

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

**Denizbank Anonim Şirketi and Its Subsidiaries**

Consolidated Interim Financial Statements

**As of and For the Sixth Month Period Ended**

**30 June 2005**

**With Independent Auditor's Review Report Thereon**

**Prepared for Banking Regulation and Supervision Agency**

Akis Serbest Muhasebeci  
Mali Müşavirlik  
Anonim Şirketi  
3 August 2005

*This report contains 73 pages.*

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

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

**To the Board of Directors of Denizbank Anonim Şirketi:**

We have reviewed the consolidated balance sheet of Denizbank Anonim Şirketi (the Bank) and its subsidiaries as of 30 June 2005 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these consolidated financial statements based on our review. We did not review the financial statements of certain consolidated companies as of 30 June 2005, which statements reflect total assets constituting 14 percent; and total interest and commission income constituting 10 percent after elimination of intercompany balances and transactions as of and for the six-month period ended 30 June 2005 of the related consolidated totals. Those statements were reviewed 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 review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of (Turkish) Banking Law No 4389. These regulations require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the financial position of Denizbank Anonim Şirketi and its subsidiaries as of 30 June 2005 and of the results of its operations and its cash flows for the six-month period then ended, in all material respects in accordance with regulations described in Article 13 "Accounting and Recording Rules" of (Turkish) Banking Law.

Istanbul,  
3 August 2005

Akis Serbest Muhasebeci  
Mali Müşavirlik  
Anonim Şirketi

Bülent Ejder  
*Partner*

**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 INTERIM FINANCIAL REPORT AS OF 30 JUNE 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](http://www.denizbank.com)

E-mail address of 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 INTERIM FINANCIAL STATEMENTS
- INFORMATION RELATED TO ACCOUNTING POLICIES APPLIED
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

The consolidated interim financial statements and related disclosures and footnotes that were subject to independent review, 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 30 June 2005; and enclosed.

3 August 2005

**KÜRŞAD TAÇALAN**

General Accounting  
Manager

**SUAVİ DEMİRCİOĞLU**

Executive Vice President

**HAKAN ATEŞ**

Board of Directors Member  
General Manager

**CAN TAŞPULAT**

Board of Directors  
Member Responsible for  
Internal Control System

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, history of bank including changes on its statute
- 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
- 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
- IV. Explanations relating to interim financial statements
- V. Other information
- VI. Type of services provided by and the areas of operations of the Bank

## **SECTION TWO**

### **Consolidated Financial Statements**

- I. Consolidated balance sheet
- II. Consolidated off-balance sheet items statement
- III. Consolidated income statement
- IV. Consolidated statement of changes in shareholders' equity
- V. Consolidated statement of cash flows

## **SECTION THREE**

### **Accounting Policies**

- I. Basis of presentation
- II. Presentation of information regarding the Bank and consolidated subsidiaries
- III. Forward transactions, options and derivative instruments
- IV. Offsetting financial instruments
- V. Interest income and expense
- VI. Fees and commissions
- VII. Trading securities
- VIII. Sale and repurchase agreements and transactions related to the lending of securities
- IX. Investment securities held-to-maturity, investment securities available-for-sale and originated loans and receivables
- X. Originated loans and receivables and specific provisions
- XI. Goodwill and other intangible assets
- XII. Tangible assets
- XIII. Leasing activities
- XIV. Provisions and contingencies
- XV. Commitments for personnel rights
- XVI. Taxation
- XVII. Additional explanations on borrowings
- XVIII. Paid-in capital and treasury stock
- XIX. Acceptances
- XX. Government grants
- XXI. Segment reporting
- XXII. Foreign currency assets and liabilities
- XXIII. Subsidiaries and associates

## **SECTION FOUR**

### **Consolidated Financial Position**

- I. Strategy for the use of financial instruments and the foreign currency operations
- II. Consolidated capital adequacy ratio
- III. Consolidated credit risk
- IV. Consolidated market risk
- VI. Consolidated interest rate risk
- VII. Consolidated liquidity risk
- VIII. Presentation of financial assets and liabilities at their fair value
- IX. Activities carried out on behalf and account of other persons
- X. Operational segments

## **SECTION FIVE**

### **Disclosures and Footnotes on Consolidated Financial Statements**

- I. Information and disclosures related to assets
- II. Information and disclosures related to liabilities
- III. Information and disclosures related to consolidated income statement
- 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
- XI. Explanation and disclosures regarding subsequent events

## **SECTION SIX**

### **Other Disclosures and Footnotes**

- I. Other disclosures on DFS Group's operations

## **SECTION SEVEN**

### **Independent Auditor's Review Report**

- I. Disclosures on Independent Auditor's Review Report

# Denizbank Anonim Şirketi and Its Subsidiaries

## Consolidated Interim Financial Report as of 30 June 2005

(Currency: Thousands of YTL - New Turkish Lira)

### SECTION ONE

#### General Information

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

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to 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 are 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 Veyisi Seviğ	President	--
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Board of Directors

M.Cem Bodur	Vice President	--
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 Kadirga	Member	--
Şerif Arı	Member	--

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

#### IV. Explanations relating to interim financial statements

- The same accounting policies and methods are followed in the interim financial statements as compared with the most recent annual financial statements, except for ending of inflation accounting as of 1 January 2005;
- Interim operations do not have seasonality and cyclicity;
- There are no errors affecting the financial statements and non-continuous operations;
- There are no unusual items affecting assets, liabilities, equity, net income or cash flows because of their nature, size and incidence;
- There are no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period;
- There are no issues and repayments of debt and equity securities;
- There are no dividends paid for ordinary shares and other shares;
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;
- There are no changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations;
- There are no changes in contingent liabilities and contingent assets since the last annual balance sheet date;

**V. Other Information**

<b>Bank's Official Title:</b>	Denizbank Anonim Şirketi
<b>Address of Bank's Headquarters:</b>	Büyükdere Caddesi No:106 Esentepe 34394 İstanbul
<b>Telephone and fax numbers:</b>	Telephone: (0212) 355 08 00 Fax : (0212) 267 27 24
<b>Bank's internet address:</b>	<a href="http://www.denizbank.com">www.denizbank.com</a>
<b>Bank's e-mail address:</b>	yatirimciiliskileri@denizbank.com
<b>Reporting period:</b>	1 January 2005-30 June 2005

Unless stated otherwise, the accompanying consolidated financial statements and disclosures are presented in New Turkish Lira (YTL) thousands as of 30 June 2005.

