

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish)
(See Note 3.I.1)

Denizbank Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements

As of and For the Year Ended

31 December 2005

With Independent Auditor's Report Thereon

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



**Akis Serbest Muhasebeci
Mali Müşavirlik A.Ş.**

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

To the Board of Directors of Denizbank Anonim Şirketi:

We have audited the consolidated balance sheet of Denizbank Anonim Şirketi (the Bank) and its subsidiaries as of 31 December 2005 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year 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 audit. We did not audit the financial statements of certain consolidated companies as of 31 December 2005, which statements reflect total assets constituting 17 percent; and total interest and commission income constituting 12 percent after elimination of intercompany balances and transactions as of and for the year ended 31 December 2005 of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies is based solely on the reports of the other auditors.

We conducted our audit in accordance with the 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 audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly the financial position of Denizbank Anonim Şirketi and its subsidiaries as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in all material respects in accordance with regulations described in Article 37, Article 38 and Provisional Article 1 of the (Turkish) Banking Law No 5411.

Istanbul,
16 February 2006

Akis Serbest Muhasebeci
Mali Müşavirlik
Anonim Şirketi

Bülent Ejder
Sorumlu Ortak, Başdenetçi

Additional paragraph for convenience translation to English:

As explained in Note 3.I.1 the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

DENİZBANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2005

Address of the Bank's Headquarters
Büyükdere Caddesi No:106
34394 –ESENTEPE/İSTANBUL

Telephone and Fax Numbers
Tel : 0.212.355 08 00
Fax: 0.212.267 27 24

Website of the Bank
www.denizbank.com

E-mail address of the Bank
yatirimciiliskileri@denizbank.com

The financial report package prepared in accordance with the statement no. 17 "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
- INFORMATION RELATED TO ACCOUNTING POLICIES APPLIED
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries and associates included in the consolidation are as follows:

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

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles" and the related statements and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **New Turkish Lira (YTL) thousands** as of 31 December 2005; and enclosed.

KÜRSAD TAÇALAN
Senior Vice President
General Accounting

SUAVİ DEMİRCİOĞLU
Executive Vice President

CEMALETTİN HASDEMİR
Member of Board of Directors
and Audit Committee

HAKAN ATEŞ
Member of Board of Directors
General Manager

CAN TAŞPULAT
Member of Board of Directors
Responsible for
Internal Control System

İHSAN VEYSİ SEVİÇ
Chairman of Board of Directors
and Audit Committee

Contact information for questions on this financial report
Name/Title: Şehsuvar ALADAĞ/ Investor Relations Department Manager
Tel No: 0 212 336 41 44
Fax No: 0 212 336 30 38

SECTION ONE

General Information About the Parent Bank

- I. Parent Bank's date of establishment, beginning statute, its history including changes on its statute
- 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
- III. President and members of the Board of Directors, audit committee members, general manager and vice presidents, and if exists, changes in these positions and Bank's shares they hold
- IV. Type of services provided and the areas of operations of the Bank
- V. Other information

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- III. Consolidated income statement
- IV. Consolidated statement of changes in shareholders' equity
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- IX. Investment securities held-to-maturity, investment securities available-for-sale and loans and receivables
- X. Loans and receivables and specific provisions
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- XII. Tangible assets
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- XIV. Provisions and contingencies
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- XVI. Taxation
- XVII. Additional explanations on borrowings
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- IV. Information and disclosures related to consolidated off-balance sheet items
- V. Information and disclosures related to consolidated statement of changes in shareholders' equity
- VI. Information and disclosures related to consolidated cash flow statement
- VII. Accounting for entities acquired through mergers and acquisitions
- VIII. Information and disclosures related to DFS Group's risk group
- IX. Explanations and disclosures related to inflation accounting
- X. Domestic, foreign, off-shore banking branches and foreign representatives
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Denizbank Anonim Şirketi and Its Subsidiaries

Consolidated Financial Report as of 31 December 2005

(Currency: Thousands of YTL - New Turkish Lira)

SECTION ONE

General Information

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

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997. Bank's shares have been listed on Istanbul Stock Exchange since 1 October 2004. 25% of Bank's shares is publicly held.

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

Zorlu Holding A.Ş. has 75% ownership in the Bank's shares. Bank's shares are listed on Istanbul Stock Exchange since 1 October 2004.

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

<u>Name</u>	<u>Job Description</u>	<u>Shares (%)</u>
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President of the Board of Directors

İhsan Veysi Seviğ	Chairman	--
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Board of Directors

M.Cem Bodur	Vice Chairman	--
Mustafa Tınaz Titiz	Member	--
Fikret Arabacı	Member	--
Cemalettin Hasdemir	Member	--
Can Taşpulat	Member of Board of Directors responsible from Internal Audit	--

Hakan Ateş	Member - General Manager	0.001
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Audit Committee Members

Cem Kadirgan	Member	--
Şerif Arı	Member	--

<u>Name</u>	<u>Shares (%)</u>
<u>Assistant General Managers</u>	
Behçet Perim	--
Bora Böküğü	--
Diğer Alpman	--
Hüseyin Uyar	--
Mehmet Saraç	--
Nesrin Sungu	--
Nihat Sevinç	--
Tanju Kaya	--
Arif İsfendiyaroğlu	--
Mustafa Mert	--
Suavi Demircioğlu	--

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

Denizbank A.Ş. (the Bank) is a private sector deposit bank which provides banking services to its customers through 235 domestic and 1 foreign branch as of 31 December 2005.

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

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

V. Other Information

Bank's Official Title:

Denizbank Anonim Şirketi

Address of Bank's Headquarters:

Büyükdere Caddesi No: 106
Esentepe 34394 İstanbul

Telephone and fax numbers:

Telephone : (0212) 355 08 00
Fax : (0212) 267 27 24

Bank's internet address:

www.denizbank.com

Bank's e-mail address:

yatirimciiliskileri@denizbank.com

Reporting period:

1 January 2005-31 December 2005

Unless stated otherwise, the accompanying consolidated financial statements and disclosures are presented in New Turkish Lira (YTL) thousands as of 31 December 2005.

SECTION TWO

Financial Statements

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

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish - See Note 3.1.1)

DENİZBANK A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004

(Thousands of YTL - New Turkish Lira)

ASSETS	Footnotes	THOUSANDS OF NEW TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		AUDITED (31/12/2005)			AUDITED (31/12/2004)		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	170,980	268,682	439,662	106,476	294,200	400,676
1.1.Cash		40,328	-	40,328	45,066	-	45,066
1.2.Cash in Foreign Currency		-	145,779	145,779	-	188,887	188,887
1.3.Balances with the Central Bank		130,652	121,854	252,506	61,406	105,046	166,452
1.4.Other		-	1,049	1,049	4	267	271
II. TRADING SECURITIES (Net)	(5.1.2)	186,034	107,672	293,706	235,073	74,068	309,141
2.1.Public Sector Debt Securities		93,313	8,760	102,073	145,092	35,718	180,810
2.1.1.Government Bonds		87,127	8,760	95,887	138,984	32,842	171,826
2.1.2.Treasury Bills		6,186	-	6,186	6,108	-	6,108
2.1.3.Other		-	-	-	-	2,876	2,876
2.2.Share Certificates		92,721	-	92,721	89,981	-	89,981
2.3.Other Securities		-	98,912	98,912	-	38,350	38,350
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.1.3)	95,613	2,180,208	2,275,821	173,432	1,469,324	1,642,756
3.1.Banks		95,613	2,180,208	2,275,821	173,432	1,468,752	1,642,184
3.1.1.Domestic Banks		83,748	546,124	629,872	164,156	33,065	197,221
3.1.2.Foreign Banks		11,865	1,634,084	1,645,949	9,276	1,435,687	1,444,963
3.1.3.Foreign Branches		-	-	-	-	-	-
3.2.Other Financial Institutions		-	-	-	-	572	572
IV. INTERBANK MONEY MARKET	(5.1.4)	390,312	-	390,312	189,625	7,850	197,475
4.1.Interbank Money Market Placements		226,000	-	226,000	93,000	7,850	100,850
4.2.Istanbul Stock Exchange Money Market Placements		800	-	800	543	-	543
4.3.Receivables from Reverse Repurchase Agreements		163,512	-	163,512	96,082	-	96,082
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.5)	801,557	447,536	1,249,093	733,711	598,016	1,331,727
5.1.Share Certificates		4,134	15	4,149	3,443	17	3,460
5.2.Other Securities		797,423	447,521	1,244,944	730,268	597,999	1,328,267
VI. LOANS	(5.1.6)	3,131,326	2,606,516	5,737,842	1,695,927	1,518,348	3,214,275
6.1.Short Term		2,182,473	1,395,517	3,577,990	1,497,960	798,083	2,296,043
6.2.Medium and Long Term		936,425	1,210,750	2,147,175	184,611	720,265	904,876
6.3.Loans under Follow-Up		132,436	2,653	135,089	115,354	845	116,199
6.4.Specific Provisions (-)		120,008	2,404	122,412	101,998	845	102,843
VII. FACTORING RECEIVABLES	(5.1.7)	150,728	45,832	196,560	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.8)	24,115	201,817	225,932	24,115	143,772	167,887
8.1.Public Sector Debt Securities		24,115	72,208	96,323	24,115	58,307	82,422
8.1.1.Government Bonds		24,115	72,208	96,323	24,115	58,307	82,422
8.1.2.Treasury Bills		-	-	-	-	-	-
8.1.3.Other		-	-	-	-	-	-
8.2.Other Securities		-	129,609	129,609	-	85,465	85,465
IX. INVESTMENTS IN ASSOCIATES	(5.1.9)	121,487	-	121,487	124,504	-	124,504
9.1.Financial Investments in Associates		9	-	9	-	-	-
9.2.Non-Financial Investments in Associates		121,478	-	121,478	124,504	-	124,504
X. INVESTMENTS IN SUBSIDIARIES	(5.1.10)	8,042	-	8,042	7,822	-	7,822
10.1.Financial Investments in Subsidiaries		119	-	119	-	-	-
10.2.Non-Financial Investments in Subsidiaries		7,923	-	7,923	7,822	-	7,822
XI. OTHER INVESTMENTS	(5.1.11)	-	-	-	6	-	6
XII. FINANCIAL LEASE RECEIVABLES (Net)	(5.1.12)	24,187	214,868	239,055	-	-	-
12.1.Gross Financial Lease Receivables		33,361	258,451	291,812	-	-	-
12.2.Unearned Income (-)		9,174	43,583	52,757	-	-	-
XIII. RESERVE DEPOSITS		-	325,113	325,113	44,979	249,729	294,708
XIV. MISCELLANEOUS RECEIVABLES	(5.1.13)	60,108	5,422	65,530	18,845	575	19,420
XV. ACCRUED INTEREST AND INCOME	(5.1.14)	84,111	59,602	143,713	84,455	43,866	128,321
15.1.Loans		43,291	30,410	73,701	23,891	19,144	43,035
15.2.Securities		34,100	14,803	48,903	50,515	16,012	66,527
15.3.Other		6,720	14,389	21,109	10,049	8,710	18,759
XVI. TANGIBLE ASSETS (Net)	(5.1.15)	127,942	3,439	131,381	118,376	3,904	122,280
16.1.Cost		203,340	6,495	209,835	178,931	6,562	185,493
16.2.Accumulated Depreciation (-)		75,398	3,056	78,454	60,555	2,658	63,213
XVII. INTANGIBLE ASSETS [Net]	(5.1.16)	11,275	2,340	13,615	11,925	2,102	14,027
17.1.Goodwill		-	-	-	-	-	-
17.2.Other		36,859	4,816	41,675	31,081	4,029	35,110
17.3.Accumulated Amortisation (-)		25,584	2,476	28,060	19,156	1,927	21,083
XVIII. DEFERRED TAX ASSET	(5.1.17)	5,075	17	5,092	14,633	-	14,633
XIX. OTHER ASSETS	(5.1.18)	102,372	11,222	113,594	63,471	19,201	82,672
TOTAL ASSETS		5,495,264	6,480,286	11,975,550	3,647,375	4,424,955	8,072,330

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish - See Note 3.I.1)

DENİZBANK A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004

(Thousands of YTL - New Turkish Lira)

LIABILITIES AND EQUITY	Footnotes	THOUSANDS OF NEW TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		AUDITED (31/12/2005)			AUDITED (31/12/2004)		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.II.1)	2,704,889	4,549,213	7,254,102	1,631,980	3,537,585	5,169,565
1.1.Bank Deposits		61,420	212,552	273,972	34,490	25,677	60,167
1.2.Saving Deposits		1,655,078	323,101	1,978,179	922,462	254,452	1,176,914
1.3.Public Sector Deposits		43,919	-	43,919	2,234	-	2,234
1.4.Commercial Deposits		915,935	633,765	1,549,700	596,176	414,571	1,010,747
1.5.Other Institutions Deposits		28,537	-	28,537	73,083	9,613	82,696
1.6.Foreign Currency Deposits		-	3,379,221	3,379,221	3,535	2,833,133	2,836,668
1.7.Precious Metals Deposits		-	574	574	-	139	139
II. INTERBANK MONEY MARKET	(5.II.2)	480,354	35,662	516,016	356,091	212,231	568,322
2.1.Interbank money market Takings		-	-	-	-	212,231	212,231
2.2.Istanbul Stock Exchange Money Market Takings		92,500	-	92,500	-	-	-
2.3.Funds Provided under Repurchase Agreements		387,854	35,662	423,516	356,091	-	356,091
III. FUNDS BORROWED	(5.II.3)	203,519	2,387,355	2,590,874	47,766	979,955	1,027,721
3.1.Funds Borrowed from the Central Bank		-	-	-	-	-	-
3.2.Other Funds Borrowed		203,519	2,387,355	2,590,874	47,766	979,955	1,027,721
3.2.1.Domestic Banks and Institutions		99,494	46,317	145,811	40,066	58,257	98,323
3.2.2.Foreign Banks, Institutions and Funds		104,025	2,341,038	2,445,063	7,700	921,698	929,398
IV. SECURITIES ISSUED (Net)	(5.II.4)	-	-	-	-	-	-
4.1.Bills		-	-	-	-	-	-
4.2.Asset Backed Securities		-	-	-	-	-	-
4.3.Bonds		-	-	-	-	-	-
V. FUNDS	(5.II.5)	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	(5.II.6)	180,220	12,443	192,663	132,678	27,566	160,244
VII. OTHER EXTERNAL RESOURCES PAYABLE	(5.II.7)	54,537	2,623	57,160	61,532	11,193	72,725
VIII. TAXES AND OTHER DUTIES PAYABLE	(5.II.8)	25,283	716	25,999	18,682	2,023	20,705
IX. FACTORING PAYABLES	(5.II.9)	1,892	13,630	15,522	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(5.II.10)	9	1	10	495	16,435	16,930
10.1.Financial Lease Payables		14	2	16	543	19,003	19,546
10.2.Deferred Financial Leasing Expenses (-)		5	1	6	48	2,568	2,616
XI. ACCRUED INTEREST AND EXPENSES	(5.II.11)	28,471	70,980	99,451	20,174	55,756	75,930
11.1.Deposits		17,907	23,792	41,699	16,541	16,257	32,798
11.2.Borrowings		4,187	29,459	33,646	4	9,744	9,748
11.3.Repurchase Agreements		319	-	319	226	-	226
11.4.Other		6,058	17,729	23,787	3,403	29,755	33,158
XII. PROVISIONS	(5.II.12)	119,081	12,631	131,712	73,308	13,910	87,218
12.1.General Provisions		34,786	-	34,786	23,569	189	23,758
12.2.Reserve for Employee Termination Benefits		19,434	436	19,870	13,620	395	14,015
12.3.Provisions for Income Taxes		58,724	481	59,205	29,216	294	29,510
12.4.Insurance Technical Provisions		-	-	-	-	-	-
12.5.Other Provisions		6,137	11,714	17,851	6,903	13,032	19,935
XIII. SUBORDINATED LOANS	(5.II.13)	-	-	-	-	-	-
XIV. MINORITY INTEREST	(5.II.14)	-	-	-	-	-	-
XV. DEFERRED TAX LIABILITY	(5.II.14)	384	187	571	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.II.13)	1,061,627	29,843	1,091,470	767,348	105,622	872,970
16.1.Paid-In Capital		316,100	-	316,100	316,100	-	316,100
16.2.Supplementary Capital		406,997	800	407,797	415,001	1,451	416,452
16.2.1.Share Premium	(5.II.14)	98,351	-	98,351	98,351	-	98,351
16.2.2.Share Cancellation Profits		-	-	-	-	-	-
16.2.3.Securities Value Increase Fund	(5.II.15)	107,992	800	108,792	113,627	1,451	115,078
16.2.4.Revaluation Fund	(5.II.16)	-	-	-	-	-	-
16.2.5.Revaluation Surplus	(5.II.17)	11,490	-	11,490	13,859	-	13,859
16.2.6.Other Supplementary Capital		189,164	-	189,164	189,164	-	189,164
16.2.7.Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-
16.3.Profit Reserves		113,608	(292)	113,316	-	(6,071)	(6,071)
16.3.1.Legal Reserves	(5.II.18)	5,631	-	5,631	-	-	-
16.3.2.Status Reserves		-	-	-	-	-	-
16.3.3.Extraordinary Reserves	(5.II.19)	106,983	-	106,983	-	-	-
16.3.4.Other Profit Reserves		994	(292)	702	-	(6,071)	(6,071)
15.4. Profit or Loss	(5.II.20)	224,922	29,335	254,257	36,247	110,242	146,489
16.4.1.Prior Periods Income / Loss		10,708	17,097	27,805	(50)	9,832	9,782
16.4.1.1.Group's Share		10,708	17,097	27,805	(50)	9,832	9,782
16.4.1.2.Minority Shares		-	-	-	-	-	-
16.4.2.Current Period Income / Loss		214,214	12,238	226,452	36,297	100,410	136,707
16.4.2.1.Group's Share		214,214	12,238	226,452	36,297	100,410	136,707
16.4.2.2.Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		4,860,266	7,115,284	11,975,550	3,110,054	4,962,276	8,072,330

DENİZBANK A.Ş. and ITS SUBSIDIARIES**CONSOLIDATED OFF-BALANCE SHEET ITEMS STATEMENTS AS OF 31 DECEMBER 2005 AND 2004**

(Thousands of YTL - New Turkish Lira)

