Amount not Included in Core Capital for Primary Subordinated Loans	--	--
Secondary Subordinated Loans	493,067	352,826
45% of Securities Value Increase Fund (100% If Negative)	(86,690)	8,438
Associates and Subsidiaries	--	--
Investments Available-for-Sale	(86,690)	8,438
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits	--	--
Minority Interest	--	--
<b>Total Supplementary Capital</b>	<b>514,729</b>	<b>440,433</b>
<b>TIER III CAPITAL (Including Minority Interest, If Existing)</b>		
<b>CAPITAL</b>	<b>2,907,712</b>	<b>2,099,736</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>50,261</b>	<b>93,643</b>
Shares in Unconsolidated Banks and Financial Institutions	--	--
Secondary Subordinated Loans Granted to Banks, Financial Institutions (Foreign and Domestic), or Preferred Shareholders, and Primary/Secondary Subordinated Loans Obtained from Them	--	--
Shares in Banks and Financial Institutions Accounted under the Equity Method	--	--
Loans Granted in Violation of the Articles 50 and 51 of the Law	--	--
Amount in Excess of 50% of the Equities of the Net Book Value of the Properties of the Banks, and Net Book Value of the Assets Held for Resale that Should Be Disposed of According to the Article 57 of the Law which is not Disposed of in Five Years after Foreclosure	--	--
Others	--	--
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,857,451</b>	<b>2,006,093</b>



## II. Consolidated market risk

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

The Bank has defined its risk management procedures and has taken necessary precautions in order to avoid market risks, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks”. As the main precaution against being exposed to market risk, the Bank’s Board of Directors identifies risk limits determined in the context of economic capital.

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

### 1. Market risk

	<b>Amount</b>
(I) Capital Obligation against General Market Risk - Standard Method	28,613
(II) Capital Obligation against Specific Risk - Standard Method	8,698
(III) Capital Obligation against Currency Risk - Standard Method	14,655
(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	135
(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)	52,101
<b>(IX) Value-At-Market-Risk Amount (12,5 x VIII) or (12,5 x VII)</b>	<b>651,263</b>

## III. Consolidated foreign currency exchange rate risk

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

Foreign currency exchange and parity risks are taken by the DFS Group within defined value at risk limits. 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”. Value at Risk approach is used to measure the exchange rate risk and calculations are made on a daily 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

In accordance with TAS 39, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments in its consolidated financial statements.

**3. Foreign exchange risk management strategy**

Foreign currency exchange and parity risks are taken by the DFS Group within defined value at risk limits. 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                      TRY 1.2316  
 Euro purchase rate at the date of the balance sheet                              TRY 1.7978

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
23 September 2008	1.2345	1.8199
24 September 2008	1.2340	1.8121
25 September 2008	1.2313	1.8104
26 September 2008	1.2316	1.7978
29 September 2008	1.2316	1.7978

**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 September 2008 are TRY 1.2323 and TRY 1.7736, respectively.

## 6. Information on currency risk

Current Period	EUR	USD	JPY	Other	Total
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	117,916	506,670	41	8,399	633,026
Due from Banks and Other Financial Institutions	356,782	519,465	2,351	65,654	944,252
Financial Assets at Fair Value Through Profit or Loss	10,960	64,752	--	11,968	87,680
Interbank Money Market Placements	--	--	--	3,240	3,240
Investment Securities Available-for-Sale	117,683	158,040	--	108,780	384,503
Loans (*)	2,577,711	4,344,993	91,177	120,463	7,134,344
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity	111,921	8,270	--	--	120,191
Hedging Purpose Financial Derivatives	--	2,842	--	--	2,842
Tangible Assets	5,128	24	--	11,146	16,298
Intangible Assets	3,535	33	--	2,946	6,514
Other Assets (*)	774,638	597,763	251	13,467	1,386,119
<b>Total Assets</b>	<b>4,076,274</b>	<b>6,202,852</b>	<b>93,820</b>	<b>346,063</b>	<b>10,719,009</b>
<b>Liabilities</b>					
Bank Deposits	162,471	197,462	4,211	8,025	372,169
Foreign Currency Deposits	3,228,514	2,841,347	3,306	120,548	6,193,715
Interbank Money Markets	--	--	--	5,357	5,357
Funds Borrowed from Other Financial Institutions	2,316,404	3,880,181	497	3,424	6,200,506
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	28,090	33,332	216	168	61,806
Hedging Purpose Financial Derivatives	--	11,852	--	--	11,852
Other Liabilities (**)	44,742	72,243	18	3,052	120,055
<b>Total Liabilities</b>	<b>5,780,221</b>	<b>7,036,417</b>	<b>8,248</b>	<b>140,574</b>	<b>12,965,460</b>
<b>Net "On Balance Sheet Position"</b>	<b>(1,703,947)</b>	<b>(833,565)</b>	<b>85,572</b>	<b>205,489</b>	<b>(2,246,451)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>1,703,627</b>	<b>717,406</b>	<b>(84,561)</b>	<b>(36,059)</b>	<b>2,300,413</b>
Financial Derivatives (Assets)	2,720,985	4,992,556	120,403	241,044	8,074,988
Financial Derivatives (Liabilities)	1,017,358	4,275,150	204,964	277,103	5,774,575
Non-Cash Loans	910,009	2,336,369	6,056	141,370	3,393,804
<b>Prior Period</b>					
Total Assets	3,356,326	5,198,319	16,560	397,650	8,968,855
Total Liabilities	3,784,323	5,721,954	7,741	219,676	9,733,694
<b>Net "On Balance Sheet Position"</b>	<b>(427,997)</b>	<b>(523,635)</b>	<b>8,819</b>	<b>177,974</b>	<b>(764,839)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>394,807</b>	<b>398,793</b>	<b>(7,743)</b>	<b>(10,969)</b>	<b>774,888</b>
Financial Derivatives (Assets)	1,220,279	2,596,371	71,239	264,351	4,152,240
Financial Derivatives (Liabilities)	825,472	2,197,578	78,982	275,320	3,377,352
Non-Cash Loans	783,257	2,368,729	5,697	64,799	3,222,482

(\*) : TRY 1,633,848 Assets indexed to foreign currencies are included.

(\*\*) : TRY 83,497 FC equity items are excluded.

#### IV. Consolidated interest rate risk

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

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

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

The Bank relies on sensitivity in determining limits against negative market conditions and monitors the risk within this context. Sensitivity calculations are made and limits are monitored on a weekly basis.

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

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

The Bank uses sensitivity analysis, historical stress-testing and value at risk methods to analyze and take precautions against interest rate risk faced during current period. Interest sensitivity limits have been defined and limits are being monitored on a weekly basis.