**VI. 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 204 domestic and 1 foreign branches as of 30 June 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.

## **SECTION TWO**

### **Financial Statements**

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

## SECTION THREE

### Accounting Policies

#### I. Basis of presentation

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., Ekspres Yatırım Menkul Değerler A.Ş., Tarih Menkul Değerler A.Ş., Eurodeniz Off-shore Bank Limited, Deniz Portföy Yönetimi A.Ş., Denizbank AG, Denizbank Moscow, Çağrı Menkul Değerler A.Ş., Deniz Finansal Kiralama A.Ş. and Deniz Faktoring A.Ş., and these subsidiaries are included in consolidation as explained in detail in paragraph 2.4 of part 5.I.10.

Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. and Denizbank Kültür Sanat Ticaret A.Ş., which are also the subsidiaries of the Bank, are not included in consolidation both because their financial sizes are not significant compared to 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 Menkul Değerler A.Ş., Ekspres Yatırım Menkul Değerler A.Ş., Tarih Yatırım Menkul Değerler A.Ş., Eurodeniz Off-shore Bank Limited, Deniz Portföy Yönetimi A.Ş., Çağrı Menkul Değerler A.Ş., Denizbank AG, Denizbank Moscow, Deniz Finansal Kiralama A.Ş. and Deniz Faktoring A.Ş. 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 are as follows;

- 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 30 June 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.

### **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, they 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 125,584 (31 December 2004: YTL 96,082). There are no securities subject to lending as of 30 June 2005 and 31 December 2004.

## **IX. Investment securities held-to-maturity, investment securities available-for-sale and originated 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 originated 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 originated 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.

Originated 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 originated 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. Originated loans and receivables and specific provisions**

Originated 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 originated 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 Finansal Kiralama A.Ş. 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 445 lawsuits against DFS Group with total risks amounting to YTL 11,076, USD 1,460,599 and Euro 58,982 as of 30 June 2005. There are also 3,868 follow-up cases amounting to YTL 48,199, Euro 186,472 and USD 257,082 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 14% as of 30 June 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**

### **I. Corporation Tax**

In accordance with the amendments made to the tax legislation by Law No. 4842, effective 24 April 2003, the corporation 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 corporation tax rate applicable only for the fiscal year 2004 has been increased to 33 %. The corporation 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 corporation 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, corporation 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 corporation 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 corporation 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. As of 30 June 2005, such indices were 55.73% and 8.7% for the last 36 months and 12 months, respectively. The requirement of the related law for considering the effects of inflation the increase in WPI for the last 36 months to be more than 100 % and more than 10% for the last twelve months was not realized as of 30 June 2005. In accordance with the Tax Procedural Law Circular No: 18 dated 19 April 2005 of the Ministry of Finance General Directorate of Revenues, inflation accounting will not be applied for the first quarter of 2005.

The foreign subsidiaries of the DFS Group that operate in Austria, the Russian Federation and Cyprus are entitled to corporate tax rates of 34%, 24% and 2%, respectively. In accordance with the Corporation 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 corporation 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.

Deferred tax assets and liabilities have been offset in the financial statements, amounting YTL 21,898 of net deferred tax assets, reflected in “Other assets” in the accompanying consolidated balance sheet.

For the six month period ended 30 June 2005, deferred tax credit of YTL 10,680 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.

**XXI. Segment reporting**

Segment reporting is explained in footnote 4.X.

**XXII. Foreign currency assets and liabilities**

Foreign currency transactions are recorded in accordance with RAP 11 “Accounting Standard for the Effects of Changes in Foreign Exchange Rates”. As of 30 June 2005, foreign currency gains and losses arising from foreign currency transactions are translated to Turkish Lira by applying the exchange rate at the date of the transaction. At the balance sheet dates, foreign currency assets and liabilities are translated by using the Bank’s spot buying rates and the resulting gains and losses are recorded as foreign exchange gain or loss. The Bank’s currency buying rates used at the balance sheet dates are as follows:

	<b>30 June 2005</b>	<b>31 December 2004</b>	<b>30 June 2004</b>
USD	YTL 1.3337	YTL 1.3363	YTL 1.4809
Euro	YTL 1.6100	YTL 1.8233	YTL 1.7969

**XXIII. Subsidiaries and associates**

Investments in subsidiaries denominated in Turkish Lira are initially recorded at cost and subsequently restated for the effect of inflation until 31 December 2004 less impairment, if any. The purchase cost is restated after elimination of the revaluation increment thereon and the related revaluation fund appropriated to share capital as permitted by the Turkish Commercial Code. The restatement to reflect the effect of inflation has been made by applying the indexes from the date of purchase or from the date bonus shares have been obtained representing the capital increase in the investee company. Investments in subsidiaries denominated in foreign currency are converted to Turkish Lira by using the foreign exchange rates ruling at the balance sheet date.

Investment in Zorlu Enerji Elektrik Üretimi Otoprodüktör Grubu A.Ş., which is based in Turkey and also quoted in the ISE as of the balance sheet date, is reflected in the accompanying consolidated financial statements by using the arithmetic mean of the weighted average price that is quoted during the five days prior to and including the balance sheet date.

## SECTION FOUR

### Consolidated Financial Position

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

The 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 does not have any significant off-balance sheet risks.

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 15.05% as of 30 June 2005 (31 December 2004: 17.83%). Minimum requirement for this ratio is stipulated as 8 % in related legislation.