	Footnotes	THOUSANDS of NEW TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		AUDITED			AUDITED		
		(31/12/2005)			(31/12/2004)		
		YTL	FC	Total	YTL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		4,023,895	5,937,781	9,961,676	2,922,941	4,542,164	7,465,105
I. GUARANTEES	(5.IV.5)	1,009,502	2,201,508	3,211,010	703,810	1,792,119	2,495,929
1.1.Letters of Guarantee	(5.IV.3)	1,009,502	1,159,022	2,168,524	703,810	708,754	1,412,564
1.1.1.Guatantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.Guarantees Given for Foreign Trade Operations		476	22,234	22,710	-	20,123	20,123
1.1.3.Other Letters of Guarantee		1,009,026	1,136,788	2,145,814	703,810	688,631	1,392,441
1.2.Bank Acceptances		-	197,318	197,318	-	252,119	252,119
1.2.1.Import Letter of Acceptance		-	197,318	197,318	-	252,119	252,119
1.2.2.Other Bank Acceptances		-	-	-	-	-	-
1.3.Letters of Credit		-	758,533	758,533	-	706,614	706,614
1.3.1.Documentary Letters of Credit		-	667,999	667,999	-	630,685	630,685
1.3.2.Other Letters of Credit		-	90,534	90,534	-	75,929	75,929
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		-	86,635	86,635	-	124,632	124,632
1.9.Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.5)	2,061,290	7,122	2,068,412	1,715,633	3,325	1,718,958
2.1.Irrevocable Commitments	(5.IV.1)	2,060,609	-	2,060,609	1,714,952	-	1,714,952
2.1.1.Asset Purchase Commitments		-	-	-	-	-	-
2.1.2.Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.Loan Granting Commitments		-	-	-	-	-	-
2.1.5.Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.Commitments for Cheque Payments		360,270	-	360,270	271,592	-	271,592
2.1.8.Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9.Commitments for Credit Card Limits		1,649,932	-	1,649,932	1,250,397	-	1,250,397
2.1.10.Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.11.Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12.Other Irrevocable Commitments		50,407	-	50,407	192,963	-	192,963
2.2.Revocable Commitments		681	7,122	7,803	681	3,325	4,006
2.2.1.Revocable Loan Granting Commitments		-	-	-	-	3,325	3,325
2.2.2.Other Revocable Commitments		681	7,122	7,803	681	-	681
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.IV.2)	953,103	3,729,151	4,682,254	503,498	2,746,720	3,250,218
3.1.Forward Foreign Currency Purchases/Sales		120,398	2,136,524	2,256,922	71,674	2,108,787	2,180,461
3.1.1.Forward Foreign Currency Purchases		92,801	1,035,966	1,128,767	57,889	1,037,239	1,095,128
3.1.2.Forward Foreign Currency Sales		27,597	1,100,558	1,128,155	13,785	1,071,548	1,085,333
3.2. Currency and Interest Rate Swaps		41,060	307,614	348,674	222,241	388,364	610,605
3.2.1.Currency Swaps-Purchases		-	161,340	161,340	-	268,789	268,789
3.2.2.Currency Swaps-Sales		41,060	127,112	168,172	222,241	95,039	317,280
3.2.3.Interest Rate Swaps-Purchases		-	9,581	9,581	-	12,268	12,268
3.2.4.Interest Rate Swaps-Sales		-	9,581	9,581	-	12,268	12,268
3.3.Currency, Interest Rate and Security Options		791,645	1,127,339	1,918,984	209,583	232,641	442,224
3.3.1.Currency Options-Purchases		402,573	556,991	959,564	117,990	103,873	221,863
3.3.2.Currency Options-Sales		389,072	570,348	959,420	91,593	128,768	220,361
3.3.3.Interest Rate Options-Purchases		-	-	-	-	-	-
3.3.4.Interest Rate Options-Sales		-	-	-	-	-	-
3.3.5.Securities Options-Purchases		-	-	-	-	-	-
3.3.6.Securities Options-Sales		-	-	-	-	-	-
3.4.Currency Futures		-	75,482	75,482	-	900	900
3.4.1.Currency Futures-Purchases		-	52,801	52,801	-	450	450
3.4.2.Currency Futures-Sales		-	22,681	22,681	-	450	450
3.5.Interest Rate Futures		-	-	-	-	-	-
3.5.1.Interest Rate Futures-Purchases		-	-	-	-	-	-
3.5.2.Interest Rate Futures-Sales		-	-	-	-	-	-
3.6.Others		-	82,192	82,192	-	16,028	16,028
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		3,746,457	1,010,071	4,756,528	1,898,443	355,284	2,253,727
IV. ITEMS HELD IN CUSTODY	(5.IV.6)	3,464,523	741,166	4,205,689	1,819,668	327,137	2,146,805
4.1.Customers' Securities Held		-	-	-	-	-	-
4.2.Investment Securities Held in Custody		2,858,753	180,522	3,039,275	1,373,592	184,001	1,557,593
4.3.Checks Received for Collection		149,780	132,959	282,739	12	50,173	50,185
4.4.Commercial Notes Received for Collection		98,479	298,016	396,495	100,087	82,085	182,172
4.5.Other Assets Received for Collection		-	-	-	-	-	-
4.6.Assets Received for Public Offering		119,021	-	119,021	73,901	-	73,901
4.7.Other Items under Custody		201	129,669	129,870	-	10,878	10,878
4.8.Custodians		238,289	-	238,289	272,076	-	272,076
V. PLEDGED ITEMS		281,934	268,905	550,839	78,775	28,147	106,922
5.1.Securities		1	-	1	-	-	-
5.2.Guarantee Notes		281,933	242,632	524,565	78,775	27,777	106,552
5.3.Commodities		-	23,818	23,818	-	370	370
5.4.Warranties		-	-	-	-	-	-
5.5.Immovables		-	-	-	-	-	-
5.6.Other Pledged Items		-	2,455	2,455	-	-	-
5.7.Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		7,770,352	6,947,852	14,718,204	4,821,384	4,897,448	9,718,832

DENİZBANK A.Ş. AND ITS SUBSIDIARIES			
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS			
ENDED 31 DECEMBER 2005 AND 2004			
(Thousands of YTL - New Turkish Lira)			
INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF NEW TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		AUDITED (01/01/2005 - 31/12/2005)	AUDITED (01/01/2004 - 31/12/2004)
I. INTEREST INCOME	(4.III.1)	1,028,176	859,088
1.1. Interest on Loans		622,445	415,894
1.1.1. Interest on YTL Loans		496,046	327,881
1.1.1.1. Short term Loans		385,344	306,029
1.1.1.2. Medium and Long Term Loans		110,702	21,852
1.1.2. Interest on Foreign Currency Loans		118,782	83,427
1.1.2.1. Short Term Loans		55,006	40,982
1.1.2.2. Medium and Long Term Loans		63,776	42,445
1.1.3. Interest on Loans Under Follow-Up		7,617	4,586
1.1.4. Premiums Received from Resource Utilisation Support Fund		-	-
1.2. Interest Received from Reserve Deposits		16,346	13,028
1.3. Interest Received from Banks		35,601	34,653
1.3.1. The Central Bank of Turkey		1,623	794
1.3.2. Domestic Banks		9,132	13,431
1.3.3. Foreign Banks		24,846	20,428
1.3.4. Interest Received from Foreign Branches		-	-
1.4. Interest Received from Money Market Transactions		3,080	12,608
1.5. Interest Received from Securities Portfolio		292,355	374,345
1.5.1. Trading Securities		58,028	152,229
1.5.2. Available-for-Sale Securities		223,905	201,650
1.5.3. Held to Maturity Securities		10,422	20,466
1.6. Other Interest Income		58,349	8,560
II. INTEREST EXPENSE	(4.III.2)	500,952	458,222
2.1. Interest on Deposits		374,372	383,368
2.1.1. Bank Deposits		16,111	18,385
2.1.2. Saving Deposits		184,102	190,585
2.1.3. Public Sector Deposits		2,098	1,123
2.1.4. Commercial Deposits		94,035	102,836
2.1.5. Other Institutions Deposits		1,458	7,412
2.1.6. Foreign Currency Deposits		76,568	63,027
2.1.7. Precious Metals Deposits		-	-
2.2. Interest on Money Market Transactions		8,128	7,008
2.3. Interest on Funds Borrowed		93,462	29,336
2.3.1. The Central Bank of Turkey		-	-
2.3.2. Domestic Banks		19,204	10,726
2.3.3. Foreign Banks		74,258	18,610
2.3.4. Foreign Branches		-	-
2.3.4. Other Financial Institutions		-	-
2.4. Interest on Securities Issued		-	560
2.5. Other Interest Expense		24,990	37,950
III. NET INTEREST INCOME (I - II)		527,224	400,866
IV. NET FEES AND COMMISSIONS INCOME		146,721	92,765
4.1. Fees and Commissions Received		206,085	155,988
4.1.1. Cash Loans		13,213	10,595
4.1.2. Non-Cash Loans		34,445	29,893
4.1.3. Other		158,427	115,500
4.2. Fees and Commissions Paid		59,364	63,223
4.2.1. Cash Loans		4,572	3,488
4.2.2. Non-Cash Loans		833	127
4.2.3. Other		53,959	59,608
V. DIVIDEND INCOME		-	8
5.1. Trading Securities		-	8
5.2. Available-for-Sale Securities		-	-
VI. NET TRADING INCOME / LOSS		11,027	54,264
6.1. Profit / Losses on Trading Account Securities (Net)		33,625	29,535
6.1.1. Profit on Trading Account Securities		91,283	104,760
6.1.1.1. Profit on Derivatives		40,047	35,807
6.1.1.2. Other		51,236	68,953
6.1.2. Losses on Trading Account Securities (-)		57,658	75,225
6.1.2.1. Losses on Derivatives		35,172	31,424
6.1.2.2. Other		22,486	43,801
6.2. Foreign Exchange Gains / Losses (Net)		(22,598)	24,729
6.2.1. Foreign Exchange Gains		2,453,739	1,556,872
6.2.2. Foreign Exchange Losses (-)		2,476,337	1,532,143
VII. OTHER OPERATING INCOME	(5.III.3)	113,017	78,020
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		797,989	625,923
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	(5.III.4)	68,611	84,436
X. OTHER OPERATING EXPENSES (-)	(5.III.5)	432,280	334,025
XI. NET OPERATING PROFIT / LOSS (VIII-IX-X)		297,098	207,462
XII. INCOME / LOSSES FROM ASSOCIATES AND SUBSIDIARIES	(5.III.6)	1,886	856
XIII. GAIN / LOSS ON NET MONETARY POSITION		-	(51,825)
XIV. PROFIT / LOSS BEFORE TAXES (XI+XII+XIII)		298,984	156,493
XV. PROVISION FOR TAXES ON INCOME (-)	(5.III.8)	(72,532)	(19,681)
15.1 Current Tax Provision		(65,922)	(29,778)
15.2 Deferred Tax Provision		(6,610)	10,097
XVI. NET OPERATING PROFIT / LOSS AFTER TAXES (XIV-XV)		226,452	136,812
XVII. EXTRAORDINARY INCOME / EXPENSE AFTER TAXES		-	(105)
17.1. Extraordinary Net Income / Expense before Taxes		-	(105)
17.1.1. Extraordinary Income		-	74
17.1.2. Extraordinary Expense (-)		-	179
17.2. Provision for Taxes on Extraordinary Income		-	-
XVIII. PROFIT / LOSSES ON UNCONSOLIDATED INVESTMENTS (-)	(5.III.7)	-	-
XIX. NET PROFIT / LOSSES (XVI+XVII+XVIII)	(5.III.9)	226,452	136,707
19.1. Group's Profit / Loss		226,452	136,707
19.2. Minority Shares		-	-
Earnings per Share (Full YTL)		0.72	0.43

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish - See Note 3.1.1)

DENİZBANK A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

AS OF 31 DECEMBER 2005 AND 2004

(Thousands of YTL - New Turkish Lira)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes														
		Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total
PRIOR PERIOD (31/12/2004)															
I. Balances at the Beginning of Period		202,000	280,857	-	-	5,639	-	15,987	(1,399)	123,067	(178,870)	-	29,998	119,263	596,542
II. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I + II)		202,000	280,857	-	-	5,639	-	15,987	(1,399)	123,067	(178,870)	-	29,998	119,263	596,542
IV. Current Period Net Profit		-	-	-	-	-	-	-	-	136,707	-	13,912	-	-	150,619
V. Profit Distribution		-	(43,959)	-	-	(5,639)	-	(15,987)	-	(123,067)	188,652	-	-	-	-
5.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2. Transferred to Legal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.3. Others		-	(43,959)	-	-	(5,639)	-	(15,987)	-	(123,067)	188,652	-	-	-	-
VI. Capital Increase		114,100	(47,734)	98,351	-	-	-	(4,672)	-	-	-	(13,912)	(16,139)	(4,185)	125,809
6.1. Cash		50,369	2,085	-	-	-	-	-	-	-	-	-	-	-	52,454
6.2. Revaluation Fund		37,631	(37,631)	-	-	-	-	-	-	-	-	-	(545)	(11,578)	(12,123)
6.3. Revaluation Surplus		-	-	-	-	-	-	-	-	-	-	-	(15,594)	-	(15,594)
6.4. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	7,393	7,393
6.5. Capital Reserves from Inflation Adjustments to Paid-In Capital		12,188	(12,188)	-	-	-	-	-	-	-	-	-	-	-	-
6.6. Issuance of Share Certificates		-	-	98,351	-	-	-	-	-	-	-	-	-	-	98,351
6.7. Foreign Exchange Differences		-	-	-	-	-	-	-	(4,672)	-	-	-	-	-	(4,672)
6.8. Others		13,912	-	-	-	-	-	-	-	-	-	(13,912)	-	-	-
VII. Bonds Transferred to Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+IV+V+VI+VII)		316,100	189,164	98,351	-	-	-	-	(6,071)	136,707	9,782	-	13,859	115,078	872,970
CURRENT PERIOD (31/12/2005)															
I. Balances at the Beginning of Period		316,100	189,164	98,351	-	-	-	-	(6,071)	136,707	9,782	-	13,859	115,078	872,970
Increases During the Period:	(5.V.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. "Available-for-Sale" Securities		-	-	-	-	-	-	-	-	-	-	-	-	47,607	47,607
2.1. Net Fair Value Gains / Losses		-	-	-	-	-	-	-	-	-	-	-	-	47,607	47,607
III. Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1. Net Fair Value Gains / Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers:	(5.V.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. "Available-for-Sale" Securities		-	-	-	-	-	-	-	-	-	-	-	(2,369)	(53,893)	(56,262)
4.1. Transferred to Net Profit		-	-	-	-	-	-	-	-	-	-	-	(2,369)	(53,893)	(56,262)
V. Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1. Transferred to Net Profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2. Transferred to Net Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Current Period Net Profit		-	-	-	-	-	-	-	-	226,452	-	-	-	-	226,452
VII. Profit Distribution		-	-	-	-	5,631	-	106,983	-	(136,707)	24,093	-	-	-	-
7.1. Dividends	(5.V.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.2. Transferred to Legal Reserves	(5.V.4)	-	-	-	-	5,631	-	106,983	-	-	(112,614)	-	-	-	-
7.3. Others		-	-	-	-	-	-	-	-	(136,707)	136,707	-	-	-	-
VIII. Capital Increase		-	-	-	-	-	-	-	6,773	-	(6,070)	-	-	-	703
8.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3. Revaluation Surplus		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4. Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6. Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7. Foreign Exchange Differences		-	-	-	-	-	-	-	6,773	-	(6,070)	-	-	-	703
8.8. Others	(5.V.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonds Transferred to Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I-II+III+IV+V+VI+VII+VIII+IX)		316,100	189,164	98,351	-	5,631	-	106,983	702	226,452	27,805	-	11,490	108,792	1,091,470

DENİZBANK A.Ş. AND ITS SUBSIDIARIES			
CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS			
ENDED 31 DECEMBER 2005 AND 2004			
(Thousands of YTL - New Turkish Lira)			
		THOUSANDS OF NEW TURKISH LIRA	
	Footnotes	CURRENT PERIOD (31/12/2005)	PRIOR PERIOD (31/12/2004)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1. Operating Profit before Changes in Operating Assets and Liabilities(+)		331,107	234,187
1.1.1.Interest Received (+)		999,666	903,562
1.1.2.Interest Paid (-)		464,755	447,104
1.1.3.Dividend Received (+)		1,886	856
1.1.4.Fees And Commissions Received (+)		206,085	155,988
1.1.5.Other Income (+)		184,268	109,904
1.1.6.Collections from Previously Written-Off Loans and Other Receivables (+)		58,982	7,756
1.1.7.Payments to Personnel and Service Suppliers (-)		188,476	135,515
1.1.8.Taxes Paid (-)		36,666	44,861
1.1.9.Extraordinary Items (+/-)		-	(105)
1.1.10.Other (+/-)	(5.VI.1)	(429,883)	(316,294)
1.2. Changes in Operating Assets and Liabilities		863,617	576,310
1.2.1.Net (Increase) Decrease in Trading Securities (+/-)		162,991	354,372
1.2.2.Net (Increase) Decrease in Due From Banks And Other Financial Institutions(+/-)		89,084	(239,949)
1.2.3.Net (Increase) Decrease in Loans (+/-)		(2,978,751)	(1,080,524)
1.2.4.Net (Increase) Decrease in Other Assets (+/-)		(50,157)	116,582
1.2.5.Net Increase (Decrease) in Bank Deposits (+/-)		213,805	(182,264)
1.2.6.Net Increase (Decrease) in Other Deposits (+/-)		1,870,732	1,093,517
1.2.7.Net Increase (Decrease) in Funds Borrowed (+/-)		1,563,153	623,149
1.2.8.Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.9.Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.1)	(7,240)	(108,573)
I. Net Cash (Used in)/Provided by Banking Operations (+/-)		1,194,724	810,497
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided by / (Used in) Investing Activities (+/-)		(34,966)	3,882
2.1.Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)	(5.VI.2)	101	3,174
2.2.Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)	(5.VI.3)	3,362	8,183
2.3.Fixed Assets Purchases (-)		47,677	30,595
2.4.Fixed Assets Sales (+)		3,456	7,369
2.5.Cash Paid for Purchase of Investments Available for Sale (-)		-	39,941
2.6.Cash Obtained From Sale of Investments Available for Sale (+)		82,634	-
2.7.Cash Paid for Purchase of Investment Securities(-)		101,193	-
2.8.Cash Obtained from Sale of Investment Securities (+)		24,553	62,040
2.9.Extraordinary Items (+/-)		-	-
2.10.Other (+/-)		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Used in Financing Activities (+/-)		(23,876)	121,938
3.1.Cash Obtained from Funds Borrowed and Securities Issued (+)		-	-
3.2.Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		-	-
3.3.Capital Increase (+)		-	98,351
3.4.Dividends Paid (-)		-	-
3.5.Payments for Finance Leases (-)		23,876	10,580
3.6.Extraordinary Items (+/-)		-	-
3.7.Other (+/-)	(5.VI.1)	-	34,167
IV.Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)	(5.VI.1)	(4,004)	24,730
V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		1,131,878	961,047
VI. Cash and Cash Equivalents at the Beginning of Period (+)	(5.VI.4)	2,282,257	1,321,210
VII. Cash and Cash Equivalents at the End of Period (V+VI)	(5.VI.5)	3,414,135	2,282,257