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

Current Period	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years 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	494,056	--	--	--	--	286,389	780,445
Due from Banks and Other Fin.Inst.	619,615	157,420	70,177	38,256	--	213,168	1,098,636
Financial Assets at Fair Value Through Profit or Loss	48,570	29,405	33,650	94,829	13,492	9,836	229,782
Interbank Money Market Placements	3,740	--	--	--	--	--	3,740
Investment Securities Av.-for-Sale	52,391	73,674	957,362	1,389,564	131,622	3,926	2,608,539
Loans	2,983,476	2,328,606	2,479,425	4,839,878	2,038,293	141,758	14,811,436
Investment Securities Held-to-Mat.	9,035	9,153	102,644	--	--	--	120,832
Other Assets (*)	379,564	258,941	486,119	855,280	88,930	366,113	2,434,947
<b>Total Assets</b>	<b>4,590,447</b>	<b>2,857,199</b>	<b>4,129,377</b>	<b>7,217,807</b>	<b>2,272,337</b>	<b>1,021,190</b>	<b>22,088,357</b>
<b>Liabilities</b>							
Bank Deposits	378,513	26,573	34,284	--	--	127,573	566,943
Other Deposits	7,023,577	572,583	1,066,101	541,089	37,281	2,097,099	11,337,730
Interbank Money Market Placements	290,634	--	--	--	--	--	290,634
Miscellaneous Payables	955	--	--	--	--	338,332	339,287
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	1,322,783	2,488,193	2,023,649	746,886	--	--	6,581,511
Other Liabilities (**)	65,183	87,143	87,778	95,647	12,728	2,623,773	2,972,252
<b>Total Liabilities</b>	<b>9,081,645</b>	<b>3,174,492</b>	<b>3,211,812</b>	<b>1,383,622</b>	<b>50,009</b>	<b>5,186,777</b>	<b>22,088,357</b>
On Balance Sheet Long Position	--	--	917,565	5,834,185	2,222,328	--	8,974,078
On Balance Sheet Short Position	(4,491,198)	(317,293)	--	--	--	(4,165,587)	(8,974,078)
Off-Balance Sheet Long Position	--	--	--	--	--	--	--
Off-Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(4,491,198)</b>	<b>(317,293)</b>	<b>917,565</b>	<b>5,834,185</b>	<b>2,222,328</b>	<b>(4,165,587)</b>	<b>--</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates Investments in Subsidiaries, Tax Assets, Assets Held for Resale and other assets with balances of TRY 199,371, TRY 22,597, TRY 3,633, TRY 5,599, TRY 77,563 and TRY 21,834 and TRY 35,516 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions with balances, and other liabilities of TRY 2,261,011, TRY 78,047 TRY 264,277, and TRY 20,438 respectively.

Prior Period	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Year s and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	334,924	--	--	--	366,842	701,766
Due from Banks and Other Fin.Inst.	531,298	131,950	156,412	9,408	--	312,194	1,141,262
Financial Assets at Fair Value Through Profit or Loss	106,695	15,564	147,307	290,295	32,102	17,709	609,672
Interbank Money Market Placements	13,185	--	--	--	--	--	13,185
Investment Securities Av.-for-Sale	478,019	94,046	106,517	1,357,591	77,257	3,923	2,117,353
Loans	2,889,860	1,773,796	2,347,985	3,718,510	1,176,865	67,535	11,974,551
Investment Securities Held-to-Mat.	39,091	78,983	24,246	819	--	--	143,139
Other Assets (*)	440,202	243,951	373,286	602,078	41,904	245,051	1,946,472
<b>Total Assets</b>	<b>4,498,350</b>	<b>2,673,214</b>	<b>3,155,753</b>	<b>5,978,701</b>	<b>1,328,128</b>	<b>1,013,254</b>	<b>18,647,400</b>
<b>Liabilities</b>							
Bank Deposits	529,912	35,229	34,928	--	--	71,478	671,547
Other Deposits	6,069,613	885,476	827,600	485,219	463	2,553,746	10,822,117
Interbank Money Market Placements	767,679	--	--	--	--	--	767,679
Miscellaneous Payables	4,799	--	--	--	--	292,222	297,021
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin.Inst.	942,755	1,735,735	832,440	214,799	--	--	3,725,729
Other Liabilities (**)	38,984	73,012	35,996	92,502	8,177	2,114,636	2,363,307
<b>Total Liabilities</b>	<b>8,353,742</b>	<b>2,729,452</b>	<b>1,730,964</b>	<b>792,520</b>	<b>8,640</b>	<b>5,032,082</b>	<b>18,647,400</b>
On Balance Sheet Long Position	--	--	1,424,789	5,186,181	1,319,488	--	7,930,458
On Balance Sheet Short Position	(3,855,392)	(56,238)	--	--	--	(4,018,828)	(7,930,458)
Off-Balance Sheet Long Position	--	--	--	--	--	--	--
Off-Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(3,855,392)</b>	<b>(56,238)</b>	<b>1,424,789</b>	<b>5,186,181</b>	<b>1,319,488</b>	<b>(4,018,828)</b>	<b>--</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Investments in Subsidiaries, Tax Assets and Assets Held for Rasale, and Other Assets with balances of TRY 167,421, TRY 15,925, TRY 3,634, TRY 5,700, TRY 21,400, TRY 15,325, and TRY 15,646 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TRY 1,678,066, TRY 65,436, TRY 150,439, and TRY 220,695 respectively.

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.88	0.75	--	12.56
Due from Banks and Other Financial Institutions	4.02	2.90	--	17.00
Financial Assets at Fair Value Through Profit or Loss	6.99	6.66	--	19.60
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	6.14	6.87	--	19.45
Loans	7.04	5.70	2.87	19.50
Investment Securities Held-to-Maturity	3.74	8.50	--	--
<b>Liabilities</b>				
Bank Deposits	5.75	4.23	--	18.30
Other Deposits	4.91	4.29	0.24	18.28
Interbank Money Market Placements	--	--	--	16.35
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	5.48	3.63	2.64	14.83
<b>Prior Period</b>				
	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.80	1.95	--	11.81
Due from Banks and Other Financial Institutions	3.42	5.04	--	16.83
Financial Assets at Fair Value Through Profit or Loss	5.00	6.11	--	17.12
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	5.57	5.81	--	16.95
Loans	6.26	6.89	2.70	21.20
Investment Securities Held-to-Maturity	--	7.83	--	--
<b>Liabilities</b>				
Bank Deposits	--	5.15	--	16.87
Other Deposits	3.94	4.98	0.28	17.57
Interbank Money Market Placements	--	--	--	16.03
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	5.18	6.08	--	12.25

## **V. Consolidated liquidity risk**

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

Liquidity risk arises from maturity mismatch between assets and liabilities. Maturity mismatch between assets and liabilities is kept under control based on certain criteria set by the DFS Group. The DFS Group maintains liquid assets to guarantee sufficient liquidity during market fluctuations. In order to meet any urgent liquidity needs, approximately 5% of the balance sheet is allocated to cash balances, 10% to investment securities which are easily convertible into cash and the present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

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

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

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

Approximately 5% of balance sheet size is allocated to cash balances, 10% to investment securities which are easily convertible into cash in order to meet any urgent liquidity needs. The present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

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

Cash flows of the DFS Group mainly consist of Turkish Lira, US Dollar 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 residual maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undist. (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	324,490	--	455,955	--	--	--	--	780,445
Due from Banks and Other Financial Institutions	213,168	619,349	157,686	70,177	38,256	--	--	1,098,636
Financial Assets at Fair Value Through Profit or Loss	--	46,498	29,338	22,922	106,624	14,564	9,836	229,782
Interbank Money Market Placements	--	3,740	--	--	--	--	--	3,740
Investment Securities Available-for-Sale	--	--	12,913	300,888	2,134,029	156,783	3,926	2,608,539
Loans	141,758	2,273,642	1,337,044	2,913,244	5,779,724	2,366,024	--	14,811,436
Investment Securities Held-to-Maturity	--	--	80	3,554	6,226	110,972	--	120,832
Other Assets	282,439	132,963	258,943	486,119	855,280	88,930	330,273	2,434,947
<b>Total Assets</b>	<b>961,855</b>	<b>3,076,192</b>	<b>2,251,959</b>	<b>3,796,904</b>	<b>8,920,139</b>	<b>2,737,273</b>	<b>344,035</b>	<b>22,088,357</b>
<b>Liabilities</b>								
Bank Deposits	127,573	378,505	26,581	34,284	--	--	--	566,943
Other Deposits	2,097,099	7,023,577	572,583	1,066,101	541,089	37,281	--	11,337,730
Funds Borrowed from Other Financial Institutions	--	305,522	600,842	1,418,919	2,983,469	1,272,759	--	6,581,511
Interbank Money Markets	--	290,634	--	--	--	--	--	290,634
Marketable Securities Issued	--	--	--	--	--	--	--	--
Miscellaneous Payables	338,332	955	--	--	--	--	--	339,287
Other Liabilities	81,217	62,324	84,186	76,647	112,594	12,728	2,542,556	2,972,252
<b>Total Liabilities</b>	<b>2,644,221</b>	<b>8,061,517</b>	<b>1,284,192</b>	<b>2,595,951</b>	<b>3,637,152</b>	<b>1,322,768</b>	<b>2,542,556</b>	<b>22,088,357</b>
<b>Net Liquidity Gap</b>	<b>(1,682,366)</b>	<b>(4,985,325)</b>	<b>967,767</b>	<b>1,200,953</b>	<b>5,282,987</b>	<b>1,414,505</b>	<b>(2,198,521)</b>	<b>--</b>
<b>Prior Period</b>								
Total Assets	974,814	3,059,879	1,570,085	4,417,707	6,845,577	1,481,845	297,493	18,647,400
Total Liabilities	3,013,433	8,054,948	2,184,748	1,577,138	1,013,245	788,867	2,015,021	18,647,400
<b>Net Liquidity Gap</b>	<b>(2,038,619)</b>	<b>(4,995,069)</b>	<b>(614,663)</b>	<b>2,840,569</b>	<b>5,832,332</b>	<b>692,978</b>	<b>(1,717,528)</b>	<b>--</b>

(\*) 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.