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

Consolidated capital adequacy ratio is calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" published in the Official Gazette No.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%
<b>Risk Weighted Assets, Liabilities, Off-Balance Sheet Items</b>								
<b>Balance Sheet Items (Net)</b>	<b>852,045</b>	<b>1,242,131</b>	<b>355,985</b>	<b>3,387,546</b>	<b>1,670,878</b>	<b>1,496,060</b>	<b>500,068</b>	<b>4,192,295</b>
Cash on Hand	276,748	1,373	--	--	293,722	1,373	--	211
Banks	--	1,214,104	--	17,990	--	1,452,721	--	61,238
Interbank Money Market Placements	20,000	--	--	--	21,400	--	--	--
Receivables from Reverse Repos	--	--	--	--	125,584	--	--	--
Reserve Deposits	267,157	--	--	--	268,657	--	--	--
Special Purpose Financial Inst.	--	--	--	--	--	--	--	--
Loans	262,404	3,673	323,618	3,067,614	935,568	20,068	323,618	3,673,536
Loans under follow-up (Net)	--	--	--	17,326	--	--	--	16,482
Investments in Associates and Subs.	--	--	--	103,537	--	--	--	104,108
Miscellaneous Receivables	--	--	--	35,834	--	--	--	36,249
Investment Securities Held to Mat.	1,386	--	--	10,970	1,386	--	--	--
Advances for Assets Acquired under	--	--	--	--	--	--	--	--
Financial Lease Receivables	--	--	--	--	--	--	144,084	--
Leased Assets (Net)	--	--	32,367	--	--	--	32,366	--
Tangible Assets (Net)	--	--	--	69,493	--	--	--	78,067
Other Assets	24,350	22,981	--	64,782	24,561	21,898	--	222,404
<b>Off-Balance Sheet Items</b>	<b>134,832</b>	<b>920,442</b>	<b>1,400,612</b>	<b>234,661</b>	<b>134,832</b>	<b>925,683</b>	<b>1,447,317</b>	<b>224,508</b>
Guarantees	126,681	901,961	172,081	178,413	126,681	901,961	218,786	151,032
Commitments	681	--	1,223,801	--	681	--	1,223,801	--
Other Off Balance Sheet-Items	--	--	--	--	--	--	--	--
Derivative Financial Instruments	--	17,222	--	11,259	--	18,608	--	13,304
Accrued Interest and Income.	7,470	1,259	4,730	44,989	7,470	5,114	4,730	60,172
Items Not Risk Weighted	--	--	--	--	--	--	--	--
<b>Total Risk Weighted Assets</b>	<b>986,877</b>	<b>2,162,573</b>	<b>1,756,597</b>	<b>3,622,207</b>	<b>1,805,710</b>	<b>2,421,743</b>	<b>1,947,385</b>	<b>4,416,803</b>

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

	Risk Weights			
	Bank		Consolidated	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
Total Risk Weighted Assets	4,932,520	3,684,481	5,874,843	4,428,235
Value at Risk	377,307	337,758	482,775	442,577
Shareholders' Equity	820,255	760,267	957,132	868,517
Shareholders' Equity/ (RWA+VaR)*100	%15.45	%18.90	%15.05	%17.83

RWA: Total Risk Weighted Assets

VaR: Value at Risk

**4. Components of shareholders' equity**

	<i>Current period</i>	<i>Prior Period</i>
<b>CORE CAPITAL</b>		
Paid-in Capital	316,100	316,100
Nominal Capital	316,100	316,100
Capital Commitments (-)		--
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	189,164	189,164
Share Premium 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	148,483	146,489
Current Period Profit	128,784	136,707
Prior Years Profits	19,699	9,782
Loss (-)	--	--
Current Period Loss	--	--
Prior years Losses	--	--
<b>Total Core Capital</b>	<b>864,712</b>	<b>750,104</b>
<b>SUPPLEMENTARY CAPITAL</b>		
Revaluation Fund	--	--
Movables	--	--
Immovables	--	--
Income on Sale of Equity Shares and Real Estates	--	--
Revaluation Fund on Leasehold Improvements	--	--
Revaluation Surplus	11,494	13,859
Foreign Currency Exchange Differences	8,105	(6,071)
General Provisions	29,034	23,758
Provision for Possible Losses	2,261	4,394
Subordinated Loans	--	--
Securities Value Increase Fund (Unrealized gain on investments)	80,792	115,078
Associates and Subsidiaries	71,519	100,413
Investments Available for Sale	9,273	14,665
Securities Held for Structural Position	--	--
<b>Total Supplementary Capital</b>	<b>131,686</b>	<b>151,018</b>
<b>TIER III CAPITAL</b>	<b>--</b>	<b>--</b>
<b>CAPITAL</b>	<b>996,398</b>	<b>901,122</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>39,266</b>	<b>32,605</b>
Investments in Entities Operating in Financial Sectors such as Money Markets, Capital Markets, Insurance under the related Special Laws	--	--
Leasehold improvements	24,087	20,858
Pre-Operating Costs	1,290	1,568
Prepaid Expenses	13,889	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	--	--
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>957,132</b>	<b>868,517</b>

### III. Consolidated credit risk

Credit risk is not required to be disclosed in interim financial statements.

### 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*

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
<b>Capital Obligation against Interest Rate Risk - Standard Method</b>	<b>15,240</b>
General Market Risk	14,050
Specific Risk	1,190
Options Subject to Interest Rate Risk	--
<b>Capital Obligation against Common Stock Position Risk – Standard Method</b>	<b>14,559</b>
General Market Risk	7,939
Specific Risk	6,620
Options Subject to Common Stock Position Risk	--
<b>Capital Obligation against Currency Risk – Standard Method</b>	<b>8,822</b>
Capital Obligation	8,698
Capital Obligation against Options Subject to Currency Risk	124
<b>Total Value-At-Risk – Home Model</b>	<b>31,665</b>
<b>Total Capital Obligations against Market Risk</b>	<b>38,621</b>
<b>Value-At-Risk Amount</b>	<b>482,775</b>

**V. Consolidated foreign currency exchange rate risk**

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

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

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

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

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

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

**3. Foreign exchange risk management strategy:**

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

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

US Dollar purchase rate at the date of the balance sheet	YTL 1.3337
Euro purchase rate at the date of the balance sheet	YTL 1.6100

Date	USD	EURO
24 June 2005	YTL 1.3466	YTL 1.6253
27 June 2005	YTL 1.3448	YTL 1.6361
28 June 2005	YTL 1.3429	YTL 1.6262
29 June 2005	YTL 1.3413	YTL 1.6167
30 June 2005	YTL 1.3337	YTL 1.6100

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

The arithmetical average of the Bank's US Dollar and Euro purchase rates for June 2005 are YTL 1.3537 and YTL 1.6472, respectively.