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish - See Note 3.1.1)

DENİZBANK A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004 (Thousands of YTL - New Turkish Lira)		
	THOUSANDS OF NEW TURKISH LIRA	
	CURRENT PERIOD (31/12/2005)	PRIOR PERIOD (31/12/2004)
I.DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	292,374	166,485
1.2.TAXES AND DUTIES PAYABLE	65,922	29,778
1.2.1.Corporate Tax (Income tax)	65,922	29,778
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	226,452	136,707
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST LEGAL RESERVES (-)	-	5,631
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	226,452	131,076
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1.To owners of ordinary shares	-	-
1.6.2.To owners of preferred shares	-	-
1.6.3.To owners of preferred shares (preemptive rights)	-	-
1.6.4.To profit sharing bonds	-	-
1.6.5.To holders of profit and loss sharing certificates	-	-
1.7.DIVIDENDS TO PERSONNEL (-)	-	-
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1.To owners of ordinary shares	-	-
1.9.2.To owners of preferred shares	-	-
1.9.3.To owners of preferred shares (preemptive rights)	-	-
1.9.4.To profit sharing bonds	-	-
1.9.5.To holders of profit and loss sharing certificates	-	-
1.10.SECOND LEGAL RESERVES (-)	-	-
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	106,983
1.13.OTHER RESERVES	-	-
1.14.SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES	-	-
2.2.SECOND LEGAL RESERVES (-)	-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1.To owners of ordinary shares	-	-
2.3.2.To owners of preferred shares	-	-
2.3.3.To owners of preferred shares (preemptive rights)	-	-
2.3.4.To profit sharing bonds	-	-
2.3.5.To holders of profit and loss sharing certificates	-	-
2.4.DIVIDENDS TO PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES	-	-
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	-
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

SECTION THREE

Accounting Policies

I. Basis of presentation

The new Turkish Banking Law No. 5411 is published in the Official Gazette No. 25983 dated 1 November 2005. However, in accordance with the Provisional Article No. 1 of the Banking Law, until the time the new regulations, decrees and decisions per the new Banking Law become effective, the existing accounting standards in Law No. 4389 will be applicable. The references to Law No. 4389 in this report are made in accordance with the Provisional Article No. 1.

The Bank prepared the accompanying consolidated financial statements and the related disclosures and footnotes in accordance with accounting and valuation standards as described in “Regulation on Accounting Principles” (RAP) published by the Banking Regulation and Supervision Agency (BRSA) in the Official Gazette No. 24793 dated 22 June 2002 which has been in effect since 1 October 2002 and were based on Article 13 of “Accounting and Recording Rules” of the Turkish Banking Law No. 4389.

1. 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.

II. Presentation of information regarding the Bank and consolidated subsidiaries

The accompanying consolidated financial statements are prepared in accordance with RAP 15 “Preparation of Consolidated Financial Statements, Accounting Standards on Subsidiaries, Joint Ventures and Associates”.

The Bank owns, directly or indirectly, the shares of Deniz Yatırım Menkul Değerler A.Ş. (Deniz Yatırım), Ekspres Yatırım Menkul Değerler A.Ş. (Ekspres Yatırım), Deniz Türev Menkul Değerler A.Ş. (Deniz Türev), Eurodeniz Off-shore Bank Limited (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, CJSC Denizbank Moscow (Denizbank Moscow), Deniz Finansal Kiralama A.Ş. (Deniz Leasing) and Deniz Faktoring A.Ş. (Deniz Faktoring), and these subsidiaries are consolidated as explained in detail in paragraph 2.4 of part 5.I.10.

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

According to RAP 15, “Group” is defined as a group of companies incorporated either domestically or in foreign countries, mainly operating in money and capital markets or insurance sector in accordance with private legislations, permissions and licenses, under the ownership of the Bank which is incorporated in Turkey as the parent company that is controlled directly or indirectly by the same capital owner group. Therefore, the Bank, as the parent bank, and its subsidiaries, Deniz Yatırım, Ekspres Yatırım, Deniz Türev, Eurodeniz, Deniz Portföy, Denizbank AG, Denizbank Moscow, Deniz Leasing and Deniz Faktoring that are included in consolidation are altogether referred to as “DFS Group” in the disclosures and footnotes related to the consolidated financial statements.

1. With respect to subsidiaries

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

The major principles of consolidation

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

The financial statements which have been used in the consolidation are prepared as of 31 December 2005 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.

4. Principles that are applied for the transfer, merger and acquisition transactions

Acquisitions and mergers are accounted for by use of the purchase method of accounting.

The aim of the purchase method is to use the same accounting principles with respect to the purchase of the assets of the acquired entity. In accordance with this method the acquired entity is booked on cost basis. The cost is determined in accordance with the exchange principle underlying the acquisition transaction.

As at the date of acquisition, the acquirer recognizes in the balance sheet the identifiable assets and liabilities of the acquiree and any goodwill arising on the difference between identifiable assets and liabilities and the purchase price.

Any excess, as at the date of acquisition, of the acquirer’s interest in the fair values of the identifiable assets and liabilities acquired over the purchase price is recognized as negative goodwill. To the extent that negative goodwill does not relate to expectations of future losses and expenses that have been identified in the acquirer’s plan for the acquisition and can be measured reliably, negative goodwill is a gain which is recognized as income in the income statement.

5. Transactions denominated in foreign currencies

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 RAP no. 11 "Standard Related to Accounting for Changes in Foreign Currency Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of 31 December 2005 are translated to YTL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities are translated into YTL by using foreign currency exchange rates of the Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank's foreign currency exchange rates are as follows:

	31 December 2005	31 December 2004
US Dollars	1.3418 YTL	1.3363 YTL
Euro	1.5875 YTL	1.8233 YTL

Foreign exchange gains and losses included in the income statement

Net foreign exchange loss included in the income statement amounts to YTL 22,598 (31 December 2004: foreign exchange gain of YTL 24,729).

Balance of the evaluation fund resulting from foreign currency exchange differences and the changes during the year

The evaluation fund resulting from foreign currency exchange differences has no balance.

Principles related to management policy for foreign currency risk

DFS Group's policy is explained in section 4.V.

Foreign operations

The assets and liabilities of foreign operations are translated to YTL at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to YTL at yearly average foreign exchange rates. Foreign exchange differences arising on translation are recognized directly in equity.

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

No foreign operations are disposed of during the current year.

III. Forward transactions, options and derivative instruments

In accordance with Article 1 of the Regulation on Accounting Standards (RAP 1), “Accounting Standard for Financial Instruments”, forward foreign currency purchase/sale contracts, swaps, options and futures that are not categorized as hedging-purpose tools are classified as “trading purpose” transactions and reflected at their fair values. The fair values of forward foreign currency transactions are estimated using pricing models and unrealized gains or losses are recognized in the income statement.

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

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

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

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

IV. Offsetting financial instruments

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

Financial assets and liabilities are offset and the net amount is reported in the balance sheet date when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

V. Interest income and expense

Interest income and expense are recognized as they are accrued taking into account the internal rate of return method. The Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside” published in the Official Gazette No. 24448 dated 30 June 2001, which was prepared on the basis of the provisions of paragraph 11 of article 3 and of paragraph 12 of article 11 of the Banking Law no. 4389 amended by laws no. 4672 and no. 4491 and “Regulation on Amendments to 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. 24657 dated 31 January 2002. Currency exchange differences arising from foreign currency-indexed loans and securities are recorded as interest income and expense.

VI. Fees and commissions

Commissions and income from banking services are recognized as income when received, all other income and expense items are recognized in accordance with the accrual basis of accounting.

VII. Trading securities

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

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 in accordance with RAP 1 “Accounting Standard for Financial Instruments”.

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

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

VIII. 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 are reflected as “Funds Provided under Repurchase Agreements” on the liability side of the accompanying consolidated balance sheet. Interest expense representing the difference between the sale and repurchase price of the related repurchase agreements is accounted on an accrual basis. Accrued interest expense on such transactions is reflected as “Accrued Interest and Expenses – Repurchase Agreements” in the consolidated balance sheet.

As of the balance sheet date, reverse repurchase agreements amount to YTL 163,512 (31 December 2004: YTL 96,082). There are no securities subject to lending as of 31 December 2005 and 2004.

IX. Investment securities held-to-maturity, investment securities available-for-sale and loans and receivables

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

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

Premiums and discounts on investments securities available-for-sale are taken into account in computing the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available-for-sale are recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity net of their tax effect under “Securities value increase fund” (Unrealized Gains/Losses on Securities). When investment securities available-for-sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity is transferred to the income statement. Investment in equity shares of Çukurova Holding A.Ş., which is a non-listed company, is included in available for sale security in the accompanying financial statements. This financial asset is reflected in the financial statements at cost restated for the effects of inflation until 31 December 2004.

Loans and receivables are financial assets generated by way of providing money, commodity or services to the debtors.

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

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

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

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

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

X. Loans and receivables and specific provisions

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

Cash loans are accounted in accordance with regulations related to the accounting of loans and receivables in RAP 1 “Accounting Standard for Financial Instruments”.

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

Based on the regular reviews of the loan portfolio by the Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific allowances are made against the carrying amount of these loans in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside” published in the Official Gazette No. 24448 dated 30 June 2001 and “Regulation on Amendments to 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. 24657 dated 31 January 2002. Specific provisions are recognized in the consolidated income statement.

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

Provisions that are no longer required in the same year are debited to "Provisions for Credits and Other Receivables" account, while provisions of previous years that are no longer required are credited to "Other Operating Income".

XI. 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 RAP 3 "Accounting Standard for Intangible Assets". According to the resolution of the BRSA No. 1623 dated 21 April 2005, the banks and special financial institutions are no longer required to prepare their financial statements in accordance with RAP 14 "Accounting Standard for Financial Reporting in Hyperinflationary Periods" since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 are no longer existing in Turkey. In line with this resolution, other intangible assets have been restated for the effects of inflation, up to 31 December 2004. Any currency exchange differences, financing expenses and revaluation surplus that might have been capitalized are eliminated and only the acquisition cost of the intangible assets are restated until 31 December 2004. The new additions to intangible assets after 31 December 2004 are shown with their historic costs excluding any currency exchange differences and financing expenses capitalized.

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

Intangible assets are amortized on a straight-line basis over their estimated useful lives of five years. Useful life of an asset is estimated by assessment of the expected life span of the asset, technical, technological wear outs, of the asset. The amortization rates used approximate the useful lives of the assets. The useful life of an asset is determined under the guidance of Article No. 18 of RAP 3 "Accounting Standard for Intangible Assets".

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

XII. Tangible assets

All tangible assets are initially recognized at their acquisition cost in accordance with RAP 2 “Accounting Standard for Tangible Assets”.

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

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

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

As of the balance sheet date, no appraisal work had been performed on buildings and assets held for resale.

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.

XIII. Leasing activities

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

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

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

XIV. Provisions and contingencies

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with RAP 8 “Accounting Standard for Provisions, Contingent Liabilities and Assets”. Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the DFS Group management. Whenever the amount of such obligations cannot be measured, they are regarded as “Contingent”. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the footnotes.

Based on the representations of the DFS Group’s attorneys, there are 452 lawsuits against DFS Group with total risks amounting to YTL 14,824, USD 1,508,330 and Euro 75,182 as of 31 December 2005. There are also 6,062 follow-up cases amounting to YTL 49,235, Euro 255,050 and USD 256,572 in total that are filed by the DFS Group and are at courts.

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

XV. Commitments for personnel rights

In accordance with existing legislation in Turkey, the banks have to make certain lump-sum payments to employees whose employment is terminated due to retirement or reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay per year of employment at the rate of pay applicable at the date of retirement or termination. Provision for employee severance benefits has been established for the current period based on the maximum estimated liability derived by taking into account the average employment period of the employees, the frequency rate of employment terminations and termination indemnity ceiling announced by the government. RAP 10 “Accounting Standard for Bank’s Personnel Rights” suggests that five-year simple arithmetical average of actual payment rates as a basis for provision for employee termination benefits and notice pay.

Although this ratio is 3% as of 31 December 2005, the DFS Group has set aside reserve for the maximum amount of estimated liability.

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

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

XVI. Taxation

1. Corporate Tax

In accordance with the amendments made to the tax legislation by Law No. 4842, effective 24 April 2003, the corporate tax rate is levied at the rate 30%, beginning from 2003. However, as per the Temporary Tax Law No.5035, enacted on 2 January 2004, the corporate tax rate applicable only for the fiscal year 2004 has been increased to 33 %. The corporate tax rate applicable for fiscal year 2005 and onwards will be 30 % as stated in the Law No. 4842.

Effective from 24 April 2003, statutory income, including retained earnings from 2002 and before, is not subject to withholding tax if retained, or transferred to share capital or distributed as dividend to the full fledged taxpayer corporations. However, it is subject to withholding tax at 10% if distributed as dividend to full fledged individual taxpayers, taxpayers who are exempt from corporate and income taxes, nonresident taxpayer companies (except for those companies having local offices or representatives) and nonresident individual taxpayers.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 30% (25% before 24 April 2003). These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Law No. 5035 enacted on 2 January 2004, increased the tax rate to 33% on the quarterly income. Such taxes paid in advance that are deducted from the final corporate tax liability are reflected as “prepaid tax” on the assets side of the balance sheet.

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

In accordance with the tax legislation, the corporate tax is calculated considering the effects of inflation. If the cumulative effect of the increase in the Wholesaler Price Index (WPI) is more than 100% for the last 36 months and 10% for the last 12 months, inflation accounting becomes applicable.

At the end of each quarter, such indices are to be reviewed to assess the necessity for the application of inflation accounting. If it becomes necessary, the tax calculations will be revised to reflect the effects of the inflation not only for the current period but for the whole year including the prior quarterly periods retrospectively. The requirements of the related law for considering the effects of inflation were not realized as of 31 December 2005, and the corporate tax for the year ended 31 December 2005 was calculated over uninflated statutory figures.

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.

The provision for corporate tax for the period is reflected as the “Provisions for Income Taxes” on the liabilities side of the balance sheet and “Provision for Taxes on Income” in the income statement.

2. Deferred taxes

In accordance with RAP 18 “Accounting Standard for Taxes”, the DFS Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Individual deferred tax assets and liabilities of the consolidated entities have been offset in their financial statements, amounting YTL 5,092 of deferred tax assets and YTL 571 of deferred tax liabilities, reflected in “Other assets” in the accompanying consolidated balance sheet.

31 December 2005, deferred tax charge of YTL 6,610 is reflected in “Provision for taxes on income” in the accompanying income statement.

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

No impairment has been recognized for deferred taxes.

XVII. Additional explanations on borrowings

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

The Bank uses general hedging techniques for borrowings against liquidity, interest rate and currency risks. However, these are not regarded as hedging instruments according to RAP 1.

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

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

XVIII. Paid-in capital and treasury stock

Transactions related to issuance of share certificates are explained in footnote 5.II.14.

No dividends have been declared subsequent to the balance sheet date.

XIX. Acceptances

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

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

XX. Government grants

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

SECTION FOUR

Consolidated Financial Position

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

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

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

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

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

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

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

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

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

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

II. Consolidated capital adequacy ratio

The Bank’s consolidated capital adequacy ratio is 14.69% as of 31 December 2005 (31 December 2004: 17.83%). Minimum requirement for this ratio is stipulated as 8% in related legislation.

I. 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.24657 dated 31 January 2002. For the calculation of the consolidated capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Moreover, market risk value is calculated in accordance with the “Regulation on Banks’ Internal Control and Risk Management Systems” and factored into capital adequacy ratio.