## VI. Consolidated segment reporting

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

In retail banking, it offers loan products (consumer loans, mortgage, and automotive), distinctive 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, trading of local and international bonds and derivative products. Servicing the upper segment of wealthy and high income retail customers who require sophisticated banking and investment services falls within the scope of private banking.

Segment information of the Group as of 30 September 2008 is presented in the following table:

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury and Investment Banking</b>	<b>Total</b>
Operating income	734,560	383,286	52,113	1,169,959
Net operating income	172,520	142,420	31,063	346,003
Income from associates				1,650
Provision for taxes on income				(78,695)
<b>Net profit for the period</b>				<b>268,958</b>
Segment assets	7,720,185	8,850,977	4,896,918	21,468,080
Subsidiaries and associates				9,232
Undistributed assets				611,045
<b>Total assets</b>				<b>22,088,357</b>
Segment liabilities	8,145,615	3,292,655	7,581,863	19,020,133
Undistributed liabilities				807,213
Shareholders' equity				2,261,011
<b>Total liabilities</b>				<b>22,088,357</b>

## SECTION FIVE DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### I. Information and disclosures related to assets

#### 1. Cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash	99,028	168,511	83,647	136,884
Central bank of Turkey	48,391	18,421	33,699	121,001
Other (*)	--	446,094	--	326,535
<b>Total</b>	<b>147,419</b>	<b>633,026</b>	<b>117,346</b>	<b>584,420</b>

(\*) Also includes TRY 445,721 reserve deposit and TRY 373 cheques purchased.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	48,391	18,421	33,699	121,001
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	--	--	--
<b>Total</b>	<b>48,391</b>	<b>18,421</b>	<b>33,699</b>	<b>121,001</b>

#### 1.2 Explanation related to "Other" item

According to the no. 2005/1 communiqué 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 12.56% for TRY, 0.75% for USD and 1.88% for Euro as of 30 September 2008.

### 2. Financial assets at fair value through profit or loss

#### 2.1 Trading securities given as collateral or blocked

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	10,157	283	14,821	272
Other	--	--	--	--
<b>Total</b>	<b>10,157</b>	<b>283</b>	<b>14,821</b>	<b>272</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	
	TRY	FC	TRY	FC
Government Bonds	--	--	92,397	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	--	--	<b>92,397</b>	--

## 2.3 *Positive value of trading purpose derivatives*

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	2,271	31,004	716	3,539
Swap Transactions	40,427	18,862	68,882	27,629
Futures	--	984	--	135
Options	3,326	5,099	42,374	9,190
Other	--	--	--	--
<b>Total</b>	<b>46,024</b>	<b>55,949</b>	<b>111,972</b>	<b>40,493</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	74,822	246,702	7,505	467,852
Foreign	79,562	697,550	5,077	660,828
Foreign branches	--	--	--	--
<b>Total</b>	<b>154,384</b>	<b>944,252</b>	<b>12,582</b>	<b>1,128,680</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 (TRY 3,869) that are not listed on Istanbul Stock Exchange; and debt securities representing government bonds; Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign investments and foreign government bonds.

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

Investment securities available-for-sale given as collateral are government bonds and Eurobonds amounting to TRY 354,709 (31 December 2007: TRY 303,965).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	--	--	--	--
Bonds, T-bills and Similar Securities	220,496	134,213	168,041	135,924
Other	--	--	--	--
<b>Total</b>	<b>220,496</b>	<b>134,213</b>	<b>168,041</b>	<b>135,924</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	284,427	5,656	738,302	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds issued or guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>284,427</b>	<b>5,656</b>	<b>738,302</b>	<b>--</b>

**4.5** *Available-for-sale securities*

	Current Period	Prior Period
<b>Debt instruments</b>	<b>2,674,765</b>	<b>2,116,529</b>
Listed	2,674,765	2,116,529
Unlisted	--	--
<b>Equity instruments</b>	<b>3,926</b>	<b>3,923</b>
Listed	--	--
Unlisted	3,926	3,923
<b>Impairment provision (-)</b>	<b>70,152</b>	<b>3,099</b>
<b>Total</b>	<b>2,608,539</b>	<b>2,117,353</b>

## 5. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	--	6,697	--	2,666
<b>Loans Granted to Employees</b>	24,178	43	17,481	4
<b>Total</b>	<b>24,178</b>	<b>6,740</b>	<b>17,481</b>	<b>2,670</b>

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Non-specialized Loans</b>	13,177,866	--	397,655	993
Discount Notes	8,323	--	--	--
Export Loans	675,386	--	3,079	--
Import Loans	14,369	--	--	--
Loans Given to Financial Sector	106,039	--	--	--
Foreign Loans	361,876	--	--	--
Consumer Loans	3,357,258	--	308,133	--
Credit Cards	487,138	--	35,787	--
Precious Metal Loans	11,671	--	--	--
Other	8,155,806	--	50,656	993
<b>Specialization Loans</b>	1,086,653	--	--	--
<b>Other Receivables</b>	6,511	--	--	--
<b>Total</b>	<b>14,271,030</b>	<b>--</b>	<b>397,655</b>	<b>993</b>

### 5.3 Information on consumer loans

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TRY</b>	<b>85,584</b>	<b>3,071,335</b>	<b>3,156,919</b>
Real estate Loans	3,616	1,081,204	1,084,820
Automotive Loans	1,716	71,069	72,785
Consumer Loans	80,252	1,919,062	1,999,314
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>3,985</b>	<b>442,633</b>	<b>446,618</b>
Real estate Loans	493	361,845	362,338
Automotive Loans	87	19,719	19,806
Consumer Loans	3,405	23,142	26,547
Other	--	37,927	37,927
<b>Consumer Loans-FC</b>	<b>87</b>	<b>--</b>	<b>87</b>
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	87	--	87
Other	--	--	--
<b>Credit Cards-TRY</b>	<b>501,259</b>	<b>1,174</b>	<b>502,433</b>
Installment	162,812	1,174	163,986
Non installment	338,447	--	338,447
<b>Credit Cards-FC</b>	<b>377</b>	<b>--</b>	<b>377</b>
Installment	77	--	77
Non installment	300	--	300
<b>Loans Given to Employees-TRY</b>	<b>2,382</b>	<b>13,241</b>	<b>15,623</b>
Real estate Loans	--	2,775	2,775
Automotive Loans	15	119	134
Consumer Loans	2,367	10,347	12,714
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>5</b>	<b>14</b>	<b>19</b>
Real estate Loans	--	--	--
Automotive Loans	--	14	14
Consumer Loans	5	--	5
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>117</b>	<b>316</b>	<b>433</b>
Real estate Loans	--	--	--
Automotive Loans	--	--	--
Consumer Loans	117	316	433
Other	--	--	--
<b>Employee Credit Cards-TRY</b>	<b>8,039</b>	<b>15</b>	<b>8,054</b>
Installment	3,333	15	3,348
Non installment	4,706	--	4,706
<b>Employee Credit Cards-FC</b>	<b>49</b>	<b>--</b>	<b>49</b>
Installment	39	--	39
Non installment	10	--	10
<b>Overdraft Loans-TRY (Individual)</b>	<b>77,000</b>	<b>--</b>	<b>77,000</b>
<b>Overdraft Loans-FC (Individual)</b>	<b>1,149</b>	<b>--</b>	<b>1,149</b>
<b>Total</b>	<b>680,033</b>	<b>3,528,728</b>	<b>4,208,761</b>