**Information on currency risk: (Thousand YTL)**

	EURO	USD	Yen	Other FC	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	47,334	150,568	125	8,061	206,088
Due from Other Banks and Financial Institutions	277,784	985,703	378	51,845	1,315,710
Trading Securities	13,567	21,105	--	53,754	88,426
Receivables from Money Markets	--	--	--	--	--
Investment Securities Available-for-Sale	181,651	407,752	--	518	589,921
Loans (*)	660,176	2,074,877	--	3,909	2,738,962
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity (*)	127,162	28,109	--	--	155,271
Property and Equipment	2,350	39	--	944	3,333
Goodwill	--	--	--	--	--
Other Assets (*) (***)	138,305	304,139	--	8,704	451,148
<b>Total Assets</b>	<b>1,448,329</b>	<b>3,972,292</b>	<b>503</b>	<b>127,735</b>	<b>5,548,859</b>
<b>Liabilities</b>					
Banks Deposits	82,841	175,535	--	1,047	259,423
Foreign Currency Deposits	1,518,288	2,142,265	3,242	47,354	3,711,141
Payables to Money Markets	7,760	--	--	--	7,760
Funds Provided from Other Financial Institutions	114,905	1,564,256	--	1,480	1,680,641
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	12,157	10,383	--	587	23,127
Other Liabilities (*) (***)	34,769	52,319	--	1,065	88,153
<b>Total Liabilities</b>	<b>1,770,720</b>	<b>3,944,758</b>	<b>3,242</b>	<b>51,533</b>	<b>5,770,245</b>
<b>Net On Balance Sheet Position</b>	<b>(322,391)</b>	<b>27,534</b>	<b>(2,739)</b>	<b>76,201</b>	<b>(221,386)</b>
<b>Net Off Balance Sheet Position</b>	<b>291,170</b>	<b>(157,218)</b>	<b>2,709</b>	<b>(21,718)</b>	<b>114,943</b>
Financial Derivatives (Assets)	900,094	1,188,689	18,337	27,202	2,134,322
Financial Derivatives (Liabilities)	608,924	1,345,907	15,628	48,920	2,019,379
Non-Cash Loans	462,721	1,419,777	10,064	38,916	1,931,478
<b>Prior Period</b>					
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. Whether interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured:

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 whether the board of directors has established any limits 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 exposed by the Group 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	Demand	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	1	--	--	--	--	295,305	295,306
Due from banks and other financial institutions	1,105,223	99,544	121,850	43,914	19,119	124,309	1,513,959
Trading securities	28,358	101,759	26,156	27,785	51,501	98,551	334,110
Receivables from money markets	146,984	--	--	--	--	--	146,984
Investment securities available-for-sale	178,950	717,624	26,367	178,888	354,688	3,466	1,459,983
Loans	1,276,667	793,318	654,540	1,099,528	1,110,830	34,389	4,969,272
Investment securities held-to-maturity	1,150	3,510	19,008	24,488	107,115	--	155,271
Other assets	90,978	374,565	67,337	48,299	82,839	454,417 *	1,118,435
<b>Total assets</b>	<b>2,828,311</b>	<b>2,090,320</b>	<b>915,258</b>	<b>1,422,902</b>	<b>1,726,092</b>	<b>1,010,437</b>	<b>9,993,320</b>
<b>Liabilities</b>							
Interbank deposits	114,468	122,987	48,897	35,550	7,323	4,002	333,227
Other deposits	2,577,246	682,010	269,477	781,609	175,643	1,341,449	5,827,434
Payables to money markets	453,950	7,760	--	--	--	--	461,710
Miscellaneous payables	6,402	--	--	--	676	207,895	214,973
Marketable securities issued	--	--	--	--	--	--	--
Funds provided from other financial institutions	183,671	130,823	594,273	394,860	515,163	--	1,818,790
Other liabilities	25,363	11,937	33,359	13,118	2,899	1,250,510 **	1,337,186
<b>Total liabilities</b>	<b>3,361,100</b>	<b>955,517</b>	<b>946,006</b>	<b>1,225,137</b>	<b>701,704</b>	<b>2,803,856</b>	<b>9,993,320</b>
On Balance Sheet Interest Sensitivity Gap	(532,789)	1,134,803	(30,748)	197,765	1,024,388	(1,793,419)	--
Off Balance Sheet Interest Sensitivity Gap							--
<b>Total Interest Sensitivity Gap</b>	<b>(532,789)</b>	<b>1,134,803</b>	<b>(30,748)</b>	<b>197,765</b>	<b>1,024,388</b>	<b>(1,793,419)</b>	<b>--</b>

(\*) Tangible Assets, Intangible Assets, Investments in Associates and Investments in Subsidiaries with balances of YTL 120,845, YTL 14,966, YTL 92,249 and YTL 7,822, respectively, are included.

(\*\*) Shareholders' Equity amounting YTL 966,260 is included.