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

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

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

2. Consolidated and unconsolidated capital adequacy ratios:

	Risk Weights							
	Bank				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets, Liabilities, Off-Balance Sheet Items								
Balance Sheet Items (Net)	1,387,718	1,791,754	545,280	4,027,475	2,201,943	2,259,555	784,335	4,797,198
Cash in vault	433,493	475	--	--	439,187	475	--	--
Banks	--	1,781,527	--	4,227	--	2,232,142	--	43,679
Interbank Money Market	226,000	--	--	--	226,800	--	--	--
Receivables from Reverse Repos	--	--	--	--	163,512	--	--	--
Reserve Deposits	323,430	--	--	--	325,113	--	--	--
Special Purpose Financial Inst.	--	502	--	--	--	--	--	--
Loans	325,423	2,233	506,772	3,712,290	967,961	21,846	506,772	4,228,586
Loans under follow-up (Net)	--	--	--	12,387	--	--	--	12,677
Investments in Associates and	--	--	--	132,867	--	--	--	133,678
Miscellaneous Receivables	--	--	--	60,969	--	--	--	262,090
Investment Securities Held to Mat.	24,115	--	--	10,817	24,115	--	--	--
Advances for Assets Acquired under Financial Leases	--	--	--	--	--	--	--	--
Financial Lease Receivables	--	--	--	--	--	--	239,055	--
Leased Assets (Net)	--	--	38,508	--	--	--	38,508	--
Tangible Assets (Net)	--	--	--	66,855	--	--	--	75,331
Other Assets	55,257	7,017	--	27,063	55,255	5,092	--	41,157
Off-Balance Sheet Items	165,836	1,109,966	1,602,139	246,849	165,835	1,117,352	1,630,633	240,378
Guarantees	151,742	1,090,330	209,057	179,720	151,742	1,090,330	237,551	158,686
Commitments	681	--	1,386,418	--	681	--	1,386,418	--
Other Off Balance Sheet-Items	--	--	--	--	--	--	--	--
Derivative Financial Instruments	--	17,744	--	17,914	--	18,272	--	18,190
Accrued Interest and Income	13,413	1,892	6,664	49,215	13,413	8,750	6,664	63,502
Items Not Risk Weighted	--	--	--	--	--	--	--	--
Total Risk Weighted Assets	1,553,554	2,901,720	2,147,419	4,274,324	2,367,779	3,376,907	2,414,968	5,037,576

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

	Risk Weights			
	Bank		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets	5,928,377	3,684,481	6,920,441	4,428,235
Value at Risk	463,525	337,758	420,288	442,577
Shareholders' Equity	902,563	760,266	1,078,608	868,517
Shareholders' Equity/ (RWA+VaR)*100	%14.12	%18.90	%14.69	%17.83

RWA: Total Risk Weighted Assets

VaR: Value at Risk

4. *Components of shareholders' equity*

	Current period	Prior Period
CORE CAPITAL		
Paid-in Capital	316,100	316,100
Nominal Capital	316,100	316,100
Capital Commitments (-)	--	--
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	189,164	189,164
Share Premium and Cancellation Profit	98,351	98,351
Legal Reserves	5,631	--
I. Legal Reserve (Turkish Commercial Code 466/1)	5,631	--
II. Legal Reserve (Turkish Commercial Code 466/2)	--	--
Other legal reserve per special legislation	--	--
Status Reserves	--	--
Extraordinary Reserves	106,983	--
Reserve Allocated at the General Assembly	106,983	--
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign currency exchange differences	--	--
Profit	254,257	146,489
Current Period Profit	226,452	136,707
Prior Years Profit	27,805	9,782
Loss (-)	--	--
Current Period Loss	--	--
Prior Years Loss	--	--
Total Core Capital	970,486	750,104
SUPPLEMENTARY CAPITAL	--	--
Revaluation Fund	--	--
Movables	--	--
Immovables	--	--
Income on Sale of Equity Shares and Real Estates	--	--
Revaluation Fund on Leasehold Improvements	--	--
Revaluation Surplus	11,490	13,859
Foreign Exchange Differences	702	(6,071)
General Provisions	34,786	23,758
Provision for Possible Losses	800	4,394
Subordinated Loans	--	--
Securities Value Increase Fund (Unrealized gain on investments)	108,792	115,078
Associates and Subsidiaries	100,748	100,413
Investments Available for Sale	8,044	14,665
Securities Held for Structural Position	--	--
Total Supplementary Capital	156,570	151,018
TIER III CAPITAL		--
CAPITAL	1,127,056	901,122
DEDUCTIONS FROM CAPITAL	48,448	32,605
Investments in Entities Operating in Financial Sectors such as Money Markets, Capital Markets, Insurance under the related Special Laws	--	--
Leasehold improvements	30,381	20,858
Start-up Costs	776	1,568
Prepaid Expenses	17,291	10,179
Negative Difference between the Fair Values and the Carrying Values of Investments, Associates, Subsidiaries, Other Investments, Property and Equipment	--	--
Subordinated Loans Granted to Banks Operating in Turkey	--	--
Goodwill (Net)	--	--
Capitalized Expenses	--	--
TOTAL SHAREHOLDERS' EQUITY	1,078,608	868,517

III. Consolidated credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The share of the top 100 cash loan customers comprise 39% of the total cash loans portfolio (31 December 2004: 36%).

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

The share of the top 100 non-cash loan customers comprise 53% of the total non-cash loans portfolio (31 December 2004: 51%).

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

The Bank's total cash and non-cash loans from its top 100 loan customers comprise 22% of the total assets and off-balance sheet items (31 December 2004: 23%).

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

As at 31 December 2005, the Bank's general loan provision amounts to YTL 34,786 (31 December 2004: YTL 23,758).

8. Information according to geographical concentration

	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Current period					
Domestic	9,005,845	7,368,988	2,758,741	129,529	186,539
European Union Countries	2,276,105	2,562,752	68,190	--	8,298
OECD Countries	49,859	156,510	27,644	--	--
Off-Shore Banking Regions	63,063	15,489	7,247	--	29,594
USA, Canada	59,456	912,645	177,216	--	--
Other Countries	389,961	706,281	171,972	--	2,021
Unallocated Assets/Liabilities	1,732	26,433			
Total	11,846,021	11,749,098	3,211,010	129,529	226,452
Prior Period					
Domestic	6,103,047	5,841,373	2,129,594	132,332	105,774
European Union Countries	1,586,246	1,558,137	66,890	--	7,818
OECD Countries	58,054	102,983	17,030	--	--
Off-Shore Banking Regions	2,854	32,946	2,290	--	23,115
USA, Canada	15,265	354,431	230,382	--	--
Other Countries	170,491	24,596	49,743	--	--
Unallocated Assets/Liabilities	4,041	21,157			
Total	7,939,998	7,935,623	2,495,929	132,332	136,707

9. Sector concentrations for cash loans

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	237,873	7.63	26,962	1.03	49,016	2.88	44,589	2.94
Farming and Raising Livestock	232,983	7.48	26,962	1.03	45,508	2.68	43,969	2.90
Forestry	4,166	0.13	--	0.00	3,102	0.18	73	0.00
Fishing	724	0.02	--	0.00	406	0.02	547	0.04
Manufacturing	557,213	17.86	1,321,867	50.72	450,568	26.49	566,490	37.31
Mining	119,148	3.82	189,323	7.26	40,664	2.39	92,217	6.07
Production	435,747	13.97	1,119,320	42.95	408,826	24.04	474,273	31.24
Electric, gas and water	2,318	0.07	13,224	0.51	1,078	0.06	--	0.00
Construction	90,645	2.91	153,662	5.90	51,325	3.02	95,465	6.29
Services	689,240	22.10	804,688	30.85	512,597	30.14	466,481	30.72
Wholesale and retail trade	299,257	9.59	179,064	6.87	180,070	10.59	92,399	6.09
Hotel, food and beverage services	30,228	0.97	146,485	5.62	20,290	1.19	82,890	5.46
Transportation and telecommunication	120,747	3.87	148,859	5.71	24,007	1.41	82,562	5.44
Financial institutions	182,192	5.84	212,238	8.14	251,190	14.77	178,701	11.77
Real estate and renting services	815	0.03	13	0.00	2,832	0.17	75	0.00
Self-employment services	--	0.00	354	0.01	23,067	1.36	573	0.04
Education services	49,857	1.60	17,494	0.67	3,444	0.20	5,269	0.35
Health and social services	6,144	0.20	100,181	3.84	7,697	0.45	24,012	1.57
Other	1,543,927	49.50	299,088	11.48	619,065	37.47	345,323	22.74
Total	3,118,898	100	2,606,267	100	1,682,571	100	1,518,348	100

IV. 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.

	Amount
Capital Obligation against Interest Rate Risk - Standard Method	14,536
General Market Risk	12,773
Specific Risk	1,763
Options Subject to Interest Rate Risk	--
Capital Obligation against Common Stock Position Risk – Standard Method	14,152
General Market Risk	7,449
Specific Risk	6,703
Options Subject to Common Stock Position Risk	--
Capital Obligation against Currency Risk – Standard Method	4,935
Capital Obligation	4,533
Capital Obligation against Options Subject to Currency Risk	402
Total Value-At-Risk – Home Model	--
Total Capital Obligations against Market Risk	33,623
Value-At-Risk Amount	420,288

V. Consolidated foreign currency exchange rate risk

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

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

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

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

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

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

3. Foreign exchange risk management strategy:

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

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

US Dollar purchase rate at the date of the balance sheet	YTL 1.3418
Euro purchase rate at the date of the balance sheet	YTL 1.5875

Date	US Dollar	Euro
26 December 2005	YTL 1.3424	YTL 1.5922
27 December 2005	YTL 1.3433	YTL 1.5929
28 December 2005	YTL 1.3422	YTL 1.5994
29 December 2005	YTL 1.3430	YTL 1.5904
30 December 2005	YTL 1.3418	YTL 1.5875

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

The arithmetical average of the Bank's US Dollar and Euro purchase rates for December 2005 are YTL 1.3453 and YTL 1.5960, respectively.

Information on currency risk: (Thousands of YTL)

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	53,833	207,275	136	7,438	268,682
Due from Banks and Other Financial Institutions	582,616	1,555,676	392	41,524	2,180,208
Trading Securities	10,420	23,079	--	74,173	107,672
Interbank Money Market Placements	--	--	--	--	--
Investment Securities Available-for-Sale	124,525	323,011	--	--	447,536
Loans (*)	761,197	2,446,540	--	8,055	3,215,792
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity (*)	197,781	28,151	--	--	225,932
Property and Equipment	2,568	22	--	849	3,439
Goodwill	--	--	--	--	--
Other Assets (*) (***)	196,611	458,528	--	8,174	663,313
Total Assets	1,929,551	5,042,282	528	140,213	7,112,574
Liabilities					
Bank Deposits	46,611	163,743	162	2,036	212,552
Foreign Currency Deposits	1,826,147	2,452,413	3,478	54,623	4,336,661
Interbank Money Markets	35,662	--	--	--	35,662
Funds Borrowed from Other Financial Institutions	165,389	2,221,219	--	747	2,387,355
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	6,700	5,177	--	566	12,443
Other Liabilities (**)(***)	39,987	50,814	--	623	91,424
Total Liabilities	2,120,496	4,893,366	3,640	58,595	7,076,097
Net On Balance Sheet Position	(190,945)	148,916	(3,112)	81,618	36,477
Net Off Balance Sheet Position	154,002	(168,053)	14,659	(50,220)	(33,737)
Financial Derivatives (Assets)	523,972	981,743	85,678	252,819	1,844,212
Financial Derivatives (Liabilities)	369,970	1,149,796	71,019	287,164	1,877,949
Non-Cash Loans	509,698	1,625,326	16,737	49,747	2,201,508
Prior Period					
Total Assets	1,425,524	3,159,604	2,460	79,159	4,666,747
Total Liabilities	1,407,297	3,393,094	2,649	53,616	4,856,656
Net On Balance Sheet Position	18,227	(233,490)	(189)	25,543	(189,909)
Net Off Balance Sheet Position	(52,553)	161,555	--	5,545	114,547
Non-Cash Loans	566,852	1,173,095	4,291	47,881	1,792,119

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

(**) : FC equity items are excluded.

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

VI. Consolidated interest rate risk

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

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

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

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

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

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

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

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

Current Period	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	--	--	--	--	--	439,662	439,662
Due from banks and other financial institutions	1,885,489	126,330	98,195	51,978	30,236	83,593	2,275,821
Trading securities	624	64,888	24,547	38,684	72,133	92,830	293,706
Interbank Money Market Placements	390,312	--	--	--	--	--	390,312
Investment securities available-for-sale	49,365	767,159	115,939	82,485	229,996	4,149	1,249,093
Loans	1,470,585	1,396,529	529,691	838,916	1,464,719	37,402	5,737,842
Investment securities held-to-maturity	65,704	107,769	34,974	17,485	--	--	225,932
Other assets	85,808	477,731	100,628	80,477	137,071	481,467	* 1,363,182
Total assets	3,947,887	2,940,406	903,974	1,110,025	1,934,155	1,139,103	11,975,550
Liabilities							
Bank deposits	85,968	68,378	76,735	15,475	--	27,416	273,972
Other deposits	3,310,789	1,084,128	357,495	355,955	313,350	1,558,413	6,980,130
Interbank money markets	516,016	--	--	--	--	--	516,016
Miscellaneous payables	481	--	--	--	--	192,182	192,663
Marketable securities issued	--	--	--	--	--	--	--
Funds borrowed from other financial institutions	349,780	1,158,459	354,713	476,385	251,537	--	2,590,874
Other liabilities	52,324	20,557	7,808	17,352	11,527	1,312,327	** 1,421,895
Total liabilities	4,315,358	2,331,522	796,751	865,167	576,414	3,090,338	11,975,550
On Balance Sheet Interest Sensitivity Gap	(367,471)	608,884	107,223	244,858	1,357,741	(1,951,235)	--
Off Balance Sheet Interest Sensitivity Gap	--	--	--	--	--	--	--
Total Interest Sensitivity Gap	(367,471)	608,884	107,223	244,858	1,357,741	(1,951, 235)	--

(*) Tangible Assets, Intangible Assets, Investments in Associates and Investments in Subsidiaries with balances of YTL 131,381, YTL 13,615, YTL 121,487 and YTL 8,042, respectively, are included.

(**) Shareholders' equity amounting YTL 1,091,470 is included.

Prior Period	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 Year and Over	Non- Interest Bearing		Total
Assets								
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	154,600	--	--	--	--	246,076		400,676
Due from banks and other financial institutions	1,371,536	70,373	79,719	75,878	18,255	26,995		1,642,756
Trading securities.	11,344	55,756	21,008	29,280	106,980	84,773		309,141
Interbank money market placements	197,475	--	--	--	--	--		197,475
Investment securities available-for-sale	343,787	389,311	93,116	148,841	353,213	3,459		1,331,727
Loans	905,670	682,258	390,187	579,376	637,181	19,603		3,214,275
Investment securities held-to-maturity	1,822	--	11,972	11,303	142,790	--		167,887
Other assets	120,568	319,350	9,127	14,265	15,908	329,175	*	808,393
Total assets	3,106,802	1,517,048	605,129	858,943	1,274,327	710,081		8,072,330
Liabilities								
Bank deposits	19,726	23,800	564	645	--	15,432		60,167
Other deposits	2,761,331	556,223	258,011	348,842	114,467	1,070,524		5,109,398
Interbank money markets	464,809	80,768	7,485	7,898	7,362	--		568,322
Miscellaneous payables	110	--	--	--	--	160,134		160,244
Marketable securities issued	--	--	--	--	--	--		--
Funds borrowed from other financial institutions	105,875	169,618	557,537	194,691	--	--		1,027,721
Other liabilities	45,889	10,425	10,791	9,422	4,037	1,065,914	**	1,146,478
Total liabilities	3,397,740	840,834	834,388	561,498	125,866	2,312,004		8,072,330
On Balance Sheet Interest Sensitivity Gap	(290,938)	676,214	(229,259)	297,445	1,148,461	(1,601,923)		--
Off Balance Sheet Interest Sensitivity Gap	--	--	--	--	--	--		--
Total Interest Sensitivity Gap	(290,938)	676,214	(229,259)	297,445	1,148,461	(1,601,923)		--

(*) Tangible Assets, Intangible Assets, Investments in Associates and Investments in Subsidiaries with balances of YTL 124,504, YTL 14,027, YTL 124,504 and YTL 7,822, respectively, are included.

(**) Shareholders' Equity amounting YTL 872,970 is included.

Average interest rates applied to monetary financial instruments:

Current Period	EURO	USD	Yen	YTL
	%	%	%	%
Assets				
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	--	--	--	--
Due from banks and other financial institutions	2.40	4.31	--	15.08
Trading securities	4.36	5.63	--	14.34
Interbank money market placements	--	--	--	13.50
Investment securities available-for-sale	4.63	4.81	--	14.39
Loans	5.69	6.43	--	16.01
Investment securities held-to-maturity	4.47	6.54	--	--
Liabilities				
Bank deposits	3.37	5.01	--	14.55
Other deposits	3.45	4.16	--	16.64
Interbank money markets	--	--	--	13.81
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds borrowed from other financial institutions	3.27	5.75	--	--

Prior Period	EURO	USD	Yen	YTL
	%	%	%	%
Assets				
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	--	1.04	--	--
Due from banks and other financial institutions	2.16	2.31	--	18.90
Trading securities	4.91	7.43	--	20.84
Interbank Money Market Placements	2.26	1.78	--	18.00
Investment securities available-for-sale	5.30	6.28	--	23.43
Loans	6.17	5.85	--	35.85
Investment securities held-to-maturity	4.51	5.60	--	--
Liabilities				
Bank deposits	3.40	3.15	--	21.21
Other deposits	3.68	3.30	--	21.50
Interbank money markets	2.10	1.70	--	16.00
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds borrowed from other financial institutions	--	2.82	--	--

VII. Consolidated liquidity risk

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

Liquidity risk arises from maturity mismatch between assets and liabilities. Maturity mismatch between assets and liabilities is kept under control based on certain criteria set by the DFS Group. The DFS Group maintains liquid assets to guarantee sufficient liquidity during market fluctuations. In order to meet any urgent liquidity needs, approximately 22% of the balance sheet is allocated to cash balances, 13% to investment securities which are cash equivalent, and the present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

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

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

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

Approximately 22% of balance sheet size is allocated to cash balances, 13% to investment securities which are cash equivalent in order to meet any urgent liquidity needs. The present borrowing limits (such as Central Bank of Turkey and ISE repurchase market) are not used. The DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

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

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

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-6 Months	6-12 Months	1 year and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	434,526	--	11	253	--	--	4,872	439,662
Due from banks and other financial institutions	103,076	1,863,203	115,003	73,517	66,322	54,700	--	2,275,821
Trading securities	92,830	434	2,348	59,890	40,981	97,223	--	293,706
Interbank money market placements	--	390,312	--	--	--	--	--	390,312
Investment securities available-for-sale	3,466	7,812	162,347	92,865	535,481	446,437	685	1,249,093
Loans	29,849	1,273,706	1,164,175	560,770	925,224	1,771,890	12,228	5,737,842
Investment securities held-to-maturity	--	1,943	6,350	24,115	15,889	177,635	--	225,932
Other assets	--	402,495	171,967	121,806	98,889	169,322	398,703	1,363,182
Total assets	663,747	3,939,905	1,622,201	933,216	1,682,786	2,717,207	416,488	11,975,550
Liabilities								
Bank deposits	27,418	85,974	68,486	76,619	15,475	--	--	273,972
Other deposits	1,558,348	3,304,188	1,090,783	360,868	355,946	309,997	--	6,980,130
Funds borrowed from other financial instruments	--	98,317	228,803	356,803	985,730	921,221	--	2,590,874
Interbank money markets	--	516,016	--	--	--	--	--	516,016
Marketable securities issued	--	--	--	--	--	--	--	--
Miscellaneous payables	167,512	14,941	2,619	--	--	--	7,591	192,663
Other liabilities	23,885	51,458	18,077	17,048	9,684	32,239	1,269,504	1,421,895
Total liabilities	1,777,163	4,070,894	1,408,768	811,338	1,366,835	1,263,457	1,277,095	11,975,550
Net Liquidity Gap	(1,113,416)	(130,989)	213,433	121,878	315,951	1,453,750	(860,607)	--
Prior Period								
Total Assets	758,999	2,640,431	550,991	842,804	1,107,944	1,858,104	313,057	8,072,330
Total Liabilities	1,451,626	3,307,117	821,067	395,278	1,000,302	136,041	960,899	8,072,330
Net Liquidity Gap	(692,627)	(666,686)	(270,076)	447,526	107,642	1,722,063	(647,842)	--

(*) 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 and loans under follow-up, are included in this column.