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

	Short Term	Medium or Long Term	Total
<b>Installment Corporate Loans - TRY</b>	<b>103,853</b>	<b>757,544</b>	<b>861,397</b>
Real estate Loans	1,206	118,256	119,462
Automotive Loans	4,176	57,569	61,745
Consumer Loans	98,471	581,330	679,801
Other	--	389	389
<b>Installment Corporate Loans – Indexed to FC</b>	<b>10,631</b>	<b>198,292</b>	<b>208,923</b>
Real estate Loans	695	31,076	31,771
Automotive Loans	541	38,332	38,873
Consumer Loans	9,395	128,572	137,967
Other	--	312	312
<b>Installment Corporate Loans - FC</b>	<b>--</b>	<b>8,201</b>	<b>8,201</b>
Real estate Loans	--	3,473	3,473
Automotive Loans	--	--	--
Consumer Loans	--	4,728	4,728
Other	--	--	--
<b>Corporate Credit Cards - TRY</b>	<b>11,789</b>	<b>33</b>	<b>11,822</b>
Installment	123	33	156
Non installment	11,666	--	11,666
<b>Corporate Credit Cards - FC</b>	<b>190</b>	<b>--</b>	<b>190</b>
Installment	--	--	--
Non installment	190	--	190
<b>Overdraft Loans-TRY (Corporates)</b>	<b>121,917</b>	<b>--</b>	<b>121,917</b>
<b>Overdraft Loans-FC (Corporates)</b>	<b>13,058</b>	<b>--</b>	<b>13,058</b>
<b>Total</b>	<b>261,438</b>	<b>964,070</b>	<b>1,225,508</b>

#### 5.5 *Domestic and international loans*

	Current Period	Prior Period
Domestic Loans	14,307,802	11,688,868
Foreign Loans	361,876	218,149
<b>Total</b>	<b>14,669,678</b>	<b>11,907,017</b>

#### 5.6 *Loans granted to subsidiaries and associates*

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

#### 5.7 *Specific provisions for loans*

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	21,498	14,321
Loans and Receivables with Doubtful Collectibility	51,731	51,636
Uncollectible Loans and Receivables	193,132	151,642
<b>Total</b>	<b>266,361</b>	<b>217,599</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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>	<b>281</b>	<b>213</b>	<b>12,389</b>
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	281	213	12,389
<b>Prior Period</b>	<b>201</b>	<b>78</b>	<b>23,857</b>
(Gross Amounts Before Specific Reserves)			
Loans and Other Receivables which are Restructured	--	--	--
Rescheduled Loans and Other Receivables	201	78	23,857

### 5.8.2 Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>48,402</b>	<b>59,810</b>	<b>176,921</b>
Additions (+)	188,742	13,789	26,197
Transfers from Other Categories of Non-Performing Loans (+)	14,505	129,973	67,550
Transfers to Other Categories of Non-Performing Loans (-)	120,466	67,550	22,058
Collections (-)	48,823	29,579	27,112
Write-offs (-)	3	2	2,177
Corporate and Commercial Loans	--	--	126
Retail Loans	1	2	512
Credit Cards	2	--	1,539
Other	--	--	--
<b>Balances at End of the Period</b>	<b>82,357</b>	<b>106,441</b>	<b>219,321</b>
Specific Provisions (-)	21,498	51,731	193,132
<b>Net Balance on Balance Sheet</b>	<b>60,859</b>	<b>54,710</b>	<b>26,189</b>



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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>			
Period End Balance	13,926	19,277	20,837
Specific Provisions (-)	735	6,742	6,082
<b>Net Balance on Balance Sheet</b>	<b>13,191</b>	<b>12,535</b>	<b>14,755</b>
<b>Prior Period</b>			
Period End Balance	--	4,241	19,232
Specific Provisions (-)	--	3,746	4,880
<b>Net Balance on Balance Sheet</b>	<b>--</b>	<b>495</b>	<b>14,352</b>

5.8.4 Information on non performing loans according to beneficiary group

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>60,859</b>	<b>54,710</b>	<b>26,189</b>
Loans Allowed to Real Persons and Corporates (Gross)	82,357	97,493	219,305
Specific provisions (-)	21,498	45,146	193,120
Loans Allowed to Real Persons and Corporates (Net)	60,859	52,347	26,185
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	8,948	16
Specific provisions (-)	--	6,585	12
Other Loan and Receivables (Net)	--	2,363	4
<b>Prior Period (Net)</b>	<b>34,081</b>	<b>8,174</b>	<b>25,279</b>
Loans Allowed to Real Persons and Corporates (Gross)	48,402	59,521	176,921
Specific provisions (-)	14,321	51,355	151,642
Loans Allowed to Real Persons and Corporates (Net)	34,081	8,166	25,279
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	289	--
Specific provisions (-)	--	281	--
Other Loan and Receivables (Net)	--	8	--

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

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

#### 6.1.1 Information on subject to repurchase agreement

None.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	--	--	--	--
Bonds and Similar Marketable Securities	--	54,373	646	77,458
Other	--	--	--	--
<b>Total</b>	<b>--</b>	<b>54,373</b>	<b>646</b>	<b>77,458</b>

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

	Current Period	Prior Period
Government Bonds	58,915	55,961
Treasury Bills	--	--
Other Government Securities	--	407
<b>Total</b>	<b>58,915</b>	<b>56,368</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>120,832</b>	<b>143,139</b>
Quoted	--	--
Unquoted	120,832	143,139
<b>Impairment (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>120,832</b>	<b>143,139</b>

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

	Current Period	Prior Period
<b>Balance in the beginning of the period</b>	<b>143,139</b>	<b>177,381</b>
Foreign exchange differences (*)	6,785	(15,227)
Purchases	--	1,054
Redemptions (**)	(29,092)	(20,069)
<b>Impairment (-)</b>	<b>--</b>	<b>--</b>
<b>Balance at the end of the period</b>	<b>120,832</b>	<b>143,139</b>

(\*) Accruals of investment securities held-to-maturity are included in "foreign exchange differences".

(\*\*) Redemptions from securities held-to-maturity are related to coupon payments and principles.

## 7. Investments in associates

### 7.1 Investments in unconsolidated associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	19,694	15,725	1,877	--	--	3,457	4,262	--
2	6,566	6,511	3	279	--	216	662	--

(\*) Amounts given are as of the year ended 31 December 2007.

### 7.2 Investments in consolidated associates

None.

## 8. Investments in subsidiaries

The Bank has 99.95% ownership in Deniz Yatırım, a brokerage and investment company, located in Istanbul. Deniz Yatırım, established on 29 January 1997, is mainly involved in purchasing, selling and investing in any kind of securities, margin trading, short sale, securities lending, portfolio management services, repo and reverse repo transactions, investment advisory and performing intermediary services.

The Bank, together with Deniz Yatırım, acquired 78.01% of the shares of Ekspres Yatırım from Saving Deposit Insurance Fund (SDIF) at the end of 2002. With subsequent acquisitions, the Bank and Deniz Yatırım's share increased to 99.82% as of 30 September 2006. Ekspres Yatırım, located in Istanbul, is engaged in purchasing, selling and investing in any kind of securities, purchase or repurchase agreements, portfolio management, stocks, treasury bills and government bonds provided from capital markets.

Deniz Yatırım purchased a portion of Ekspres Yatırım shares that corresponds to a nominal value of TRY 12.8 from Savings Deposit Insurance Fund on 18 June 2008, in exchange of TRY 20.