Prior Period	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 Year and Over	Demand	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
Receivables from money markets	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
<b>Total assets</b>	<b>3,106,802</b>	<b>1,517,048</b>	<b>605,129</b>	<b>858,943</b>	<b>1,274,327</b>	<b>710,081</b>	<b>8,072,330</b>
Liabilities							
Interbank 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
Payables to 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 provided 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
<b>Total liabilities</b>	<b>3,397,740</b>	<b>840,834</b>	<b>834,388</b>	<b>561,498</b>	<b>125,866</b>	<b>2,312,004</b>	<b>8,072,330</b>
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	--	--	--	--	--	--	--
<b>Total Interest Sensitivity Gap</b>	<b>(290,938)</b>	<b>676,214</b>	<b>(229,259)</b>	<b>297,445</b>	<b>1,148,461</b>	<b>(1,601,923)</b>	<b>--</b>

(\*) Tangible Assets, Intangible Assets, Investments in Associates and Investments in Subsidiaries with balances of YTL 122,280, 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:

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	--	--	--	--
Due from banks and other financial institutions	2.33	3.35	--	15.17
Trading securities	4.54	4.42	--	16.13
Receivables from money markets	--	--	--	--
Investment securities available-for-sale	5.47	4.66	--	17.84
Loans	5.71	5.50	--	23.64
Investment securities held-to-maturity	6.46	6.10	--	--
<b>Liabilities</b>				
Interbank deposits	3.48	3.82	--	17.08
Other deposits	3.50	3.73	--	17.08
Payables to money markets	2.21	2.45	--	--
Miscellaneous payables	--	--	--	14.02
Marketable securities issued	--	--	--	--
Funds provided from other financial institutions	3.56	5.83	--	13.88

<b>Prior Period</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>YTL</b>
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	--	1.04	--	--
Due from banks and other financial institutions	2.16	2.31	--	18.90
Trading securities	4.91	7.43	--	20.84
Receivables	2.26	1.78	--	18.00
Investment securities available-for-sale	5.30	6.28	--	43.43
Loans	6.17	5.85	--	35.85
Investment securities held-to-maturity	4.51	5.60	--	--
<b>Liabilities</b>				
Interbank deposits				
Other deposits	3.40	3.15	--	21.21
Miscellaneous payables	3.68	3.30	--	21.50
Payables to money markets	2.10	1.70	--	16.00
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds provided 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 the control of the DFS Group based on certain set criteria. The DFS Group maintains liquid assets to guarantee sufficient liquidity during market fluctuations. Approximately 10% of balance sheet size is allocated to cash balances, 20% 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 repo 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 10% of balance sheet size is allocated to cash balances, 20% 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, USD 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
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank	291,913	--	--	--	--	3,393	--	295,306
Due from banks and other financial institutions	130,913	1,094,075	104,088	121,850	43,914	19,119	--	1,513,959
Trading securities	102,928	2,394	15,478	41,743	88,338	83,229	--	334,110
Receivables from money markets	--	146,984	--	--	--	--	--	146,984
Investment securities available-for-sale	3,466	16,885	174,584	50,242	593,624	621,182	--	1,459,983
Loans	21,685	1,211,755	594,745	779,423	1,152,670	1,192,512	16,482	4,969,272
Investment securities held-to-maturity	--	1,147	3,510	8,038	24,488	118,088	--	155,271
Other assets	146,485	339,863	126,047	76,728	66,045	95,658	267,609	1,118,435
<b>Total assets</b>	<b>697,390</b>	<b>2,813,103</b>	<b>1,018,452</b>	<b>1,078,024</b>	<b>1,969,079</b>	<b>2,133,181</b>	<b>284,091</b>	<b>9,993,920</b>
<b>Liabilities</b>								
Interbank deposits	4,002	114,467	96,313	75,572	35,550	7,323	--	333,227
Other deposits	1,341,449	2,578,089	681,583	269,090	781,579	175,644	--	5,827,434
Funds provided from other financial instruments	--	183,671	130,823	594,273	394,860	515,163	--	1,818,790
Payables to money markets	--	453,950	7,760	--	--	--	--	461,710
Marketable securities issued	--	--	--	--	--	--	--	--
Miscellaneous payables	207,959	2,883	1,545	1,910	67	609	--	214,973
Other liabilities	136,744	35,689	17,657	33,331	12,998	3,191	1,097,576	1,337,186
<b>Total liabilities</b>	<b>1,690,154</b>	<b>3,368,749</b>	<b>935,681</b>	<b>974,176</b>	<b>1,225,054</b>	<b>701,930</b>	<b>1,097,576</b>	<b>9,993,920</b>
<b>Net Liquidity Gap</b>	<b>(992,764)</b>	<b>(555,646)</b>	<b>82,771</b>	<b>103,848</b>	<b>744,025</b>	<b>1,431,251</b>	<b>(813,485)</b>	<b>--</b>
<b>Prior Period</b>								
<i>Total Assets</i>	758,999	2,640,431	550,991	842,804	1,107,944	1,858,104	313,057	8,072,330
<i>Total Liabilities</i>	1,451,626	3,307,117	821,067	395,278	1,000,302	136,041	960,899	8,072,330
<b>Net Liquidity Gap</b>	<b>(692,627)</b>	<b>(666,686)</b>	<b>(270,076)</b>	<b>447,526</b>	<b>107,642</b>	<b>1,722,063</b>	<b>(647,842)</b>	<b>--</b>

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

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

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

**X. Operational segments**

This disclosure is not required for interim consolidated financial statements.

## 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	53,669	93,307	61,406	51,594
Unrestricted Time Deposits	--	--	--	53,452
<b>Total</b>	<b>53,669</b>	<b>93,307</b>	<b>61,406</b>	<b>105,046</b>

##### 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	1,244	4,973	9,476	--
Other	41	--	--	--
<b>Total</b>	<b>1,285</b>	<b>4,973</b>	<b>9,476</b>	-

Trading securities given as collateral represent those collaterals given to Central Bank of Turkey, and ISE Clearing and Custody Bank (Takasbank) for disponibility, 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	25,002	--	28,205	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>25,002</b>	<b>--</b>	<b>28,205</b>	<b>--</b>

##### 3. Information on foreign bank accounts:

This disclosure is not required for interim consolidated financial statements.