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

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

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

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

	Book value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial Assets	3,795,569	3,296,139	3,806,816	3,323,347
Due from banks and other financial institutions	2,279,192	1,739,487	2,279,081	1,738,976
Investment securities available-for-sale	1,280,668	1,378,851	1,292,026	1,394,733
Investment securities held-to-maturity	235,709	177,801	235,709	189,638
Financial Liabilities	10,112,984	6,400,973	10,110,755	6,400,061
Bank deposits	275,100	61,323	275,100	60,818
Other deposits	7,020,701	5,141,432	7,019,333	5,141,044
Funds borrowed from other financial instruments	2,624,520	1,037,974	2,623,659	1,037,955
Marketable securities issued	--	--	--	--
Other liabilities	192,663	160,244	192,663	160,244

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

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

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

X. Operational segments

The Bank renders private banking services, private customer current accounts, deposit accounts, long-term investment instruments, exchange and custody services, credit and debit cards, consumer loans, and other consumer banking services.

The Bank renders automatic transfer services, current accounts, deposit accounts, open credit transactions, borrowing services, and forward transactions, options contracts and similar financial derivatives, in the corporate banking segment.

The Bank is engaged in trading of financial instruments, fund management, structured financial instruments, investment banking activities, retail and corporate banking segments.

As a summary, the Bank's corporate finance activities includes; cash and non-cash loans, revolving loans, deposit accounts, cash management applications, intermediary services for import and export transactions, post-finance and pre-finance services. In IT sector, there exist software development and hardware operations aimed to increase efficiency in banking applications.

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I. Information and disclosures related to assets

1. Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	130,652	121,854	61,406	51,594
Unrestricted Time Deposits	--	--	--	53,452
Total	130,652	121,854	61,406	105,046

2. Further information related to trading securities:

2.1 Trading securities given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	1,705	9,040	9,476	--
Other	--	--	--	--
Total	1,705	9,040	9,476	-

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

2.2 Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	23,688	--	28,205	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	23,688	--	28,205	--

3. Information on foreign bank accounts:

	Unrestricted Amount (Serbest tutar)		Restricted Amount (Serbest olmayan tutar)	
	Current period	Prior period	Current period	Prior period
European Union Countries	1,383,736	1,112,329	19,375	134,989
OECD Countries	42,141	(8,706)	1,592	--
Off-Shore Banking Regions	11,989	6,246	132	153,041
USA, Canada	--	537	--	266
Others Countries	186,856	19,062	128	27,199
Toplam	1,624,722	1,129,468	21,277	315,495

4. Receivables from reverse repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From domestic transactions	163,512	--	96,082	--
Central Bank of Turkey	--	--	--	--
Banks	--	--	--	--
Brokerage firms	--	--	--	--
Other financial institutions	163,512	--	96,082	--
Other institutions	--	--	--	--
Real persons	--	--	--	--
From foreign transactions	--	--	--	--
Central Bank of Turkey	--	--	--	--
Banks	--	--	--	--
Brokerage firms	--	--	--	--
Other financial institutions	--	--	--	--
Other institutions	--	--	--	--
Real persons	--	--	--	--

5. Information on investment securities available-for-sale:

5.1 Major types of investment securities available-for-sale

Investment securities available-for-sale consist of Çukorova Holding A.Ş. share certificates (YTL 3,481) that are not quoted at Istanbul Stock Exchange; and debt securities representing government bonds; Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign government bonds.

5.2 Information on investment securities available-for-sale

	Current Period	Prior Period
Debt Securities	1,246,948	1,328,913
Quoted in stock exchange	1,035,755	1,091,559
Not quoted in stock exchange	211,193	237,354
Share Certificates	4,149	3,460
Quoted in stock Exchange	668	17
Not quoted in stock Exchange	3,481	3,443
Impairment provision (-)	2,004	646
Total	1,249,093	1,331,727

5.3 Investment securities available-for-sale given as collateral

Investment securities available-for-sale given as collateral are government bonds amounting to YTL 466,048 (31 December 2004: YTL 422,285).

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share certificates	--	--	--	--
Bonds, T-bills and Similar Marketable Securities	273,191	192,857	218,992	108,649
Other	--	--	--	94,644
Total	273,191	192,857	218,992	203,293

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	140,919	--	231,804	--
Treasury Bills	60,000	--	--	--
Other Debt Securities	--	--	--	--
Bonds issued or guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
Total	200,919	--	231,804	--

6. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	--	--	287	2
Corporate Shareholders	--	--	--	2
Individual Shareholders	--	--	287	--
Indirect Loans Granted to Shareholders	87,607	186,340	22,852	227,856
Loans Granted to Employees	9,044	--	8,102	--
Total	96,651	186,340	31,241	227,858

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Non-specialized loans	5,534,279	--	15,306	2,068
Discount Notes	35,636	--	--	--
Export Loans	591,174	--	--	--
Import Loans	46,426	--	--	--
Loans given to financial sector	67,692	--	--	--
Foreign Loans	716,707	--	--	--
Consumer Loans	806,318	--	--	--
Credit Cards	378,785	--	--	--
Precious metal loans	176	--	--	--
Other	2,891,365	--	15,306	2,068
Specialization Loans	173,512	--	--	--
Other Receivables	--	--	--	--
Total	5,707,791	--	15,306	2,068

6.3 Loans according to their maturity structure

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	<i>Loans and other receivables</i>	<i>Restructured or Rescheduled</i>	<i>Loans and other receivables</i>	<i>Restructured or Rescheduled</i>
Short-term loans	3,572,572		5,418	
Non-specialized loans	3,392,259	--	5,418	--
Specialized loans	57,946	--	--	--
Other receivables	122,367	--	--	--
Medium and long-term loans	2,135,219	--	9,888	2,068
Non-specialized loans	1,649,229	--	9,888	2,068
Specialized loans	115,585	--	--	--
Other receivables	370,405	--	--	--

6.4 Information on consumer loans

	Short Term	Medium or Long Term	Total	Accrued Interest and Income
Consumer Loans-YTL	84,614	634,264	718,878	7,741
Real estate loans	1,375	237,039	238,414	1,953
Automotive loans	4,591	157,187	161,778	1,776
Consumer loans	44,189	240,038	284,227	3,977
Other	34,459	--	34,459	35
Consumer loans-Indexed to FC	2,342	55,403	57,745	829
Real estate loans	711	41,402	42,113	464
Automotive loans	752	11,165	11,917	332
Consumer loans	879	2,836	3,715	33
Other	--	--	--	--
Consumer Loans-FC	12,124	12,091	24,215	--
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	--	12,065	12,065	--
Other	12,124	26	12,150	--
Credit Cards-YTL	372,488	--	372,488	4,961
Installment	117,709	--	117,709	--
Non installment	254,779	--	254,779	4,961
Credit Cards-FC	159	--	159	--
Installment	--	--	--	--
Non installment	159	--	159	--
Loans given to employees-YTL	2,523	2,501	5,024	41
Real estate loans	--	282	282	2
Automotive loans	1	51	52	1
Consumer loans	1,245	2,168	3,413	38
Other	1,277	--	1,277	--
Loans given to employees - Indexed to FC	112	316	428	--
Real estate loans	--	--	--	--
Automotive loans	--	133	133	--
Consumer loans	--	183	183	--
Other	112	--	112	--
Loans given to employees - FC	14	16	30	--
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	--	--	--	--
Other	14	16	30	--
Employee credit cards-YTL	3,564	--	3,564	--
Installment	1,640	--	1,640	--
Non installment	1,924	--	1,924	--
Employee credit cards-FC	--	--	--	--
Installment	--	--	--	--
Non installment	--	--	--	--
Total	477,940	704,591	1,182,531	13,572

6.5 Information on installment corporate loans and corporate credit cards

	<i>Short Term</i>	<i>Medium or Long Term</i>	<i>Total</i>	<i>Accrued Interest and Income</i>
Installment Corporate Loans - YTL	116,343	97,788	214,131	2,225
Real estate loans	7,252	11,243	18,495	139
Automotive loans	51,371	65,077	116,448	1,130
Consumer loans	57,720	20,531	78,251	939
Other	--	937	937	17
Installment Corporate Loans – Indexed to FC	27,388	28,699	56,087	688
Real estate loans	4,886	3,096	7,982	79
Automotive loans	10,986	11,845	22,831	408
Consumer loans	11,516	12,852	24,368	194
Other	--	906	906	7
Installment Corporate Loans - FC	--	--	--	--
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	--	--	--	--
Other	--	--	--	--
Corporate Credit Cards - YTL	2,574	--	2,574	--
Installment	175	--	175	--
Non installment	2,399	--	2,399	--
Corporate Credit Cards - FC	--	--	--	--
Installment	--	--	--	--
Non installment	--	--	--	--
Total	146,305	126,487	272,792	2,913

6.6 Analysis of loans based on customer classification

	Current Period	Prior Period
Public	--	--
Private	5,725,165	3,200,919
Total	5,725,165	3,200,919

6.7 Domestic and international loans

	Current Period	Prior Period
Domestic loans	5,008,458	3,094,522
Foreign loans	716,707	106,397
Total	5,725,165	3,200,919

6.8 Loans granted to subsidiaries and investments

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	6,589	303
Indirect loans granted to subsidiaries and investments	--	--
Total	6,589	303

6.9 Specific provisions for loans

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	16,915	13,753
Loans and receivables with doubtful collectibility	28,956	12,867
Uncollectible loans and receivables	76,541	76,223
Total	122,412	102,843

6.10 Information on non-performing loans (Net)

6.10.1 Information on loans under follow-up, loans and other receivables those are restructured or rescheduled

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period	--	36	8,604
(Gross amounts before specific reserves)			
Loans and other receivables which are restructured	--	--	--
Rescheduled loans and other receivables	--	36	8,604
Prior period	--	--	--
(Gross amounts before specific reserves)	--	--	--
Loans and other receivables which are restructured	--	--	--
Rescheduled loans and other receivables	--	--	--

6.10.2 Movements in non-performing loan groups

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	14,783	13,671	87,745
Additions (+)	81,379	6,297	1,041
Transfers from other categories of non performing loans (+)	--	48,246	23,923
Transfers to other categories of non performing loans (-)	48,246	23,923	--
Collections (-)	30,940	15,080	12,962
Write-offs (-)	--	--	10,845
Balances at End of the Period	16,976	29,211	88,902
Specific provisions (-)	16,903	28,729	76,780
Net Balance on Balance Sheet	73	482	12,122

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period			
Period End Balance	--	1,721	932
Specific provision (-)	--	1,313	1,091
Net Balance on Balance Sheet	--	408	(159)
Prior Period			
Period End Balance	668	177	--
Specific provision (-)	668	177	--
Net Balance on Balance Sheet	--	--	--

6.11 Liquidation policy for uncollectible loans and receivables

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

7. Information on factoring receivables:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	150,728	45,832	--	--
Medium and long-term	--	--	--	--

8. Information on investment securities held-to-maturity:

8.1 Information on investment securities held-to-maturity

	Current Period	Prior Period
Debt securities	225,932	167,985
Quoted	201,817	143,772
Not quoted	24,115	24,213
Impairment loss provision (-)	--	98
Total	225,932	167,887

8.2 Movement of investment securities held-to-maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	167,847	229,927
Foreign Currency Gains / Losses on Monetary assets	--	--
Purchases during the Period	101,193	40,432
Disposals through sales / redemptions and the restatement effects of inflation accounting (*)	(43,148)	(102,374)
Impairment loss provision (-)	--	98
Period end balance	225,932	167,887

(*) Disposals from investment securities held-to-maturity are amounts related to securities which have matured during the period.

8.3 Information on accounts in which investment securities held-to-maturity are reflected

Current Period	Historical Cost		Valuation	
	YTL	FC	YTL	FC
Collateralized/Blocked Securities	--	35,117	--	36,078
Securities Subject to Repurchase Agreements	--	31,142	--	33,772
Securities Held for Structural Position	--	--	--	--
Receivables from Security Lending	--	--	--	--
Guarantees to Security Lending	--	--	--	--
Other (*)	24,115	135,558	28,170	137,689
Total	24,115	201,817	28,170	207,539

Prior Period	Historical Cost		Valuation	
	YTL	FC	YTL	FC
Collateralized/Blocked Securities	22,729	79,953	27,035	80,663
Securities Subject to Repurchase Agreements	--	--	--	--
Securities Held for Structural Position	--	--	--	--
Receivables from Security Lending	--	--	--	--
Guarantees to Security Lending	--	--	--	--
Other (*)	1,386	63,819	1,649	68,455
Total	24,115	143,772	28,684	149,118

(*) Securities which are not collateralized or blocked are presented under the heading "Other".

8.3.1 Investment securities held-to-maturity given as collateral

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bills	--	--	--	--
Bonds and Similar Securities	--	35,117	22,729	3,575
Other	--	--	--	76,378
Total	--	35,117	22,729	79,953

8.3.2 Investment securities held-to-maturity subject to repurchase agreements

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

8.3.3 Investment securities held-to-maturity held for structural position

	Current Period	Prior Period
Government Bonds	--	--
Treasury Bills	--	--
Bonds Issued or Guaranteed by Banks	--	--
Other	--	--
Total	--	--

9. Investments in associates (Net):

9.1 Investments in unconsolidated associates:

Description	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Zorlu Enerji Elektrik Üretimi Otoprodüktör Grubu A.Ş.	İSTANBUL/TURKEY	% 41	% 82

The Bank does not have voting right on this investment since the shares the Bank hold are Class B shares.

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
558,348	315,287	487,980	--	--	8,311	15,284	477,742

The financial statements of Zorlu Enerji Elektrik Üretimi Otoprodüktör A.Ş. as of the report date have not been completed; therefore, the data above are taken from the consolidated balance sheet as of 30 September 2005.

9.2 Investments in consolidated associates

	Current Period	Prior Period
Balance at Beginning of Period	--	--
Movements during the Period	--	--
Acquisitions	--	--
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase	--	--
Impairment Provision	--	--
Balance at the End of Period	--	--
Capital Commitments	--	--
Share Percentage at the End of the Period (%)	--	--

9.2.1 Valuation methods of investments in associates

	Current Period	Prior Period
Valued at Inflation-Adjusted Historic Costs	--	--
Valued at Fair Value	--	--
Valued by Equity Method of Accounting	--	--

9.2.2 Sectoral distribution of investments in associates

Investments	Current period	Prior period
Banks	--	--
Insurance companies	--	--
Factoring companies	--	--
Leasing companies	--	--
Finance companies	--	--
Other financial institutes	--	--

9.2.3 *Quoted associates*

	Current Period	Prior Period
Quoted at Domestic Stock Exchange	--	--
Quoted at International Stock Exchanges	--	--

9.2.4 *Information related to associates included in consolidation*

There are no associates included in consolidation.

Description	Address(City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)	Method of Consolidation
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--

9.2.5 *Investments in associates sold during the current period*

Description	Sale Price	Market or Stock Price at Sale Date	Information on cash and/or term sales
--	--	--	--
--	--	--	--

9.2.6 *Investments in associates acquired during the current period*

Description	Purchase Price	Market or Stock Price at Purchase Date	Information on cash and/or term purchase
--	--	--	--
--	--	--	--

10. Investments in subsidiaries (Net):

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

The Bank, together with Deniz Yatırım, acquired 78.01% of the shares of Ekspres Yatırım from Saving Deposit Insurance Fund (SDIF) at the end of 2002. With subsequent acquisitions, the Bank and Deniz Yatırım's share increased to 99.82% as of 31 December 2005. Ekspres Yatırım, located in Istanbul, is engaged in purchasing, selling and investing in any kind of securities, stocks, treasury bills and government bonds provided from capital markets.

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

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

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

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

In May 2003, Deniz Yatırım acquired 98.43% of the shares of Ege Portföy Yönetimi A.Ş. and changed its name to Deniz Portföy. Deniz Portföy is engaged in serving domestic mutual funds and investment portfolios.

In May 2004, Ekspres Yatırım acquired 99.99% of the shares of Çağrı Menkul Değerler A.Ş. for YTL 1,651, which was subsequently merged with Ekspres Yatırım on 7 September 2005.

On 9 December 2004, Denizbank has established Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. for the purpose of supporting cultural and art activities with a participation of YTL 100.

The Bank acquired 10.87% of the shares of Deniz Leasing for YTL 1,959 on 21 February 2005. Deniz Leasing was established on 12 December 1997, pursuant to the license obtained from the Undersecretariat of Treasury and Foreign Trade for the purpose of financial leasing as permitted by Law number 3226. Deniz Leasing started its operations in December 1998 and the Company's leasing operations principally focused on transport vehicles, machinery and equipment and office equipment. 89.13% of Deniz Leasing shares (YTL 10,798) belongs to Deniz Faktoring.

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

Deniz Leasing increased its share capital on 29 July 2005. YTL 816 and YTL 6,696 of the increase were paid in cash by the Bank and Deniz Faktoring, respectively. The remaining increase of YTL 2,324 and YTL 2,888 were made from the reserves by the Bank and Deniz Faktoring, respectively.

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

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

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

Denizbank has sold its shares in Anadolu Kredi Kartı Turizm ve Ticaret A.Ş. (AKK), which corresponds to 99.98% of AKK's shares, on 29 December 2004 for USD 4,735,000. USD 3,000,000 of the sale amount was paid in cash, USD 400,000, USD 700,000 and USD 635,000 of the remaining amount will be collected at the end of 2005, 2006 and 2007, respectively.

Denizbank has sold its shares in Deniz Destek Oto Kiralama Temizlik Hizmetleri ve İnşaat A.Ş. on 10 November 2004 for YTL 1,334.