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

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

The Bank acquired 49% of the outstanding shares of İktisat Bank Moscow at the beginning of 2003. The remaining 51% of the shares were acquired by Denizbank AG. Subsequent to the acquisition, the title of İktisat Bank Moscow was changed to CJSC Denizbank Moscow and then to CJSC Dexia Bank in February 2008 after the approval of the Central Bank of the Russian Federation. CJSC Dexia Bank is licensed to undertake all commercial banking transactions. Located in Moscow, the bank has one branch in Kazan.

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

In May 2003, Deniz Yatırım acquired 98.43% of the shares of Ege Portföy Yönetimi A.Ş. and changed its title to Deniz Portföy. Deniz Yatırım's share in Deniz Portföy's paid-in capital has increased to 99.2% with subsequent purchases. Deniz Portföy is engaged in serving domestic mutual funds and portfolio management.

The Bank acquired 10.87% of the shares of Deniz Leasing for TRY 1,959 on 21 February 2005. Deniz Leasing was established on 12 December 1997, pursuant to the license obtained from the Undersecretariat of Treasury and Foreign Trade for the purpose of financial leasing as permitted by Law number 3226. Deniz Leasing started its operations in December 1998 and the Company's leasing operations principally focused on transport vehicles, machinery and equipment and office equipment.

On 22 November 2007, Deniz Leasing increased its paid-in capital by TRY 162,000. TRY 149,678 of this amount was paid in cash, TRY 12,283 from extra ordinary reserves, TRY 39 from legal reserve inflation adjustment account. As of 31 March 2008, 84% of the paid-in capital of Deniz Leasing belongs to the Bank, while the remaining 16% belongs to Deniz Faktoring.

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

The Bank acquired 99.6% of the shares of Global Hayat Sigorta A.Ş. from Global Yatırım Holding A.Ş. for TRY 2,515 on 30 March 2007. Global Hayat Sigorta A.Ş. changed its title to Deniz Hayat Sigorta A.Ş. (Deniz Hayat) on 10 August 2007. Deniz Hayat increased its paid-in capital by cash injection of TRY 1,313 on 26 December 2007 completely through the Bank. The paid-in capital of Deniz Hayat has been decided to be further increased by TRY 20,000 in cash on 14 May 2008 and TRY 9,900 of the Bank's total capital commitment amounting to TRY 19,980 in total of the Bank was paid in cash on 17 June 2008. The remaining TRY 9,990 will be paid until 6 June 2011.

Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (Deniz Kültür) increased its paid-in capital by TRY 105 on January 2007, TRY 30 on 17 April 2007, TRY 70 on 30 April 2007, TRY 100 on 12 June 2007 and TRY 200 on 30 July 2007, and TRY 50 on 2 November 2007, all in cash.

CJSC Dexia Bank increased its paid-in capital in cash by US Dollar 24,938,145 (TRY 32,506) by the participation of the Bank and Denizbank AG on 18 January 2008.

Denizbank AG increased its paid-in capital in cash by Euro 14,998,183 (TRY 25,534) by the Bank on 28 January 2008.

## 8.1 Information on subsidiaries not consolidated

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage(%)	Other shareholders' share percentage(%)
1 Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	Istanbul/Turkey	%100	%0
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	Istanbul/Turkey	%100	%0

  

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	2,785	1,547	118	142	1	428	(1,327)	--
2	1,256	1,092	192	--	8	(10)	(13)	--

The Bank sold its 99.9% share in Adana Haddecilik Metal Sanayi ve Ticaret A.Ş. by TRY 101 on 5 May 2008.

## 8.2 Information on subsidiaries consolidated

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage(%)	Other subsidiaries' share percentage(%)	Method of consolidation
1 Denizbank AG	Vienna / Austria	100%	0%	Full consolidation
2 Eurodeniz Off-Shore Bank Ltd. KKTC	Nicosia / Cyprus	100%	0%	Full consolidation
3 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul / Turkey	100%	0%	Full consolidation
4 Deniz Türev Menkul Değerler A.Ş.	Istanbul / Turkey	88%	12%	Full consolidation
5 Ekspres Yatırım Menkul Değerler A.Ş.	Istanbul / Turkey	71%	29%	Full consolidation
6 CJSC Dexia Bank	Moscow / Russia	49%	51%	Full consolidation
7 Deniz Portföy Yönetimi A.Ş.	Istanbul / Turkey	0%	100%	Full consolidation
8 Deniz Finansal Kiralama A.Ş.	Istanbul / Turkey	84%	16%	Full consolidation
9 Deniz Faktoring A.Ş.	Istanbul / Turkey	100%	0%	Full consolidation
10 Deniz Hayat Sigorta A.Ş.	Istanbul / Turkey	100%	0%	Full consolidation

  

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	2,446,996	159,965	8,665	99,683	7,320	27,282	27,657	--
2	1,008,367	42,536	9	36,224	--	(25,666)	67,931	--
3	30,166	22,817	913	1,806	9	(1,171)	(960)	--
4	9,151	8,837	118	1,056	38	1,657	(820)	--
5	39,386	36,763	263	4,400	1,967	4,400	8,799	--
6	320,717	57,600	14,092	18,950	10,122	(4,277)	2,849	--
7	2,839	2,491	23	330	9	(127)	509	--
8	1,658,228	328,317	159	113,511	308	54,520	60,774	--
9	517,573	76,197	201	71,692	--	15,779	30,269	--
10	62,362	20,742	1,105	4,208	2,515	6,078	(7,700)	--

8.2.1 *Movement of consolidated subsidiaries*

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>395,071</b>	<b>230,321</b>
<b>Movements during the Period</b>	<b>66,459</b>	<b>164,750</b>
Purchases	68,051	153,506
Bonus Shares Received	--	12,378
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference	(1,592)	(1,134)
Impairment	--	--
<b>Balance at the End of the Period</b>	<b>461,530</b>	<b>395,071</b>
<b>Capital Commitments</b>	<b>9,990</b>	--
<b>Share Percentage at the end of Period (%)</b>	--	--

8.2.2 *Sectoral distribution of consolidated subsidiaries*

	Current Period	Prior Period
Banks	152,091	95,643
Insurance Companies	13,819	3,828
Factoring Companies	30,384	30,384
Leasing Companies	227,365	227,365
Finance Companies	--	--
Other Subsidiaries	37,871	37,851
<b>Total</b>	<b>461,530</b>	<b>395,071</b>

8.2.3 *Listed Subsidiaries*

None.

8.2.4 *Consolidated Subsidiaries disposed during the current period*

None.

8.2.5 *Consolidated Subsidiaries purchased during the current period*

None.

**9. Information on other investments:**

DFS Group does not have any joint ventures.

**10. Information on financial lease receivables**

**10.1 Maturity analysis of financial lease receivables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	514,454	347,709	48,976	44,704
Between 1-4 years	858,322	778,765	741,891	642,053
Over 4 years	166,274	145,342	349,756	270,442
<b>Total</b>	<b>1,539,050</b>	<b>1,271,816</b>	<b>1,140,623</b>	<b>957,199</b>

**10.2 Information on net financial lease receivables**

	Current Period	Prior Period
Gross finance lease receivable	1,539,050	1,140,623
Unearned finance income (-)	267,234	183,424
Cancelled leasing agreements (-)	--	--
<b>Net investment on leases</b>	<b>1,271,816</b>	<b>957,199</b>

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

None.

**11. Information on hedging purpose derivatives:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge	--	--	--	--
Cash Flow Hedge	52,103	2,842	--	--
Hedging of a Net Investment in Foreign Subsidiaries	--	--	--	--
<b>Total</b>	<b>52,103</b>	<b>2,842</b>	<b>--</b>	<b>--</b>

**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**

Deferred tax asset calculated on the basis of related regulation is TRY 20,871 (31 December 2007: TRY 20,809) and deferred tax liability is TRY 239 (31 December 2007: None). These balances are the net of deductible temporary differences and taxable temporary differences calculated as of the balance sheet date.