##### 4. Receivables from reverse repurchase agreements:

This disclosure is not required for interim consolidated financial statements.

**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 3,466) 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
<b>Debt Securities</b>	<b>1,457,233</b>	<b>1,328,913</b>
Quoted in stock exchange	1,222,859	1,091,559
Not quoted in stock exchange	234,374	237,354
<b>Share Certificates</b>	<b>4,037</b>	<b>3,460</b>
Quoted in stock Exchange	571	17
Not quoted in stock Exchange	3,466	3,443
<b>Impairment provision (-)</b>	<b>1,287</b>	<b>646</b>
<b>Total</b>	<b>1,459,983</b>	<b>1,331,727</b>

**5.3 Investment securities available-for-sale given as collateral**

Investment securities available-for-sale given as collateral are government bonds amounting to YTL 559,523.

**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	292,425	176,827	218,992	108,649
Other	--	90,271	--	94,644
<b>Total</b>	<b>292,425</b>	<b>267,098</b>	<b>218,992</b>	<b>203,293</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	227,471	--	231,804	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds issued or guaranteed by Banks	--	--	--	--
Asset backed securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>227,471</b>	<b>--</b>	<b>231,804</b>	<b>--</b>

## 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
<b>Direct Loans Granted to Shareholders</b>	<b>2,432</b>	<b>13</b>	<b>287</b>	<b>2</b>
Corporate Shareholders	2,432	5	--	2
Individual Shareholders	--	8	287	--
<b>Indirect Loans Granted to Shareholders</b>	<b>94,276</b>	<b>211,012</b>	<b>22,852</b>	<b>227,856</b>
<b>Loans Granted to Employees</b>	<b>8,711</b>	<b>--</b>	<b>8,102</b>	<b>--</b>
<b>Total</b>	<b>105,419</b>	<b>211,025</b>	<b>31,241</b>	<b>227,858</b>

### 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
<b>Non-specialized loans</b>	<b>4,819,883</b>	<b>--</b>	<b>12,913</b>	<b>--</b>
Discount Notes	18,006	--	--	--
Export Loans	582,021	--	--	--
Import Loans	44,409	--	--	--
Loans given to financial sector	--	--	--	--
Foreign Loans	140,727	--	--	--
Consumer Loans	584,474	--	--	--
Credit Cards	340,611	--	--	--
Precious metal loans	--	--	--	--
Other	3,109,635	--	12,913	--
<b>Specialization Loans</b>	<b>117,908</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Receivables</b>	<b>2,086</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>4,939,877</b>	<b>--</b>	<b>12,913</b>	<b>--</b>

### 6.3 Loans according to their maturity structure

This disclosure is not required for interim consolidated financial statements.

#### 6.4 Information on consumer loans

	Short Term	Medium or Long Term	Total	Accrued Interest and Income
<b>Consumer Loans-YTL</b>	<b>98,464</b>	<b>413,680</b>	<b>512,144</b>	<b>5,382</b>
Real estate loans	1,077	116,033	117,110	1,158
Automotive loans	7,207	121,960	129,167	1,498
Consumer loans	90,180	175,687	265,867	2,726
Other	--	--	--	--
<b>Consumer loans-Indexed to FC</b>	<b>1,606</b>	<b>36,937</b>	<b>38,543</b>	<b>923</b>
Real estate loans	622	26,681	27,303	462
Automotive loans	869	9,159	10,028	422
Consumer loans	115	1,097	1,212	39
Other	--	--	--	--
<b>Consumer Loans-FC</b>	<b>28,507</b>	<b>--</b>	<b>28,507</b>	<b>--</b>
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	11,908	--	11,908	--
Other	16,599	--	16,599	--
<b>Credit Cards-YTL</b>	<b>334,063</b>	<b>--</b>	<b>334,063</b>	<b>12,799</b>
Installment	91,002	--	91,002	--
Not installment	243,061	--	243,061	12,799
<b>Credit Cards-FC</b>	<b>334</b>	<b>--</b>	<b>334</b>	<b>--</b>
Installment	--	--	--	--
Not installment	334	--	334	--
<b>Loans given to employees-YTL</b>	<b>5,134</b>	<b>--</b>	<b>5,134</b>	<b>--</b>
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	5,134	--	5,134	--
Other	--	--	--	--
<b>Loans given to employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	--	--	--	--
Other	--	--	--	--
<b>Loans given to employees - FC</b>	<b>146</b>	<b>--</b>	<b>146</b>	<b>--</b>
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	--	--	--	--
Other	146	--	146	--
<b>Employee credit cards-YTL</b>	<b>3,431</b>	<b>--</b>	<b>3,431</b>	<b>--</b>
Installment	1,418	--	1,418	--
Not installment	2,013	--	2,013	--
<b>Employee credit cards-FC</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Installment	--	--	--	--
Not installment	--	--	--	--
<b>Total</b>	<b>471,685</b>	<b>450,617</b>	<b>922,302</b>	<b>19,104</b>

**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>
<b>Installment Corporate Loans - YTL</b>	<b>121,352</b>	<b>29,345</b>	<b>150,697</b>	<b>1,563</b>
Real estate loans	8,635	756	9,391	82
Automotive loans	71,299	28,498	99,797	996
Consumer loans	--	--	--	--
Other	41,418	91	41,509	485
<b>Installment Corporate Loans – Indexed to FC</b>	<b>36,568</b>	<b>6,563</b>	<b>43,131</b>	<b>781</b>
Real estate loans	3,301	402	3,703	76
Automotive loans	15,936	6,159	22,095	521
Consumer loans	--	--	--	--
Other	17,331	2	17,333	184
<b>Installment Corporate Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate loans	--	--	--	--
Automotive loans	--	--	--	--
Consumer loans	--	--	--	--
Other	--	--	--	--
<b>Corporate Credit Cards - YTL</b>	<b>2,783</b>	<b>--</b>	<b>2,783</b>	<b>--</b>
Installment	86	--	86	--
Not installment	2,697	--	2,697	--
<b>Corporate Credit Cards - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Installment	--	--	--	--
Not installment	--	--	--	--
<b>Total</b>	<b>160,703</b>	<b>35,908</b>	<b>196,611</b>	<b>2,344</b>

**6.6 Analysis of loans based on customer classification**

This disclosure is not required for interim consolidated financial statements.