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

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

10.1 Information on subsidiaries not consolidated

	Description	Address(City/ Country)	Bank's share percentage-If different from voting percentage (%)	Other Subsidiaries' share percentage (%)
1	İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	ISTANBUL/TURKEY	100.00%	0.00%
2	Kredi Kayıt Bürosu A.Ş.	ISTANBUL/TURKEY	9.09%	0.00%
3	Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	ISTANBUL/TURKEY	100.00%	0.00%
4	Adana Haddecilik Metal San.ve Tic.A.Ş.	ADANA/TURKEY	99.90%	0.00%

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	3,281	3,075	239	125	23	1,933	--	--
2	18,498	16,827	2,826	--	--	4,262	3,986	--
3	95	110	2	8	--	4	6	--
4	6,923	--	3,278	--	--	(110)	--	--

10.2 Movement of subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	99,974	76,631
Movements during the Period	71,726	23,343
Purchases	74,329	26,125
Bonus Shares Received	7,578	--
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference	(10,181)	(2,782)
Impairment Provision (+)	--	--
Balance at the End of the Period	171,700	99,974
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

10.2.1 Valuation of the investments in subsidiaries

	Current Period	Prior Period
Valued at Inflation-Adjusted Historical Costs	171,700	99,974
Valued at Fair Value	--	--
Valued by Equity Method of Accounting	--	--

10.2.2 Sectoral distribution of subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	75,983	71,040
Insurance Companies	--	--
Factoring Companies	30,383	--
Leasing Companies	25,481	--
Finance Companies	39,853	28,934
Other Subsidiaries	--	--

10.2.3 Quoted subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	--	--
Quoted at International Stock Exchanges	--	--

10.2.4 Other information on consolidated subsidiaries

	Name	Address(City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)	Method of Consolidation
1	Denizbank AG, Vienna	VIENNA/AUSTRIA	100%	0%	Full consolidation
2	Eurodeniz Off-Shore Bank Ltd.	NICOSIA/CYPRUS	100%	0%	Full consolidation
3	Deniz Yatırım Menkul Kıymetler A.Ş.	ISTANBUL/TURKEY	100%	0%	Full consolidation
4	Deniz Türev Menkul Değerler A.Ş.	ISTANBUL/TURKEY	100%	0%	Full consolidation
5	Ekspres Yatırım Menkul Değerler A.Ş.	ISTANBUL/TURKEY	71%	29%	Full consolidation
6	CJSC Denizbank, Moscow	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	11%	89%	Full consolidation
9	Deniz Faktoring A.Ş.	ISTANBUL/TURKEY	100%	0%	Full consolidation

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1,378,386	70,301	4,420	57,899	17,873	8,297	5,429	--
2	974,785	36,617	100	63,041	462	29,596	6,296	--
3	192,208	26,432	1,732	1,678	3,714	665	(1,306)	--
4	3,027	2,930	450	60	107	(666)	(4,404)	--
5	20,227	16,721	780	2,332	(210)	6560	288	--
6	156,147	27,616	848	8,937	6,194	2,021	(7,974)	--
7	1,831	1,587	18	231	82	639	(44)	--
8	318,804	30,283	163	23,967	(1,090)	6,840	--	--
9	237,453	32,450	186	26,473	(26)	3,871	--	--

10.2.5 Subsidiaries disposed during the current period

Description	Sale Price	Market or Stock Price at Sale Date	Information on cash and/or term sales
--	--	--	--

10.2.6 Subsidiaries purchased in the current period

Description	Purchase Price	Market or Stock Price at Purchase Date	Information on cash and/or term purchases
Deniz Finansal Kiralama A.Ş.	1,959	--	Cash Payment
Deniz Faktoring A.Ş.	15,184	--	Cash Payment

11. Information on other investments:

None.

11.1 Group's commitments for jointly controlled subsidiaries

None.

11.2 Information on jointly controlled subsidiaries

None.

11.3 Information on jointly controlled subsidiaries of the Bank which have not prepared consolidated financial statements since the parent is not a financial institution

None.

11.4 The reasons for not consolidating jointly controlled subsidiaries and the method used in accounting for jointly controlled subsidiaries in the Bank's unconsolidated financial statements

None.

12. Information on financial lease receivables (Net):

12.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	112,051	88,146	--	--
Between 1-4 years	161,616	136,656	--	--
Over 4 years	18,145	14,253	--	--
Total	291,812	239,055	--	--

12.2 Information on net financial lease receivables

	Current Period	Prior Period
Gross finance lease receivable	291,812	--
Unearned finance income (-)	52,757	--
Cancelled leasing agreements (-)	--	--
Net investment on leases	239,055	--

12.3 Information on financial lease agreements of the Bank

None.

13. Information on receivables arising from term sales of assets included in miscellaneous receivables:

	Current Period	Prior Period
From sale of subsidiaries, associates and joint ventures	1,693	2,318
From sale of buildings	--	--
From sale of other assets	--	--

14. Disclosures related to accrued interest and income:

14.1 Information on accrued interest and income on loans

Accrued Interest and Income on Loans	Current Period		Prior Period	
	YTL	FC	YTL	FC
Uncollected Interest Income	1,405	632	817	69
Accrued Interest Income	41,814	29,778	23,029	19,075
Uncollected Commissions and Other Income	72	--	45	--
Accrued Commissions and Other Income	--	--	--	--
Total	43,291	30,410	23,891	19,144

14.2 Information on other accrued interest and income

Other Accrued Interest and Income on	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	5,078	2,473	7,897	1,793
Investment Securities Available-for-Sale	24,967	6,608	38,049	8,873
Investment Securities Held-to-Maturity	4,055	5,722	4,569	5,346
Reverse Repurchase Agreements	--	--	--	--
Reserve Deposits	3,738	1,341	2,735	502
Financial Derivative Instruments	802	5,735	6,462	6,572
Interest and Income Accruals	1	577	1,712	1,076
Income Accruals on Foreign Exchange	801	5,158	4,750	5,496
Factoring Receivables	598	173	--	--
Other	1,582	7,140	852	1,636
Total	40,820	29,192	60,564	24,722

15. Information on tangible assets (Net):

	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
Prior Period End:					
Cost	49,739	62,811	10,203	62,740	185,493
Accumulated depreciation (-)	4,468	25,869	4,356	28,520	63,213
Net book value	45,271	36,942	5,847	34,220	122,280
Current Period End:					
Net book value at the beginning of the period	45,271	36,942	5,847	34,220	122,280
Additions	605	20,571	1,178	22,554	44,908
Disposals (-)	404	9,097	5,724	4,537	19,762
Impairment	--	--	--	--	--
Depreciation (-) (*)	946	7,610	(951)	7,636	15,241
Currency translation differences resulting from foreign investment (-)	--	15	35	754	804
Current period cost	49,940	74,270	5,622	80,003	209,835
Current period accumulated depreciation (-)	5,414	33,479	3,405	36,156	78,454
Closing net book value	44,526	40,791	2,217	43,847	131,381

(*) Depreciation includes YTL 30,367 of current year depreciation charge and YTL (15,126) of effect of reversals from accumulated depreciation of tangible assets disposed in 2005. For this reason "Vehicles" line is negative.

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

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

None.

15.1.2 Amount recorded or reversed in the financial statements

None.

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

None.

16. Information on intangible assets (Net):

16.1 Useful lives and amortization rates

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of weariness, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by RAP no. 3 "Accounting for Intangible Assets".

16.2 Amortization methods

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

16.3 Cost and accumulated amortization of intangibles at the beginning and the end of the year

	Beginning balance		Period and balance	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Intangible assets	35,110	21,083	41,675	28,060

16.4 Movement of intangible assets

	Current Period
Beginning balance	14,027
Amounts formed internally	6,358
Additions due to mergers, transfers and acquisitions	948
Not used and disposed items	--
Increases or decreases in the revulations fund	--
Impairment charges	--
Reversal of impairment charges	--
Depreciation expenses (-)	7,504
Currency translation differences arising from foreing investments	(214)
Other differences in book value	--
Period end balance	13,615

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

None.

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

None.

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

None.

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

None.

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

None.

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

None.

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

Research and development expenses amount to YTL 412 in the current year (31 December 2004: YTL 136).

16.12 Goodwill or negative goodwill arising from consolidated investments

None.

16.13 Information on goodwill

	Current Period
Goodwil arising from consolidation	--
From tangible fixed assets	--
From intangible fixed assets	--
From non-monetary assets	--
Goodwil arising from mergers and acquisitions	--
From tangible fixed assets	--
From intangible fixed assets	--
From non-monetary assets	--

16.14 Movement schedule for goodwill in the current year

	Current Period
Gross Value at the Beginning of the Year	--
Accumulated Depreciation (-)	--
Impairment Provision (-)	--
Net book value, at the beginning of the year	--
Current Year Movement:	--
Additional Goodwill	--
Adjustments Resulting from Changes in the Value of Assets and Liabilities	--
Goodwill Written-off as a Result of a Discontinued Operation or Disposal of an Asset (-)	--
Amortization Expense (-)	--
Allowance for impairment in the Value (-)	--
Reversal of Allowance (-)	--
Other Changes in the Book Value	--
Gross Value at the End of the Year	--
Accumulated Depreciation (-)	--
Impairment Provision (-)	--
Net book value, at the end of the year	--

16.15 Movement schedule for negative goodwill in the current year

	Current Period
Gross Value at the Beginning of the Year	--
Cumulative Negative Goodwill Recorded as Income	--
Net book value, at the beginning of the year	--
Current Year Movement:	--
Additional Negative Goodwill	4,442
Adjustments Resulting from Changes in the Value of Assets and Liabilities	--
Negative Goodwill Written-off as a Result of a Discontinued Operation or Disposal of an Asset (-)	--
Negative Goodwill Recorded as Income	(4,442)
Other Changes in the Book Value	--
Gross Value at the End of the Year	--
Cumulative Negative Goodwill Recorded as Income	--
Net book value, at the end of the year	--

17 Information on deferred tax asset:

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

Deferred tax asset calculated on the basis of related regulation is YTL 5,092 (31 December 2004: YTL 14,633) and deferred tax liability YTL 571 (31 December 2004: 0). The amount is the net of deductible temporary differences and taxable temporary differences calculated as of the balance sheet date.

According to article 9 of RAP 18, deferred tax assets and liabilities are offset against each other in the financial statements. However, deferred tax assets and liabilities relating to individual consolidated subsidiaries that do not report to the same fiscal authority are not permitted to offset against each other in the accompanying consolidated financial statements.

There is no unused tax losses carried forward and unused tax credits over which the deferred tax asset is computed. Deferred tax asset, amounting YTL 15,164, and deferred tax liability, amounting YTL 8,147, are recognized for the tax effects attributable to differences between tax and book bases of assets and liabilities. Deferred tax asset and liabilities are offset against each other in the accompanying consolidated financial statements.

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

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

None.

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

None.

18. Information on other assets:

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

Prepaid taxes are YTL 55,396 (31 December 2004: YTL 28,642) and prepaid expenses are YTL 17,291 (31 December 2004: YTL 10,179).

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

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits:

Current period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over
Saving Deposits	199,509	--	758,186	734,264	82,735	70,226	133,259
Foreign Currency Deposits	697,527	--	441,761	1,169,218	279,524	766,684	24,507
Residents in Turkey	620,135	--	392,390	1,044,668	216,381	123,399	22,929
Residents Abroad	77,392	--	49,371	124,550	63,143	643,285	1,578
Public Sector Deposits	1,972	--	5,306	36,153	154	334	--
Commercial Deposits	635,759	--	408,091	111,824	70,301	145,381	178,344
Other Ins. Deposits	22,923	--	4,135	1,387	42	50	--
Precious Metal Deposits	574	--	--	--	--	--	--
Bank Deposits	26,281	--	80,104	73,556	78,556	15,475	--
Central Bank	--	--	--	--	--	--	--
Domestic Banks	6,283	--	35,500	736	7,000	--	--
Foreign Banks	19,537	--	44,604	72,820	71,556	15,475	--
Special Financial Institutions	461	--	--	--	--	--	--
Financial Institutions	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total	1,584,545	--	1,697,583	2,126,402	511,312	998,150	336,110

Prior period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over
Saving Deposits	104,790	--	322,915	457,609	36,594	150,683	104,323
Foreign Currency Deposits	679,764	--	774,039	948,614	154,639	265,789	13,823
Residents in Turkey	646,526	--	733,544	872,831	140,531	50,652	10,693
Residents Abroad	33,238	--	40,495	75,783	14,108	215,137	3,130
Public Sector Deposits	1,920	--	168	88	55	3	--
Commercial Deposits	210,234	--	340,985	87,150	32,111	133,678	206,589
Other Ins. Deposits	67,408	--	13,845	1,171	36	236	--
Precious Metal Deposits	139	--	--	--	--	--	--
Bank Deposits	20,491	--	26,427	9,409	3,840	--	--
Central Bank	--	--	--	--	--	--	--
Domestic Banks	1,994	--	2,489	--	--	--	--
Foreign Banks	12,333	--	23,938	9,409	3,840	--	--
Special Financial Institutions	6,164	--	--	--	--	--	--
Financial Institutions	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total	1,084,746	--	1,478,379	1,504,041	227,275	550,389	324,735

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

Saving Deposits	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	953,323	526,573	602,375	351,253
Foreign Currency Savings Deposits	564,467	519,694	1,028,197	1,267,037
Other Saving Deposits	--	--	--	--
Foreign branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--

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

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

	Current Period	Prior Period
Savings Deposits at Foreign Branches	443,930	287,534
Savings Deposits at Off-shore Branches	60,898	11,554

2. Information on funds provided from transactions by repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Transactions	387,854	--	356,091	--
Financial Institutions and Organizations	364,218	--	327,886	--
Other Institutions and Organizations	22,199	--	26,586	--
Real Persons	1,437	--	1,619	--
From Foreign Transactions	--	35,662	--	--
Financial Institutions and Organizations	--	35,662	--	--
Other Institutions and Organizations	--	--	--	--
Real Persons	--	--	--	--
Total	387,854	35,662	356,091	--

3. Information on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	148,517	1,423,046	47,766	864,382
Medium and Long-Term	55,002	964,309	--	115,573
Total	203,519	2,387,355	47,766	979,955

3.1 Additional information on concentrations of the DFS Group's liabilities

As at 31 December 2005, the Bank's liabilities comprise; 61% deposits, 21% funds borrowed and 4% funds provided from transactions by repurchase transactions. (31 December 2004: 64%, 13%, 4%, respectively).

4. Information on debt securities issued:

None.

4.1 Information on convertible bonds

None.

4.2 Information on maturity profile, interest structure and currency type of securities issued:

None.

5. Explanation on funds:

As of 31 December 2005, the Bank does not have any funds.

6. Explanation on miscellaneous payables :

	Current Period	Prior Period
Cash collaterals received	745	639

6.1 Nature of cash collaterals received

Cash collaterals received consists of collaterals obtained for the rental of safety deposits.

7. 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.

8. Information on taxes and other duties payable:

8.1 Information on taxes

	Current Period	Prior Period
Corporate taxes payable	--	2,004
Taxation on securities	4,122	4,905
Capital gains tax on Property	300	265
Banking Insurance Transaction Tax (BITT)	6,008	6,058
Taxes on Foreign Exchange transactions	448	510
Value added tax payable	183	158
Other	9,801	4,324
Total	20,862	18,224

8.2 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee share	1,966	965
Social Security Premiums- Employer share	2,655	1,315
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	131	68
Unemployment insurance- Employer share	267	128
Other	118	5
Total	5,137	2,481

9. Explanations on factoring payables:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic	1,892	13,630	--	--
Short-term	1,892	13,630	--	--
Medium and long-term	--	--	--	--
Foreign	--	--	--	--
Short-term	--	--	--	--
Medium and long-term	--	--	--	--

10. 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 4 years. Interest rate and cash flow of the Bank are the criteria which are taken into consideration in the leasing contracts. There are no significant obligations imposed on the Bank as a result of the lease agreements.

10.1 Changes in agreements and further commitments arising

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

10.2 Obligations under financial leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	16	10	16,010	13,609
Between 1-4 years	--	--	3,536	3,321
More than 4 years	--	--	--	--
Total	16	10	19,546	16,930

10.3 Information on operational lease

The DFS Group do not have any operational lease transactions.

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

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

11. Information on accrued interest and expenses:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued Interest on Deposits	17,907	23,792	16,541	16,257
Accrued Interest on Funds Borrowed	4,187	29,459	4	9,744
Accrued Interest on Bonds	--	--	--	--
Accrued Interest on Repurchase Agreements	319	--	226	--
Accrued Interest on Financial Derivative	19	10,924	--	23,619
Interest and Expense Accruals	4	1,580	--	5,053
Expense Accruals for Foreign Exchange	15	9,344	--	18,566
Accrued interest on Factoring Payables	--	--	--	--
Other Interest and Expense Accruals	6,039	6,805	3,403	6,136
Total	28,471	70,980	20,174	55,756

12. Information on provisions and subordinated loans:

12.1 Information on general provisions

	Current Period	Prior Period
General Provisions	34,786	23,758
Provisions for Loans and Receivables in Group I	30,253	20,197
Provisions for Loans and Receivables in Group II	--	79
Provisions for Non Cash Loans	4,533	3,482
Other	--	--

12.2 Information on employee termination benefits and notification indemnity

	5. ÖD(1)	4. ÖD(1)	3. ÖD(1)	2. ÖD(1)	Prior Period (1)	Current Period
Actual Payments of Employee Termination Benefits	67	339	300	777	711	744
Reserve for Employee Termination Benefits and Notification Indemnity	1,941	3,176	6,362	13,402	22,365	33,744
Actual Payment Ratio	0.03	0.11	0.05	0.06	0.03	0.03
Ratio of reserve for Employee Termination Benefits and Notification Indemnity	0.01	0.03	0.04	0.05	0.05	0.05
Possible reserve for Employee Termination Benefits and Notification Indemnity	9	55	125	384	613	1,267

(*) DFS Group booked employee termination benefits and notification indemnity amounting to YTL 19,870 as of 31 December 2005 (31 December 2004: YTL 14,615), which represent 89% of the total liability (31 December 2004: 63%).

12.3 Liabilities resulting from retirement benefits

12.3.1 Liabilities for funds established in accordance with Social Security Law

None.

12.3.2 Liabilities related to all kinds of post-retirement funds, foundations and similar organizations for employees

None.

12.4 The nature, timing and the amount of expected payments relating to provisions and their explanation with reference to uncertainties involved

None.