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 prior periods 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 assets held for sale**

DFS Group has no discontinued operations during the current period.

**14. Information on other assets**

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

Prepaid expenses are TRY 27,664 (31 December 2007: TRY 22,214).

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

**15. Information on investment properties**

None.



## 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 Months-1 Year	1 Year and Over	Acc. Account	Total
<b>Saving Deposits</b>	341,191	--	609,576	2,625,518	13,664	11,632	4,303	--	3,605,884
<b>Foreign Currency Deposits</b>	1,080,702	--	1,011,456	2,148,074	91,342	878,074	980,002	--	6,189,650
Residents in Turkey	740,190	--	811,285	1,982,179	43,471	223,588	291,157	--	4,091,870
Residents Abroad	340,512	--	200,171	165,895	47,871	654,486	688,845	--	2,097,780
<b>Public Sector Deposits</b>	95,301	--	1,415	1,699	36	133	11	--	98,595
<b>Commercial Deposits</b>	565,882	--	508,362	268,515	11,389	21,859	3,297	--	1,379,304
<b>Other Ins. Deposits</b>	9,958	--	22,800	24,739	2,382	343	10	--	60,232
<b>Precious Metal Deposits</b>	4,065	--	--	--	--	--	--	--	4,065
<b>Bank Deposits</b>	127,573	--	154,213	227,927	1,283	52,435	3,512	--	566,943
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	30,104	--	--	1,884	--	--	3,192	--	35,180
Foreign Banks	60,207	--	154,213	226,043	1,283	52,435	320	--	494,501
Special Financial Inst.	37,262	--	--	--	--	--	--	--	37,262
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2,224,672</b>	<b>--</b>	<b>2,307,822</b>	<b>5,296,472</b>	<b>120,096</b>	<b>964,476</b>	<b>991,135</b>	<b>--</b>	<b>11,904,673</b>

#### Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Acc. Account	Total
<b>Saving Deposits</b>	332,368	--	495,945	2,092,873	29,768	30,466	3,294	--	2,984,714
<b>Foreign Currency Deposits</b>	1,326,248	--	1,365,253	1,654,290	313,866	794,338	543,993	--	5,997,988
Residents in Turkey	916,781	--	1,126,117	1,536,187	123,739	233,426	90,173	--	4,026,423
Residents Abroad	409,467	--	239,136	118,103	190,127	560,912	453,820	--	1,971,565
<b>Public Sector Deposits</b>	116,965	--	1,228	2,545	15	--	--	--	120,753
<b>Commercial Deposits</b>	764,766	--	631,465	229,898	13,182	15,348	1,089	--	1,655,748
<b>Other Ins. Deposits</b>	11,211	--	22,475	26,486	515	39	--	--	60,726
<b>Precious Metal Deposits</b>	2,188	--	--	--	--	--	--	--	2,188
<b>Bank Deposits</b>	71,478	--	402,284	181,340	7,987	8,429	29	--	671,547
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	42,263	--	342,211	26,808	3,280	1,051	--	--	415,613
Foreign Banks	23,844	--	60,073	154,532	4,707	7,378	29	--	250,563
Special Financial Inst.	5,371	--	--	--	--	--	--	--	5,371
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2,625,224</b>	<b>--</b>	<b>2,918,650</b>	<b>4,187,432</b>	<b>365,333</b>	<b>848,620</b>	<b>548,405</b>	<b>--</b>	<b>11,493,664</b>

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	1,774,337	1,498,799	1,736,926	1,385,275
Foreign Currency Saving Deposits	722,408	690,167	1,617,341	1,505,279
Other Saving Deposits	--	--	--	--
Foreign branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
<b>Total</b>	<b>2,496,745</b>	<b>2,188,966</b>	<b>3,354,267</b>	<b>2,890,554</b>

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

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	1,665,307	635,598
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	5,491	3,946
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks who are established in Turkey.	227,680	114,032
<b>Total</b>	<b>1,898,478</b>	<b>753,576</b>

**2. Information on trading purpose derivatives**

**2.1 Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forwards	1,237	20,452	8,887	3,316
Swaps	72,206	40,708	123,175	31,064
Futures	--	368	--	144
Options	3,188	4,601	42,053	9,373
Other	--	--	--	--
<b>Total</b>	<b>76,631</b>	<b>66,129</b>	<b>174,115</b>	<b>43,897</b>

### 3. Information on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	--	--	--	--
Domestic Bank and Institutions	281,511	64,601	82,592	29,930
Foreign Bank, Institutions and Funds	99,494	5,496,393	306,002	2,944,699
<b>Total</b>	<b>381,005</b>	<b>5,560,994</b>	<b>388,594</b>	<b>2,974,629</b>

#### 3.1 Maturity information of funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	331,637	2,051,137	319,208	166,797
Medium and Long-Term	49,368	3,509,857	69,386	2,807,832
<b>Total</b>	<b>381,005</b>	<b>5,560,994</b>	<b>388,594</b>	<b>2,974,629</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 consolidated balance sheet

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

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

The maximum period of the lease agreements is mostly 4 years. Interest rate and cash flow of the Bank are the criteria which are taken into consideration in the leasing contracts. There is no material liabilities in the clauses of the leasing contracts against the Bank.

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

### 5.3 *Information on operational lease*

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

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

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

## 6. **Information on liabilities arising from hedging purpose derivatives:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge	--	--	--	--
Cash Flow Hedge	88,703	11,852	--	--
Hedging of a Net Investment in Foreign Subsidiaries	--	--	--	--
<b>Total</b>	<b>88,703</b>	<b>11,852</b>	--	--

## 7. **Information on provisions**

### 7.1 *Information on general provisions*

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	88,801	69,991
Provisions for Loans and Receivables in Group II	7,973	--
Provisions for Non Cash Loans	11,567	9,167
Other	--	--
<b>Total</b>	<b>108,341</b>	<b>79,158</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 (*)	42,056	76,864

(\*) 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 (*)	50,560	--

(\*) As of 30 September 2008, the Bank booked a provision of TRY 50,560 for future probable risks in its loans.

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

TRY 18,166 of other provisions consists of unindemnified non-cash loans and unconverted into cash. TRY 2,603 comprises promotions related to credit card and banking services and TRY 20,781 comprises other provisions.

## 8. Taxation

### 8.1 Current taxes

#### 8.1.1 Current tax liability

As of 30 September 2008, tax provision of DFS Group amounts to TRY 51,110, and it has been offset with prepaid taxes amounted TRY 12,494.

As of 30 September 2008, DFS Group's total tax liability amounts to TRY 77,808 (31 December 2007: TRY 65,436).

#### 8.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	38,616	27,349
Taxation on securities	13,304	10,864
Capital gains tax on property	542	431
Banking Insurance Transaction Tax (BITT)	10,209	9,496
Taxes on foreign exchange transactions	--	660
Value added tax payable	91	333
Other	6,893	10,038
<b>Total</b>	<b>69,655</b>	<b>59,171</b>

#### 8.1.3 Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	3,513	2,398
Social security premiums- employer share	3,980	3,364
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	260	165
Unemployment insurance- employer share	389	334
Other	11	4
<b>Total</b>	<b>8,153</b>	<b>6,265</b>

### 8.2 Information on deferred tax liabilities

Deferred tax liabilities calculated on the basis of related regulation is TRY 239 (31 December 2007: None). Information on deferred tax is disclosed in footnote 12 of disclosures and footnotes on assets of the balance sheet section.

## 9. Information on shareholders' equity

### 9.1 *Paid-in capital*

	Current Period	Prior Period
Common Stock	716,100	316,100
Preferred Stock	--	--

The Bank's paid-in capital has been presented in nominal values. As of 30 September 2008, the Bank has "other capital reserves" amounting to TRY 189,164 (31 December 2007: TRY 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 paid-in capital system is applicable at bank; if so the amount of registered paid-in capital*

Registered paid-in capital system is not applicable at the Bank.