**6.7 Domestic and international loans**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	4,812,064	3,094,522
Foreign loans	140,726	106,397
<b>Total</b>	<b>4,952,790</b>	<b>3,200,919</b>

**6.8 Loans granted to subsidiaries and investments**

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and investments	--	303
Indirect loans granted to subsidiaries and investments	--	--
<b>Total</b>	<b>--</b>	<b>303</b>

## 6.9 Specific provisions for loans

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibility	18,593	13,753
Loans and receivables with doubtful collectibility	19,167	12,867
Uncollectible loans and receivables	81,652	76,223
<b>Total</b>	<b>119,412</b>	<b>102,843</b>

## 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.

None.

6.10.2 Movements in non-performing loan groups

	III. Group <i>Loans and receivables with limited collectibility</i>	IV. Group <i>Loans and receivables with doubtful collectibility</i>	V. Group <i>Uncollectible loans and receivables</i>
<b>Balances at Beginning of Period</b>	<b>14,783</b>	<b>12,595</b>	<b>88,821</b>
Additions (+)	39,356	2,692	322
Transfers from other categories of non performing loans (+)	--	18,376	5,545
Transfers to other categories of non performing loans (-)	18,376	5,545	--
Collections (-)	12,118	8,221	2,336
Write-offs (-)	--	--	--
<b>Balances at End of the Period</b>	<b>23,645</b>	<b>19,897</b>	<b>92,352</b>
Specific provision (-)	18,593	19,167	81,652
<b>Net Balance on Balance Sheet</b>	<b>5,052</b>	<b>730</b>	<b>10,700</b>

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

	III. Group <i>Loans and receivables with limited collectibility</i>	IV. Group <i>Loans and receivables with doubtful collectibility</i>	V. Group <i>Uncollectible loans and receivables</i>
<b>Current Period</b>			
<b>Period end balance</b>	<b>--</b>	<b>676</b>	<b>271</b>
Specific provision (-)	--	676	175
<b>Net Balance on balance sheet</b>	<b>--</b>	<b>--</b>	<b>96</b>
<b>Prior period</b>			
<b>Period end balance</b>	<b>668</b>	<b>177</b>	<b>--</b>
Specific provision (-)	668	177	--
<b>Bilançodaki Net Bakiyesi</b>	<b>--</b>	<b>--</b>	<b>--</b>

## 6.11 Liquidation policy for uncollectible loans and receivables

This disclosure is not required for interim consolidated financial statements.

**7. Information on factoring receivables:**

This disclosure is not required for interim consolidated financial statements.

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

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

	Current Period	Prior Period
<b>Debt securities</b>	<b>155,271</b>	<b>167,985</b>
Quoted at Stock Exchange	131,156	143,772
Not quoted at Stock Exchange	24,115	24,213
<b>Impairment loss provision (-)</b>	<b>--</b>	<b>98</b>
<b>Total</b>	<b>155,271</b>	<b>167,887</b>

**8.2 Movement of investment securities held-to-maturity**

	Current Period	Prior Period
<b>Balances at the Beginning of the Period</b>	<b>167,887</b>	<b>229,927</b>
Foreign Currency gains/losses on Monetary assets	--	--
Purchases during the Period	12,253	40,432
Disposals through sales / redemptions and the restatement effects of inflation accounting (*)	(24,869)	(102,374)
Impairment loss provision (-)	--	98
<b>Period end balance</b>	<b>155,271</b>	<b>167,887</b>

(\*) 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	22,729	66,902	26,652	67,336
Securities Subject to Repurchase Agreements	--	8,024	--	8,064
Securities Held for "Structural" Position	--	--	--	--
Receivables from Security Lending Market	--	--	--	--
Guarantees to Security Lending Market	--	--	--	--
Other (*)	1,386	56,230	1,625	57,998
<b>Total</b>	<b>24,115</b>	<b>131,156</b>	<b>28,277</b>	<b>133,398</b>

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 Market	--	--	--	--
Guarantees to Security Lending Market	--	--	--	--
Other (*)	1,386	63,819	1,649	68,453
<b>Total</b>	<b>24,115</b>	<b>143,772</b>	<b>28,684</b>	<b>149,116</b>

(\*) Securities which are not collateralized or blocked are presented under the other caption.

8.3.1 Investment securities held-to-maturity given as collateral

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bills	--	--	--	--
Bonds and Similar Securities	22,729	14,207	22,729	3,575
Other	--	52,695	--	76,378
<b>Total</b>	<b>22,729</b>	<b>66,902</b>	<b>22,729</b>	<b>79,953</b>

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	--	--	--	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	8,024	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>--</b>	<b>8,024</b>	<b>--</b>	<b>--</b>

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	--	--
<b>Total</b>	<b>--</b>	<b>--</b>

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
550,700	309,442	416,121	--	--	(187)	66,405	383,350

For the reason that the Zorlu Enerji Elektrik Üretimi Otoprodüktör A.Ş.'s financials as of the report date have not been completed, the data above are taken from the consolidated balance sheet as of 31 March 2005.

## 9.2 Investments in consolidated associates

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

### 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

This disclosure is not required for interim consolidated financial statements.

### 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 Menkul Değerler A.Ş. (Deniz Yatırım), a brokerage and investment company, located in Istanbul. Deniz Yatırım was established on 29 January 1997 and 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 Menkul Değerler A.Ş. (Ekspres Yatırım) from Saving Deposit Insurance Fund (SDIF) at the end of 2002. With subsequent acquisitions, the Bank and Deniz Yatırım's share increased to 99.82% as of 31 March 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, Tariş Yatırım Menkul Değerler A.Ş. (Tariş Yatırım) was originally established as a subsidiary of Tarişbank in 1997 to handle the brokerage activities of its parent bank. With the acquisition of Tarişbank in 2002, Tariş Yatırım became a subsidiary of the Bank.