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

	Current Period	Prior Period
Foreign exchange provision for foreign currency indexed loans	9,953	12,354

12.6 Impairment loss due to delivery date accounting

	Current Period	Prior Period
Impairment loss due to delivery date accounting	--	--

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

	Current Period	Prior Period
Specific provisions for non cash loans that are not indemnified and converted into cash	14,287	15,541

12.8 Information on other reserves

12.8.1 General reserves for possible loan losses

	Current Period	Prior Period
General reserves for possible loan losses	800	4,107

12.8.2 Information on other provisions exceeding 10% of total provisions

None.

12.9 Information on the number of subordinated loans used by the Bank, maturity, interest rate, the organization lending the loan and the option to convert to share certificates

As of 31 December 2005 and 31 December 2004, the Bank does not have any subordinated loans.

12.10 Information on subordinated loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Banks	--	--	--	--
From Other Domestic Institutions	--	--	--	--
From Foreign Banks	--	--	--	--
From Other Foreign Institutions	--	--	--	--
Total	--	--	--	--

13. Information on shareholders' equity:

13.1 Paid-in Capital

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

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

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

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

Registered share capital system is not applicable at the Bank.

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

Date of increas	Amount of increas	Cash	Reserves	YDDAF
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--

13.4 Information on share capital increases from revaluation funds

Revaluation of Fixed Assets	Revaluation of Investments	Profit on Sales of Fixed Assets	Profit on Sales of Investments	Special Cost Revaluation Fund.
--	--	--	--	--

13.5 Capital commitments for current financial year and following period

The Bank does not have any capital commitments.

13.6 Information on the privileges given to stocks representing the capital

The Bank does not have any preferred stocks.

14. Common stock issue premiums, shares and equity instruments:

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

The Bank has increased its share capital from YTL 202,000 to YTL 290,000 and the increase was registered on 27 September 2004. The total increase of YTL 88,000 was realized, by YTL 50,369 cash injection through initial public offering; and by a transfer of YTL 37,631 arising from the Fixed Assets Revaluation Fund that was created in accordance with the Turkish Commercial Code. A total number of 72,500,000,000 shares with a nominal value of YTL 72,500 were offered to the public. Of the total number of shares sold, 27,500,000,000 shares were sold in domestic public offering and 45,000,000,000 shares were sold in an international offering. Demands for shares were collected on 23-24 September 2004. Share certificates which have “one thousand” Turkish Lira nominal value sold over “twothousandeighthundredseventyfive” Turkish Lira” bid price. The Bank has recorded Common Stock Issue Premium amounting YTL 94,440.

The Bank has increased its share capital from YTL 290,000 to YTL 316,100 on 30 December 2004. The total increase of YTL 26,100 was realized through transfer of net gains on sale of investments in associates amounting to YTL 13,912, and through transfer of gain on restatement of shareholder’s equity items amounting to YTL 12,188.

15. Information on securities value increase fund:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From associates and subsidiaries	100,748	--	100,413	--
From investment securities available-for-sale	7,244	800	13,214	1,451
From investment securities subject to structural position	--	--	--	--
Total	107,992	800	113,627	1,451

	Current Period	Prior Period
Value increase fund relating to foreign currency securities	800	1,451
Foreing exchange gain resulting from foreing currency associates, subsidiaries and investment securities available-for-sale as also included above.		--

Information on the presentation of foreign exchange gains on foreign currency denominated participations, subsidiaries and common stock classified as available-for-sale

None.

When the Accounting for Changes in Foreign Currency Exchange Rates is applied for the first time, the excluding situations where the effects could not be determined, disclose and present the cumulative foreign exchange differences coming from prior years that are included in equity

The total amount of cumulative foreign exchange differences resulting from the Bahrain branch of the Bank and from the translation of the financial statements of consolidated foreign subsidiaries is YTL 702 (31 December 2004: YTL (6,071)) and is included in equity as "other profit reserves".

16. Information on revaluation fund (surplus):

Revaluation increases made on fixed assets in accordance with the requirements of the Tax Law, are reversed due to the application of inflation accounting in the prior year. Therefore, there is no balance of revaluation fund arising from fixed assets in the accompanying financial statements.

17. Explanations related to the components of revaluation surplus:

The Bank's share of the revaluation surplus resulting from the non-cash share capital increase of the non-financial investment of the Bank in the prior years amounts to YTL 11,490 and is included in "Revaluation Surplus" in the accompanying consolidated financial statements.

18. Information on legal reserves:

	Current Period	Prior Period
First tier Legal Reserves	5,631	--
Second tier Legal Reserves	--	--
Other legal reserves allocated per special legislation	--	--
Total	5,631	--

19. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves allocated by the General Assembly	106,983	--
Retained Earnings	--	--
Accumulated losses	--	--
Accumulated foreign currency exchange difference on foreign currency share capital	--	--
Total	160,983	--

20. Information of minority rights:

	Current Period	Prior Period
Balance at the beginning of period		1,945
Net profit share from subsidiaries		(1,945)
Prior period dividend		--
Balance at the end of the period		--

21. Information on shareholders having more than 10% share in capital and/or voting right:

Name/Commercial Title	Share Amounts	Share Percentage	Paid-in Capital	Unpaid Portion
Zorlu Holding A.Ş.	237,064	%75	237,064	--
Publicly held	79,025	%25	79,025	--

III. Information on disclosures related to consolidated income statement

There isn't any material error found during supervision and audit related to a group or account balance.

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

Fees and Commissions Received:

	Current Period	Prior Period
Credit card commissions	60,060	37,420
Brokerage fees	77,686	58,505
Non cash loans	34,445	29,893
Cash loans	13,213	10,595
Remittance commissions	3,358	3,070
Insurance services	3,997	1,431
Others	13,326	15,074
Total	206,085	155,988

Fees and Commissions Paid:

	Current Period	Prior Period
Credit card / POS commissions	28,841	17,932
Cash loans	4,572	3,488
Brokerage fees	15,659	32,075
Non cash loans	833	127
Others	9,459	9,601
Total	59,364	63,223

1. Interest Income:

1.1 Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	8

1.2 Information on financial lease income

	Current Period	Prior Period
Income from Financial Lease	17,100	--

1.3 Interest received from reverse repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interests Received from Reverse Repurchase Agreements	2	--	39	--

1.4 Interest income received from factoring receivables

	Current Period	Prior Period
Interest on factoring receivables	26,143	--

2. Interest Expense:

2.1 Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	67	71

2.2 Information related to financial lease expenses

	Current Period	Prior Period
Financial Lease Expenses	--	1,893

2.3 Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	
<i>YTL</i>							
Bank Deposits	31	7,187	--	--	--	--	7,218
Saving Deposits	257	44,295	120,158	6,188	2,266	2,014	175,178
Public Sector Deposits	--	2,013	63	7	15	--	2,098
Commercial Deposits	263	44,256	26,166	1,341	290	61	72,377
Other Deposits	45	982	379	25	27	--	1,458
" 7 Days Notice" Deposits	--	--	--	--	--	--	--
Precious Metal deposits	--	--	--	--	--	--	--
Total Turkish Lira	596	98,733	146,766	7,561	2,598	2,075	258,329
<i>FC</i>							
Foreign Currency Deposits	4,662	18,952	39,655	11,601	22,314	9,966	107,150
Bank Deposits	--	7,270	835	788	--	--	8,893
" 7 Days Notice" Deposits	--	--	--	--	--	--	--
Precious metal deposits	--	--	--	--	--	--	--
Total Foreign Currency	4,662	26,222	40,490	12,389	22,314	9,966	116,043
Total	5,258	124,955	187,256	19,950	24,912	12,041	374,372

2.4 Interest expense on repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interests Paid on Repurchase Agreements	24,722	122	35,621	412

2.5 Interest expenses on factoring payables

	Current Period	Prior Period
Interest on Factoring Payables	--	--

3. Other operating income:

“Other Operating Income” account, which has a balance of YTL 113,017, is comprised of the following accounts: YTL 26,531 from the lawsuit against the Tax Office, YTL 17,765 from sale of assets, YTL 27,189 from reversal of provisions, YTL 4,442 from negative goodwill arising from consolidation of Deniz Leasing and Deniz Faktoring in accordance with RAP 6, YTL 11,136 from communication income, YTL 9,872 from stationery expenses charged to customers and the remaining portion, YTL 16,082, from other operating income.

4. Provision expenses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	53,713	52,204
<i>Loans and Receivables in Group III</i>	2,554	2,918
<i>Loans and Receivables in Group IV</i>	1	--
<i>Loans and Receivables in Group V</i>	51,158	49,286
General Provision Expenses	13,003	12,267
Provision for Possible Losses	--	257
Foreign Exchange Losses on Foreign Currency Indexed Loans	--	12,354
Impairment Losses on Securities	1,445	947
<i>Trading securities</i>	8	305
<i>Investment Securities Available-for-Sale</i>	1,437	642
Other Impairment Losses	--	98
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	98
Other	450	6,309
Total	68,611	84,436

(*) In line with the regulation dated 2 November 2005 (Official Gazette no. 24984), the Bank booked foreign exchange losses on foreign currency indexed loans, amounting to YTL 9,306 as “other” among other operational expenses.

5. Information related to other operational expenses:

	Current Period	Prior Period
Personel Expenses	195,705	135,515
Reserve for Employee Termination Indemnity Benefits	7,821	6,979
Depreciation expenses of fixed assets	30,367	22,413
Depreciation expenses of intangible assets	7,492	5,988
Other Operating Expenses	123,704	91,898
<i>Maintenance Expenses</i>	8,634	2,355
<i>Advertisement Expenses</i>	24,632	23,257
<i>Other Expenses</i>	90,438	66,286
Loss on Sales of Assets	1,422	2,575
Operational Leasing Expenses	--	416
Other	65,769	68,241
Total	432,280	334,025

5.1 Extraordinary expense

None.

5.2 Income statement line in which the amortization of goodwill is included

Since DFS Group do not have any goodwill in its consolidated financial statements, no amortization of goodwill exists.

5.3 Information on the determination of negative goodwill in accordance with article no. 16 of the Standard on Accounting for Bank Mergers and Acquisitions, expected future expenses and losses, periods in which negative goodwill will be recorded as income and the income statement line item in which the income is recorded

Negative goodwill amounting to YTL 4,442 resulting from the acquisition of Deniz Leasing and Deniz Faktoring shares in 2005 are recorded as “other operating income” in accordance with RAP 6, “Accounting Standard for Mergers and Acquisitions of Banks”.

6 Income and expenses relating to subsidiaries and associates:

6.1 Profit/losses from associates and subsidiaries

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	14	--
Income and loss from associates (+/-)	1,872	856

6.2 Profit/losses from investments and associates included in statement of operations based on equity method of accounting reflected as a separate item

The DFS Group does not have any investment in associates that would require the application of equity based accounting.

6.3 Profit or loss from transactions with companies and individuals those are included in the DFS Group’s risk group

The DFS Group engages in a variety of banking transactions with its associates and subsidiaries. These trading transactions are made on an arms-length basis. The related gains and losses are recognized in the income statement. During the period, the Bank recorded YTL 4,981 income and YTL 4,870 expense from such transactions with the companies and the individuals included in the risk group to which the DFS Group belongs to.

7. Provision for Taxes on Income:

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

The current period taxation charge is YTL 65,922 and deferred tax charge is YTL 6,610.

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

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

Deferred tax benefit/charge arising from temporary differences	Current Period
Arising from origination of deductible temporary differences (+)	2,437
Arising from reversal of deductible temporary differences (-)	(11,207)
Arising from origination of taxable temporary differences (+)	(3,543)
Arising from reversal of taxable temporary differences (-)	5,703
Total	(6,610)

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

Sources of deferred tax benefit/charge	Current Period
Arising from origination (+)/reversal (-) of deductible temporary differences	(8,770)
Arising from origination (+)/reversal (-) of taxable temporary differences	2,160
Arising from origination (+)/reversal (-) of tax losses	--
Arising from origination (+)/reversal (-) of unused tax credits	--
Total	(6,610)

8. Information on profit and loss of the unconsolidated subsidiaries and associates:

Unconsolidated Associates and Subsidiaries	Current Period Profit/Loss	Prior Period Profit/Loss
İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	1,933	1,871
Zorlu Enerji Oto Prodüktör A.Ş.	8,311	48,678
Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	4	(37)
Adana Haddecilik Metal San. ve Tic. A.Ş.	(110)	--
Kredi Kayıt Bürosu A.Ş.	4,262	3,986

9. Net profit and loss:

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

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

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

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

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

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

1. Disclosures related to other contingent liabilities:

1.1 *Contingent liabilities related to investments in joint ventures and the Bank's share in such contingent liabilities*

None.

1.2 *Accounting for contingent assets and liabilities and their presentation in the financial statements*

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

There are no expected contingent gains and losses.

2. Information related to derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreing currency related derivative transactions (I)	4,580,900	3,209,654
Forward FC transactions	2,256,922	2,180,461
FC Swap transactions	329,512	586,069
Futures FC transactions	75,482	900
Options FC transactions	1,918,984	442,225
Total of interest derivative transactions (II)	19,162	24,536
Forward interest rate transactions	--	--
Interest rate Swap transactions	19,162	24,536
Interest options transactions	--	--
Futures interest transactions	--	--
Other trading transactions (III)	82,192	16,028
A. Total trading derivative transactions (I+II+III)	4,682,254	3,250,218
Type of hedging transactions		
Fair value hedges	--	--
Cash flow hedges	--	--
Hedge for FC investments made by investment and associaties	--	--
B. Total hedging related derivatives	--	--
Total derivative transactşons (A+B)	4,682,254	3,250,218

3. Off-balance sheet contingencies:

3.1 *Type and amount of irrevocable commitments*

All of the DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments and amount of non-cash loans as of 31 December 2005 is YTL 3,211,010 (31 December 2004: YTL 2,495,929). These items are reflected in the off-balance sheet accounts.

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

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

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

As of 31 December 2004, the DFS Group has letters of guarantee amounting to YTL 1,412,564, bills of exchange and acceptances amounting to YTL 252,119, and guarantees and sureties amounting to YTL 706,614. There are other guarantees and sureties amounting to YTL 124,632.

3.2.2 Final guarantees, provisional guarantees, sureties and similar transactions

Provisional Letters of Guarantee	:	188,561
Final Letters of Guarantee	:	1,719,492
Letters of Guarantee for advances	:	163,739
Letters of Guarantee given to Customs Offices	:	96,642
Other Letters of Guarantee	:	90
Total	:	<u>2,168,524</u>

4. Concentration of off-balance sheet items:

85% of non-cash loans are granted to companies resident in Turkey (31 December 2004: 85%). Sectoral concentration and geographical distribution of the non-cash loans are given in section IV-8.

5. Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans given for Cash Loan Risks	118,465	150,618
With Original Maturity of 1 Year or Less	29,262	20,123
With Original Maturity of More Than 1 Year	89,203	130,495
Other Non-Cash Loans	3,092,545	2,345,311
Total	3,211,010	2,495,929

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

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

7. The Bank's latest international risk ratings:

Fitch Ratings:

December 6, 2005, Fitch Ratings upgraded Turkey's long term local and foreign currency ratings outlook to Positive from Stable and affirmed BB- rating for long term foreign and local currency ratings. Additionally, Fitch has affirmed short term foreign and local currency ratings as B together with BB- rating of country ceiling.

Denizbank's rating by Fitchratings (Current Position):

	Foreign Currency				Local Currency		
Bank name	Short Term	Long Term	Individual	Support	Short Term	Long Term	National
Denizbank	B	BB - (Positive)	C/D	4	B	BB- (Positive)	A (Stable)

Moody's:

December 14, 2005, Moody's Investors Service: Turkey's country ceiling for foreign-currency debt and the Turkish government's foreign and domestic currency issuer ratings were raised to Ba3 from B1.

Accordingly, the ratings on the Republic of Turkey's long-term foreign currency bonds have been upgraded to Ba3 from B1. The country ceiling for bank deposits has been raised to B1 from B2.

The outlooks on the country and government ratings have been revised to stable. Turkey's local currency guideline is A3 and its A3 local currency bank deposit ceiling has been affirmed.

Denizbank's rating by Moody's Investor Service: (Current Position):

Bank Name	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	Long Term Foreign Currency Subordinated Debt
Denizbank	B1 / Stable	Baa3	Prime-3	Stable	D+	Stable	

8. Sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	10,536	1.04	21,502	0.97	11,971	1.70	37,385	2.09
Farming and Cattle	10,334	1.02	12,780	0.58	11,817	1.68	37,385	2.09
Forestry	61	0.01	8,184	0.37	135	0.02	--	0.00
Fishing	141	0.01	538	0.02	19	0.00	--	0.00
Manufacturing	290,220	28.75	746,119	33.90	241,162	34.27	680,237	37.96
Mining	72,555	7.19	242,295	11.01	31,981	4.54	17,302	0.97
Production	210,614	20.86	484,902	22.03	203,323	28.90	661,006	36.88
Electric, gas and water	7,051	0.70	18,922	0.86	5,858	0.83	1,929	0.11
Construction	306,123	30.32	407,669	18.52	169,922	24.14	216,414	12.08
Services	333,844	33.08	964,368	43.80	235,648	33.48	777,034	43.35
Wholesale and retail trade	226,063	22.40	497,239	22.58	141,651	20.13	486,929	27.17
Hotel, food and beverage services	13,545	1.34	19,598	0.89	20,324	2.89	13,095	0.73
Transportation and telecommunication	43,787	4.34	292,693	13.30	27,696	3.94	81,332	4.54
Financial institutions	32,525	3.22	146,403	6.65	26,471	3.76	185,683	10.36
Real estate and renting services.	39	0.00	20	0.00	369	0.05	--	0.00
Self-employment services	--	0.00	48	0.00	1,930	0.27	8,600	0.47
Education services	4,583	0.45	4,747	0.22	2,154	0.31	35	0.00
Health and social services	13,302	1.33	3,620	0.16	15,053	2.13	1,360	0.08
Other	68,779	6.81	61,850	2.81	45,107	6.41	81,049	4.52
Total	1,009,502	100.00	2,201,508	100.00	703,810	100.00	1,792,119	100.00

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

	I st Group-Standard loans and other receivables		II st Group-Loans and other receivables under close follow-up	
	YTL	FC	YTL	FC
Non-cash loans	1,006,760	2,198,476	2,742	3,032
Letters of guarantee	1,006,760	1,157,734	2,742	1,288
Bank acceptances	--	196,701	--	617
Letters of credit	--	758,533	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	85,508	--	1,127

- V. Information and disclosures related to consolidated statement of changes in shareholders' equity**
- 1. Information on the current year adjustments made in accordance with the requirements of the accounting Standard on Financial Instruments:**
- 1.1 Increases after the revaluation of available-for-sale investments:**
Increases after the revaluation of available-for-sale investments amount to YTL 47,607 and they are included in "Net Fair Value Gains / Losses" in equity.
- 1.2 Information on increases in cash flow hedges:**
- 1.2.1 Reconciliation of the beginning and end of the year balances:**
None.
- 1.2.2 Current year gains or losses recorded in equity, if any, for derivative and non-derivative assets and liabilities designed as cash flow hedges:**
None.
- 1.3 Reconciliation of the beginning and end of the year balances of foreign exchange differences:**
Foreign exchange differences resulting from the Bahrain branch of the Bank and from the translation of the financial statements of consolidated foreign subsidiaries amounted YTL 702 (31 December 2004: YTL (6,071)) and are included in equity as "other profit reserves".
- 2. Information on adjustments made for the application of Standard on Accounting for Financial Instruments in the current year:**
- 2.1 Decreases after the revaluation of available-for-sale investments:**
A portion of the investment amounting to YTL 3,362 in Zorlu Enerji Elektrik Üretimi Otoprodüktör A.Ş. was sold in February 2005 for YTL 17,143 and that amount was transferred from "Revaluation Surplus" to the income statement.
Income from disposal of other available-for-sale investments, amounting to YTL 36,750 was transferred to the income statement in 2005.
- 2.2 Information on decreases in cash flow hedges:**
None.
- 2.3 Dividend information:**
- 2.3.1 Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statements:**
None.
- 2.3.2 Net profit per share decided to be distributed after the balance sheet date:**
None.
- 2.4 Amounts transferred to legal reserves:**
The Bank transferred YTL 5,631 to legal reserves and YTL 106,983 to extraordinary reserves as at 31 December 2005.
- 2.5 Information on issuance of common stock:**
- 2.5.1 Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital:**
None.
- 2.6 Explanations for other increases in consolidated statements of changes in shareholders' equity:**
None.