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

The paid-in capital of the Bank was decided to be increased from TRY 316,100 to TRY 716,100 by the resolution of the General Assembly Extraordinary Meeting dated 20 May 2008 and it was agreed that the additional amount of TRY 400,000 would be paid by the shareholders in cash. The paid-in capital increase was registered by Istanbul Trade Registry on 28 August 2008.

### 9.4 *Information on paid-in capital increases from revaluation funds*

None.

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

The whole capital has been paid in and DFS Group 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

	Current Period	Prior Period
Number of Shares (*)	50,368,526	50,368,526
Preferred Stock	--	--
Common Stock Issue Premium (**)	98,411	98,351
Common Stock Cancelling Profit	--	--
Other Equity Instruments	--	--
Total Common Stock Issued (*)	50,369	50,369

\* Related to the Bank's paid-in capital increase on 27 September 2004. At that date, the paid-in capital had increased from TRY 202,000 to TRY 290,000; and TRY 50,369 of this TRY 88,000 increase had been received in cash through issuance of new shares to public.

\*\* The share price for the above mentioned public issuance had been Turkish Lira "twothousandeighthundredseventyfive" and a total issuance premium of TRY 94,440 had been realized. The inflation effect amounting to TRY 3,911 had also been recognized over the original balance until December 2004. A total issuance premium of TRY 60 had been realized through the Bank's paid-in capital increase amounting TRY 400,000 on 28 August 2008.

## 11. Valuation difference of securities

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Associates, Subsidiaries and JV's	--	--	--	--
Valuation Difference	(78,024)	(8,666)	12,211	6,541
Foreign Exchange Difference	--	--	--	--
<b>Total</b>	<b>(78,024)</b>	<b>(8,666)</b>	<b>12,211</b>	<b>6,541</b>

## 12. Information on hedging funds

### 12.1 Information on cash flow hedge items

The Bank hedges a portion of its floating rate liabilities by interest rate swaps. The effective portion of the fair value changes of those swaps, amounting to TRY 19,101, has been disclosed in hedging reserves under equity.

### 12.2 Information on hedging foreign net investment risk

DFS Group hedges its foreign currency exchange rate risk from retranslation of its foreign operations by net investment hedge accounting, through recognizing the effective portion of foreign exchange rate changes of a portion of its foreign currency denominated liabilities under equity. The related hedging reserve amounts to TRY (13,834) as of 30 September 2008.

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

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

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

All of the DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 30 September 2008, non-cash loans, commitments for credit card limits and commitments for cheque payments are TRY 5,070,511, TRY 2,467,674 and TRY 574,727, respectively (31 December 2007: TRY 4,739,501, TRY 2,113,934 and TRY 485,468, 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 September 2008, the DFS Group has letters of guarantee amounting to TRY 3,415,619, bills of exchange and acceptances amounting to TRY 104,724, and guarantees and sureties on letters of credit amounting to TRY 1,393,482. There are also other guarantees and sureties amounting to TRY 156,686.

As of 31 December 2007 the DFS Group has letters of guarantee amounting to TRY 3,043,089, bills of exchange and acceptances amounting to TRY 92,713, and guarantees and sureties amounting to TRY 1,425,357. In addition there are other guarantees and sureties amounting to TRY 178,342.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	468,465	336,400
Final Letters of Guarantee	2,269,166	2,090,411
Letters of Guarantee for Advances	541,388	486,266
Letters of Guarantee given to Customs Offices	134,046	127,153
Other Letters of Guarantee	2,554	2,859
<b>Total</b>	<b>3,415,619</b>	<b>3,043,089</b>

#### 2. Non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	203,437	228,406
With Original Maturity of 1 Year or Less	16,729	161,329
With Original Maturity of More Than 1 Year	186,708	67,077
Other Non-Cash Loans	4,867,074	4,511,095
<b>Total</b>	<b>5,070,511</b>	<b>4,739,501</b>



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

##### 1. Interest income

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short Term	606,954	57,406	488,237	60,281
Medium and Long Term	575,386	211,686	358,503	123,480
Loans Under Follow-Up	13,646	--	12,534	--
Source Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>1,195,986</b>	<b>269,092</b>	<b>859,274</b>	<b>183,761</b>

Also includes fees and commissions from cash loans granted.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	--	1,343	--	1,748
Domestic Banks	2,783	4,650	765	12,721
Foreign Banks	8,012	14,180	368	53,424
Foreign Branches	--	--	--	--
<b>Total</b>	<b>10,795</b>	<b>20,173</b>	<b>1,133</b>	<b>67,893</b>

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	27

##### 2. Interest expense

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Banks</b>	<b>44,613</b>	<b>166,007</b>	<b>32,531</b>	<b>103,275</b>
Central Bank of Turkey	38	--	240	--
Domestic Banks	20,194	2,694	15,115	3,298
Foreign Banks	24,381	163,313	17,176	99,977
Foreign Branches	--	--	--	--
Other Institutions	--	--	--	--
<b>Total</b>	<b>44,613</b>	<b>166,007</b>	<b>32,531</b>	<b>103,275</b>

Also includes fees and commissions expenses from cash loans received.

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	257	197

###### 2.3 Information on interest expense paid to securities issued

None.

### 3. Trading profit / loss

	Current Period	Prior Period
<b>Profit</b>	<b>14,574,992</b>	<b>4,165,744</b>
Capital Market Transactions:	640,471	353,380
<i>Derivatives Financial Transactions</i>	635,405	336,662
<i>Other</i>	5,066	16,718
Foreign Exchange Gain	13,934,521	3,812,364
<b>Loss (-)</b>	<b>14,644,297</b>	<b>4,157,513</b>
Capital Market Transactions:	703,624	444,155
<i>Derivatives Financial Transactions</i>	688,049	434,421
<i>Other</i>	15,575	9,734
Foreign Exchange Losses	13,940,673	3,713,358
<b>Net Trading profit / (loss)</b>	<b>(69,305)</b>	<b>8,231</b>

### 4. Other operating income

	Current Period	Prior Period
Reversal from prior year provisions	52,921	39,734
Income from customers for banking services	47,722	33,023
Insurance technical provisions and insurance operating income	10,371	441
Communication income	5,716	7,563
Cheque book fees	3,753	3,442
Other	25,305	11,282
<b>Total</b>	<b>145,788</b>	<b>95,485</b>

### 5. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	95,338	75,388
<i>Loans and Receivables in Group III</i>	44	--
<i>Loans and Receivables in Group IV</i>	--	3,226
<i>Loans and Receivables in Group V</i>	95,294	72,162
Non-performing commissions and other receivables	--	--
General Provision Expenses	29,275	18,972
Provision for Possible Losses	50,560	--
Impairment Losses on Securities:	21,956	9,064
<i>Trading Securities</i>	2,271	1,416
<i>Investment Securities Available-for-Sale</i>	19,685	7,648
Other Impairment Losses:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	--
Other	23,555	3,171
<b>Total</b>	<b>220,684</b>	<b>106,595</b>

## 6. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	335,135	259,549
Reserve for Employee Termination Indemnity Benefits	1,899	2,427
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment of Tangible Assets	--	--
Amortisation Expenses of Tangible Assets	27,373	25,933
Impairment of Intangible Assets	--	--
Depreciation Expenses of Intangible Assets	6,975	6,542
Impairment of Investments in Associates	--	--
Impairment of Assets Held for Resale	--	--
Depreciation of Assets Held for Resale	567	269
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	185,084	142,114
Operational Leases	40,674	31,616
Repair and Maintenance	5,458	4,698
Advertising	19,894	17,503
Other Expenses (*)	119,058	88,297
Loss on Sales of Assets	1,019	642
Other	45,220	29,505
<b>Total</b>	<b>603,272</b>	<b>466,981</b>

(\*) Other item in other operational expenses comprises; communication expenses, IT repair and maintenance, stationery, entertainment and representation, heating and lighting, and others with balances of TRY 24,029, TRY 15,383, TRY 9,770, TRY 6,942, TRY 7,461, and TRY 55,473, respectively.

## 7. Taxes for continued and discontinued operations

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

The current period taxation charge is TRY 53,403 while deferred tax charge is TRY 25,292.

### 7.2 Deferred tax charge arising from origination or reversal of temporary differences

Deferred tax benefit/charge arising from temporary differences:	Current Period	Prior Period
Arising from Origination of Deductable Temporary Differences (+)	15,042	13,482
Arising from Reversal of Deductable Temporary Differences (-)	(31,757)	(1,647)
Arising from Origination of Taxable Temporary Differences (-)	(11,784)	(790)
Arising from Reversal of Taxable Temporary Differences (+)	3,207	3,898
<b>Total</b>	<b>(25,292)</b>	<b>14,943</b>

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

<b>Sources of deferred tax benefit/charge:</b>	<b>Current Period</b>	<b>Prior Period</b>
Arising from Origination (+)/ Reversal (-) of Deductable Temporary Differences	(16,715)	11,835
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(8,577)	3,108
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>(25,292)</b>	<b>14,943</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 DFS Group's ordinary banking transactions during the current and prior period are mainly consisted of interest income from loans and marketable securities and income from other banking services. Main expense items are the interest expenses related to deposits and borrowings which are the main funding sources of marketable securities and loans. The size and recurring ratio of these items are not significantly requiring additional explanation and disclosure.

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

**8.3** Since there is no minority right in the paid-in capital of the subsidiaries consolidated of the DFS Group, 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>Fee and Commission Received</b>	<b>Current Period</b>	<b>Prior Period</b>
POS commissions	58,641	41,817
Credit card clearing commissions and others	56,067	53,119
Brokerage fees	40,885	52,352
Non-cash loans	35,227	37,756
Remittance commissions	13,805	8,411
Account management fees	9,191	7,322
Insurance services	7,994	7,111
Expertise fees	3,723	2,038
Other	27,718	18,218
<b>Total</b>	<b>253,251</b>	<b>228,144</b>

<b>Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card / POS commissions	69,896	49,233
Brokerage fees	2,212	3,517
EFT commissions	1,423	1,116
Non-cash loans	299	180
Other	8,506	10,087
<b>Total</b>	<b>82,336</b>	<b>64,133</b>

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

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

1.1 As of 30 September 2008, DFS Group' risk group balances are: cash loans, placements, other assets, deposits, funds borrowed, subordinated loans, non-cash loans, and commitments, amounting to TRY 62, TRY 137,006, TRY 5,145, TRY 232,941, TRY 5,035,689, TRY 639,512, TRY 6,748, and TRY 4, respectively. As a result of the transactions with the risk group, the Bank has recorded net interest and commission expenses, and derivative transaction losses, amounting to TRY 160,390 and TRY 51,302, respectively.

#### 1.2 Information on loans and other receivables to the DFS Group's risk group

##### 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	9,676	834	6,167	2,666	49	35
Balance at the End of the Period	145	10	141,956	6,697	112	45
Interest and Commission Income Received	--	--	78	280	2	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	8,738	2,125	--	2,651	--	37
Balance at the End of the Period	9,676	834	6,167	2,666	49	35
Interest and Commission Income Received	27	2	5	719	1	3

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

#### 1.2 Information on deposits held by and funds borrowed from the DFS Group's risk group

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	2,876	23	2,816,035	743,522	3,181	5,061
Balance at the End of the Period	1,882	2,876	5,903,652	2,816,035	2,608	3,181
Interest on Deposits	257	197	160,079	42,097	415	319

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

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

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Current Period	Prior Period	Current Period
Transactions for Trading Purposes:						
Beginning of the Period	--	--	410,322	--	--	--
End of the Period	--	--	2,402,923	410,322	--	--
Total Income/Loss	--	--	(51,302)	(3,553)	--	--
Transactions for Hedging Purposes:						
Beginning of the Period	--	--	--	--	--	--
End of the Period	--	--	67,738	--	--	--
Total Income/Loss	--	--	--	--	--	--

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

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

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

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

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

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of 30 September 2008, cash loans and other receivables of the risk group represent 0.9% of the DFS Group's total cash loans and bank deposits granted, the deposits and borrowings represent 31.9% of the DFS Group's total deposits and borrowings. Non-cash loans granted represent 0.1% of the total balance.

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

The risk group, which the DFS Group belongs to, has entered into financial lease contracts with Deniz Finansal Kiralama A.Ş. Concerning the consolidation adjustments, amounts of these transactions have been extracted from the financial statements.

## SECTION SIX OTHER DISCLOSURES

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

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

The Bank utilized a 10 years maturity subordinated loan from Dexia Credit Local, amounting to USD 200 millions on 27 February 2008.

The paid-in capital of the Bank was decided to be increased from TRY 316,100 to TRY 716,100 by the resolution of the Board of Directors dated 27 March 2008 and it had been agreed that the additional amount of TRY 400,000 would be paid by the shareholders in cash. Following the authorizations granted by Banking Regulation and Supervision Agency and Capital Markets Board, the aforementioned paid-in capital increase has been registered after the approval at the extraordinary General Assembly on 20 May 2008. The paid-in capital increase was registered by Istanbul Trade Registry on 28 August 2008 after required approvals.

The Bank signed "Municipality Global Loan" agreement with European Investment Bank (EIB), amounting to Euro 150 million with a maturity of up to 12 years on 13 June 2008. Euro 40 million tranche of the subject facility comprises the donation contribution of the European Commission.

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

##### Republic of Turkey's rating by Fitch Ratings

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

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

On 14 December 2007, Fitch Ratings upgraded Denizbank's long term local currency rating to BBB- from BB+, short term local currency rating to F3 from B and national long-term rating to AAA from AA+. Fitch ratings affirmed Denizbank's long and short term foreign currency rating. On 10 October 2008, Fitch ratings affirmed Denizbank's credit rating.

The latest ratings of Denizbank are as follows:

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

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

On 24 May 2006, Moody's Investors Service upgraded Turkey's country ceiling for foreign currency debt to Ba1 from Ba3. There has been no change to the Ba3 rating of Turkey's long term foreign currency bond ratings and Turkish Government's long term foreign and local currency issuer ratings. Moody's affirmed foreign currency bank deposit country ceiling at B1, local currency bank deposit country ceiling at A3 and the outlooks on the country and government ratings at "Stable". And domestic bill debt country ceiling was affirmed as A2.

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

On 2 October 2007, Moody's decreased Denizbank's long term local currency deposit rating to Baa1 from A3 and affirmed other ratings. 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	Baa1	Prime-2	Stable	C-	Stable

### 3. Significant Events and Matters Arising Subsequent to the Balance Sheet Date

DFS Group ultimate parent Dexia SA decided to raise its capital amounting EUR 6.4 billion on 30 September 2008. Capital increase was subscribed at a price per share equal to the average of the closing prices of the Dexia share over the last 30 calendar days, i.e. EUR 9.90 by the authorities of Belgium and France, together with existing shareholders. In addition, the Government of Luxembourg also subscribed by convertible bonds.

### 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

Currency Risk table, seen on Section Four, Footnote III.6., is prepared through currency rates given at Section Three, Footnote II.2.1. Subsequent to the balance sheet date, considerable fluctuations occurred at financial markets and currency rates, and New Turkish Lira devaluated by 32% against USD, and 13% against EUR as of the announcement date of this report. Benchmark bond compound interest rate of 19.42% at the balance sheet date has risen to 22.51% as of the date of this report.



## **SECTION SEVEN INDEPENDENT AUDITORS' REVIEW REPORT**

### **I. Information on the independent auditor's review report**

DFS Group's consolidated financial statements and footnotes as of 30 September 2008 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the review report dated 13 November 2008 is presented in front of the financial statements.

### **II. Disclosures and footnotes of the independent auditor**

There are no significant issues and required disclosures and footnotes to DFS Group's operations, deemed as necessary, which have not been explained in the above sections.