VI. Information and disclosures related to consolidated cash flow statement

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

“Other” item amounting to YTL (429,883) before “changes in operating assets and liabilities” comprise other operating expenses, fees and commissions paid and net trading income/loss. The Bank’s net cash outflow from investing activities amounts to YTL 34,966. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from YTL 2,282,257 to YTL 3,401,827 in 2005.

“Other liabilities” item included in “operating assets and liabilities”, amounting to YTL (50,157) comprise taxes and duties payable, factoring payables and other changes in liabilities.

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

2. Information on cash flows arising from acquisition of associates, subsidiaries and other investments:

	Current Period	Prior Period
Cash and cash equivalents	101	3,174
Loans given	--	--
Other assets	--	--
Funds provided from other financial institutions	--	--
Other liabilities	--	--
Goodwill	--	--
Total purchases price(1)	101	3,174
Foreign exchange income (2)	--	--
Purchase cost (3)	101	3,174
Total cash and cash equivalents at the acquisition (4)	--	--
Cash out-flow due to acquisition (5)	101	3,174

3. Information on disposals of associates, subsidiaries or other investments:

	Current Period	Prior Period
Net assest	--	--
Cash and cash equivalents	--	--
Receivables from banks and other financial institutions	--	--
Loans given	--	--
Interbank deposits	--	--
Funds provided from other financial institutions	--	--
Other liabilities	--	--
Revenue from sales (2)	--	--
Total cash and cash equivalents at the disposal (3)	(3,362)	(8,183)
Net cash in-flow from sales	(3,362)	(8,183)

4. Information on cash and cash equivalents at the beginning of the period:

	Current Period 31/12/2004	Prior Period 31/12/2003
Cash	234,224	154,647
Interbank Money Market Placements	197,475	260,690
Trading Securities (net)	94,501	--
Reserve Deposits	294,708	--
Banks and other financial institutions	1,461,349	905,873
Cash equivalents	2,282,257	1,321,210

5. Information on cash and cash equivalents at the end of the period:

	Current Period 31/12/2005	Prior Period 31/12/2004
Cash	187,156	234,224
Interbank Money Market Placements	390,312	197,475
Trading Securities (net)	242,006	94,501
Reserve Deposits	325,113	294,708
Banks and other financial institutions	2,269,548	1,461,349
Cash equivalents	3,414,135	2,282,257

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

None.

7. Additional information:

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

None.

7.2 Bank's share in cash flows from banking, investing and financing activities coming from jointly controlled subsidiaries that are accounted by partial consolidation method:

None.

7.3 Total cash flows resulting from the increase in the capacity of banking activities, apart from cash flows required to continue current banking activities capacity:

None.

VII. Accounting for entities acquired through mergers and acquisitions

1. For all mergers and acquisitions, the names and legal status' of the entities that have merged or acquired, the accounting method used for the merger and acquisition, date of the merger and acquisition, and activities to be ceased after the merger and acquisition

None.

2. Explanation related to the period of acquisition

Name of the Acquired Bank	Percentage of Voting Shares	Acquisition Cost	Cost Paid or that will be due to a Clause
1.			
2.			
3.			
...			

Contingencies related to decrease in or ceasing of the operations of the acquired companies :

None.

If the fair values of assets and liabilities of the acquired company at the end of the acquisition period can not be precisely determined , provide explanations for the underlying reasons. Subsequent adjustments made to temporarily determined fair values:

None.

3. In case of mergers and acquisitions, provide information about the financial statements at the acquisition date.

None.

4. Explanations for bank mergers that took place subsequent to the balance sheet date but before the authorization and issuance of the financial statements

None.

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

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

1.1 As of 31 December 2005, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to YTL 660,012, YTL 94,196 and YTL 190,332, respectively. As a result of the transactions with the risk group, the Bank has recorded interest and commission expense amounting to YTL 111.

Current Period

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash		Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	303	2,527	23,139	227,786	--	--
Balance at the end of the period	6,589	3,992	87,607	186,340	--	--
Interest and Commission Income received	1	28	4,322	629		

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
Loans and Other Receivables						
Balance at the beginning of the period	52	13,270	33,644	283,776	--	--
Balance at the end of the period	303	2,527	23,139	227,786	--	--
Interest and Commission Income received	--	8	256	161	--	--

* As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks.

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

Bank's Risk Group*	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	735	4,121	585,922	100,638	--	--
Balance at the end of the period	2,732	735	657,281	585,922	--	--
Interest on deposits	67	72	4,802	4,685	--	--

* As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks.

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

Bank's Risk Group*	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the period	--	--	10,595	--	--	--
End of the period	--	--	--	10,595	--	--
Total income/loss	--	--	(3)	3,512	--	--
Transactions for hedging purposes						
Beginning of the Period	--	--	--	--	--	--
End of the period	--	--	--	--	--	--
Total income/loss	--	--	--	--	--	--

* As described in the Article 20, clause (2) of Regulation on Establishment and Operations of Banks.

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

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:

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

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

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

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of 31 December 2005, cash loans of the risk group represented 2% of the DFS Group's total cash loans and the deposits represented 9 % of the DFS Group's total deposits. The non-cash loans of the risk group represented 6% of the DFS Group's total non-cash loans.

2.3 Investments reflected under the equity method of accounting

None.

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

The risk group, which the DFS Group belongs to, has entered into financial lease contracts with Deniz Leasing and their net financial lease obligations from these contracts amount to YTL 6,906. Factoring transactions of the group with Deniz Faktoring amounts to YTL 13,783.

IX. Explanations and disclosures relating to inflation accounting

Banking Regulation and Supervision Agency, through resolution 1623 on 21 April 2005, decided that the indicators disclosed in Article 5 of RAP 14 Accounting Standard for Financial Reporting in Hyperinflationary Periods as to existence of hyperinflation have disappeared. Therefore, banks and Special Financial Institutions are no longer obliged to prepare their financial statements in accordance with RAP 14.

1. Explanation as to the current and prior period's consolidated financial statements that have been restated to reflect changes in the purchasing power of the Turkish Lira at the balance sheet date:

In accordance with the BRSA resolution No. 1623, dated 21 April 2005, banks and special financial institutions are no longer obliged to prepare their financial statements in accordance with RAP 14 "Accounting Standard for Financial Reporting in Hyperinflationary Periods" since the indicators as to the existence of hyperinflation as disclosed in Article 5 of RAP 14 have disappeared.

The consolidated financial statements and footnotes as of 31 December 2004 have been left with the purchasing power of Turkish Lira at 31 December 2004.

2. Information about the historical cost basis of consolidated financial statements prior to restatement:

Historic cost is used in preparing the consolidated financial statements prior to inflation adjustments for every item other than fixed asset revaluation and marked to market valuation of trading financial assets and derivatives.

3. Information about conversion factors used to restate financial statements to reflect the purchasing power of the Turkish lira, price index used, the level of the price index at the balance sheet date and changes with the last two years, including the current year:

In accordance with the BRSA resolution No. 1623, dated 21 April 2005, banks and special financial institutions are no longer obliged to prepare their financial statements in accordance with RAP 14 "Accounting Standard for Financial Reporting in Hyperinflationary Periods" since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 no longer exist in Turkey. Therefore, the consolidated financial statements as of 31 December 2004 remain unchanged as inflation accounting has ceased on that date.

4. Explanations related to restatements of non-monetary items:

Until 31 December 2004, non-monetary assets, liabilities and shareholders' equity items (excluding fixed asset revaluation fund) have been restated by applying the relevant conversion factors derived from the Turkish countrywide wholesale price index published by the State Institute of Statistics. The components of shareholders' equity have been restated by applying the relevant conversion factors; capital increase made in cash is restated using the conversion factor at the payment date except for any revaluation surpluses previously recorded. Any capital increases made by transfers from such revaluation surpluses are not considered as capital contributions of the shareholders. Transfers to share capital from reserves, undistributed profits, share premiums and income on sale of participations and premises and equipment, are considered as capital contributions of the shareholders and have been restated from the date share capital increase became effective.

Until 31 December 2004, investments in affiliated companies and other equity shares expressed as Turkish Lira have been restated by applying the relevant conversion factors to their carrying values from the date of their acquisition after deducting any bonus shares received from the investee companies.

Investments, affiliated companies and other equity shares denominated in foreign currencies have been translated into Turkish Lira at foreign exchange rates prevailing at the balance sheet date.

Until 31 December 2004, all the items in the consolidated income statements have been restated by applying the monthly average conversion factors applicable during each year inflation accounting was mandatory.

The effect of inflation on the net monetary position of the Bank is included in the consolidated income statement as "Gain/Loss on Net Monetary Position".

As a result of the restatement of share capital any positive differences between the nominal paid-in capital and the restated paid-in capital, are recorded as "Capital Reserves from Inflation Adjustments to Paid-in Capital" in the shareholders' equity.

In accordance with the BRSA resolution No. 1623, dated 21 April 2005, banks and special financial institutions are no longer obliged to prepare their financial statements in accordance with RAP 14 "Accounting Standard for Financial Reporting in Hyperinflationary Periods" since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 no longer exist in Turkey. Therefore, the consolidated financial statements as of 31 December 2004 remain unchanged as inflation accounting has ceased on that date, whereas consolidated income statement as of 30 September 2004 has been restated to 31 December 2004 to reflect the purchasing power of Turkish Lira at that date.

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

5. Explanations related to tangible and intangible assets, estimated useful lives, depreciation calculations based on the related regulation and restated amounts, and information as to whether expertise valuations are made to determine fair value of such assets:

Until 31 December 2004, the tangible or intangible assets subject to amortization and depreciation has been initially recorded at costs and reflected in financial statements as adjusted for the effect of inflation in accordance with RAP 3 "Accounting of Intangible Assets". Before restating for the effects of inflation revaluations financial expenses foreign exchange differences that had been capitalized were eliminated. Straight line amortization method is used for the assets subject to amortization and depreciation acquired before 2003 and double declining amortization method is used for the assets acquired after 2003.

Assets, which are subject to amortization and depreciation, purchased subsequent to 31 December 2004 are recorded at their initial costs excluding the financial expenses and foreign exchange differences that are capitalized.

Independent appraisal reports are not available for the buildings and assets held for resale as of the balance sheet date.

6. Explanation about the carrying value of legal reserves and paid-in or issued share capital of banks in accordance with Turkish Commercial Code and articles of association of banks:

Amounts of legal reserves and paid-in capital within the framework of Turkish Commercial Code and the Bank's articles of association are shown below in nominal values:

	<u>31 December 2005</u>	<u>31 December 2004</u>
Paid-in-capital	316,100	316,100
Legal Reserves	5,631	--
Extraordinary Reserves	--	--

7. Information about items included in monetary gain or loss resulting from monetary items and items that are associated with the monetary gain or loss, such as interest and foreign exchange gain or loss resulting from loans and borrowings. These items are presented separately in the income statement. If any, information about these items that should be explained in income statement:

Consolidated income statement does not include items associated with increases or decreases in the purchasing power stemming from cash items and profit/loss from net cash positions such as interest and currency differences relating to funds made available.

8. Explanation as to whether the prior period's consolidated financial statements were audited or not:

Consolidated financial statements prepared as of 31 December 2004 were audited by Cevdet Suner Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi. The auditors gave an unqualified opinion on the financial position and results of the Bank's operations as of and for the year ended 31 December 2004 according to Article 13 of Banking Law.

9. Information about amounts included in retained earnings (accumulated deficit) due to the first time application of the accounting standards at the beginning of the year:

Inflation accounting had been in effect until 31 December 2004, and its effect on financial statements of the previous years has been reflected in “Losses in Previous Years”.

10. Income and expenses accrued for the period; a statement to confirm the existence of objective measures that income and expenses are evenly distributed and not seasonal:

Income and expense realized and incurred in the current year, and movements in income and expense items do not show seasonal traits. In accordance with the BRSA resolution No. 1623, dated 21 April 2005, banks and special financial institutions are no longer obliged to prepare their financial statements in accordance with RAP 14 “Accounting Standard for Financial Reporting in Hyperinflationary Periods” since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 no longer exist in Turkey. Therefore, consolidated income statement as of 31 December 2005 has not been adjusted for the effects of inflation.

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

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

	Number	Number of employees			
Domestic Branch	235	5,049			
			Country of incorporation		
Foreign representation			1-		
			2-		
			3-		
				Total Assets	Statutory share capital
Foreign Branch	1	4	1-Bahreyn	957,891	
			2-		
			3-		
Off-shore banking region branches			1-		
			2-		
			3-		

XI. Explanation and disclosures regarding subsequent events

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

For the year ended 31 December 2005, the corporate tax rate on income is 30%. As stated in “Preliminary Draft of the Corporate Tax Law” announced by Ministry of Finance, it has been planned to reduce the corporate tax rate from 30% to 20% to be applied to the taxable periods beginning from 1 January 2006 when it becomes a law after being approved by the parliament and also by the president.

By the Board of Directors’ resolution number 2006/2 dated 15 February 2006, Zorlu Holding A.Ş. has exclusively mandated JP Morgan regarding its subsidiary Denizbank A.Ş., in order to explore and evaluate various strategic alternatives including a possible partnership, cooperation, joint venture or equity offering.

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

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

SECTION SIX

I. Other Disclosures and Footnotes

Pursuant to the transitory Article 4 appended to the Banking Law No. 389 with decree No. 4743, losses incurred due to the inflation adjustment of the legal and general reserves, are considered tax deductible according to the Clause No. 14/7 of the Corporate Tax Law. However, the mentioned losses were not deducted from the tax base in 2001, 2002 and 2003, complying with the recommendation of the Ministry of Finance. There was no tax revenue basis (taxable income) occurred for 2001 and 2002, while the tax losses that occurred in 2003 were reported with a reservation clause in the tax return for year 2003. Upon the refusal of the reservation clause by the local Tax Office, the Bank filed a court case for the pre paid taxes YTL 12,000 for 2003, YTL 14,064 for March 2004 period and YTL 467 and the Tax court's decision came out in favor of the bank. The Bank is expecting another ruling by the court for an additional amount of YTL 467. Local tax office appealed for stay of execution to the Council of State. The Council of State refused the demand of local tax office. The Bank had a corporate tax receivable of YTL 15,623 as a result of the netting-off. YTL 14,531 of the receivable of the Bank was recorded as other operating income. YTL 1,106 was netted from the other income taxes relating to March 2005 period. The remaining balance, YTL 12,000 was netted-off with the income taxes relating to April-May 2005 periods and was recorded as other operating income in the consolidated financial statements. As of 30 September 2005, the Bank does not have any tax receivable regarding the lawsuit.

A joint venture established for the purpose of participating in the privatization activities in Turkey deposited a total of USD 355.8 million (YTL 477,412), which were to be used for these activities, at Denizbank and Eurodeniz in 2004. As a result of negative outcome of privatization activities and continuance of capital decrease processes in the related country, the joint venture obtained loans from Eurodeniz at an equivalent amount deposited and collateralized the loan with the deposits. The latest maturity date of both the loans and deposits is 9 August 2006. Deposit and loan accounts will be closed prior to their maturities after the completion of capital decrease procedures in the related country.

As of 30 June 2005, the Bank borrowed USD 300 million comprised of a 5 year fixed rate loan USD 70 million, 5 year floating rate loan USD 150 million, 5 year floating rate loan USD 80 million via completion of a securitization (the "DPR Securitization") transaction.

On 25 October 2005, the Bank signed a USD 650 million syndicated term loan facility agreement arranged by 25 banks. The loan comprised of a USD 300 million portion with 1 year maturity and a USD 350 million portion with 2 years maturity. The interest rates are Libor+0.45% for the 1 year portion, and Libor+0.80% for the 2 years portion.

SECTION SEVEN

Independent Auditor's Report

I. Disclosures on Independent Auditor's Report

The Bank's consolidated financial statements as of 31 December 2005 have been audited by Akis Serbest Muhasebeci Mali Müşavirlik A.Ş. It was noted in their audit report dated 16 February 2006 that the consolidated financial statements present fairly the financial position of Denizbank Anonim Şirketi and its subsidiaries as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in all material respects in accordance with regulations described in Article 37, Article 38 and Provisional Article 1 of the (Turkish) Banking Law No 5411.