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 at the beginning of 2003. Denizbank AG 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 Denizbank Moscow. Denizbank Moscow is licensed to undertake all commercial banking transactions.

The Bank acquired 99.88% of the shares of Eurodeniz Off-shore Bank Limited (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 Yönetimi A.Ş. (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.

On 9 December 2004, Denizbank has established Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (Deniz Kültür Sanat) 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 Finansal Kiralama A.Ş. (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 the 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 A.Ş.

The Bank acquired 99.99% of the shares of Deniz Faktoring A.Ş. (Deniz Factoring) for YTL 15,184 on 21 February 2005. Deniz Factoring 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 the law number 6762.

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.

#### 10.1 Information on subsidiaries not consolidated

	Description	Address(City/ Country)	Bank's share percentage-If different voting percentage (%)	Other Subsidiaries' share percentage (%)
1	İNTERTECH BİLGİ İŞLEM VE PAZARLAMA TİCARET A.Ş.	İSTANBUL/TURKEY	100%	0%
2	KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL/TURKEY	9.09%	90.91%
3	DENİZBANK KÜLTÜR SANAT YAYINCILIK TİCARET VE SANAYİ A.Ş.	İSTANBUL/TURKEY	100%	0%

	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	3,251	2,862	418	13	--	1,719	(2,331)	--
2	18,498	16,827	2,826	--	--	4,262	3,986	--
3	103	67	3	1	--	(26)	6	--

## 10.2 Movement of subsidiaries

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>99,974</b>	<b>76,631</b>
<b>Movements during the Period</b>	<b>20,205</b>	<b>23,343</b>
Purchases (*)	27,941	26,125
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (**)	--	--
Revaluation Increase, Effect of Inflation and f/x difference (***)	(7,736)	(2,782)
Impairment Provision (+)	--	--
<b>Balance at the End of the Period</b>	<b>120,179</b>	<b>99,974</b>
<b>Capital Commitments</b>	<b>--</b>	<b>--</b>
<b>Share Percentage at the end of Period (%)</b>	<b>--</b>	<b>--</b>

### 10.2.1 Valuation of the investments in subsidiaries

	Current Period	Prior Period
Valued at Inflation-Adjusted Historical Costs	120,179	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	63,304	71,040
Insurance Companies	--	--
Factoring Companies	15,184	--
Leasing Companies	12,757	--
Financing Companies	28,934	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 Information on consolidated subsidiaries**

	Description	Address(City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)	Method of Consolidation
1	DENİZBANK AG	VIENNA/AUSTRIA	100%	0%	Full consolidation
2	EURODENİZ OFF-SHORE BANK LTD.	NICOSIA/CYPRUS	100%	0%	Full consolidation
3	DENİZ YATIRIM MENKUL DEĞERLER A.Ş.	ISTANBUL/TURKEY	100%	0%	Full consolidation
4	TARİŞ YATIRIM MENKUL DEĞERLER A.Ş.	ISTANBUL/TURKEY	100%	0%	Full consolidation
5	EKSPRES YATIRIM MENKUL DEĞERLER A.Ş.	ISTANBUL/TURKEY	71%	29%	Full consolidation
6	DENİZBANK MOSCOW	MOSCOW/RUSSIA	49%	51%	Full consolidation
7	DENİZ PORTFÖY YÖNETİMİ A.Ş.	ISTANBUL/TURKEY	0%	100%	Full consolidation
8	ÇAĞRI MENKUL DEĞERLER A.Ş.	ISTANBUL/TURKEY	0%	100%	Full consolidation
9	DENİZ FİNANSAL KİRALAMA A.Ş.	ISTANBUL/TURKEY	11%	89%	Full consolidation
10	DENİZ FAKTÖRİNG 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	1,170,222	66,145	4,113	26,298	8,028	3,892	5,438	--
2	1,045,239	27,802	125	30,741	415	20,943	6,258	--
3	141,817	13,197	2,006	660	(35)	(113)	(142)	--
4	2,069	1,939	543	12	16	(657)	(4,404)	--
5	16,792	13,471	893	1,233	(190)	3,316	1,957	--
6	102,997	12,968	945	3,652	2,784	765	(7,836)	--
7	1,359	1,223	14	123	66	288	(57)	--
8	--	--	--	--	--	--	--	--
9	199,154	17,821	192	9,328	(972)	1,931	(285)	--
10	186,604	17,802	267	12,279	(47)	1,309	--	--

**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 Faktoring A.Ş.	15,184	--	Cash Payment
Deniz Finansal Kiralama A.Ş.	1,959	--	Cash Payment

**11. Information on other investments:**

This disclosure is not required for interim consolidated financial statements.

**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	76,892	66,617	--	--
Between 1-4 years	90,398	77,467	--	--
Over 4 years	--	--	--	--
<b>Total</b>	<b>167,290</b>	<b>144,084</b>	<b>--</b>	<b>--</b>

**12.2 Information on net financial lease receivables**

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

**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	838	45	817	69
Accrued Interest Income	38,769	26,677	23,029	19,075
Uncollected Commissions and Other Income	43	--	45	--
Accrued Commissions and Other Income	--	--	--	--
<b>Total</b>	<b>39,650</b>	<b>26,722</b>	<b>23,891</b>	<b>19,144</b>

**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	7,289	2,194	7,897	1,793
Investment Securities Available-for-Sale	28,630	12,141	38,049	8,873
Investment Securities Held-to-Maturity	4,162	2,242	4,569	5,346
Reverse Repurchase Agreements	--	--	--	--
Reserve Deposits	2,669	719	2,735	502
Financial Derivative Instruments	3,039	16,767	6,462	6,572
Interest and Income Accruals	--	--	1,712	1,076
Income Accruals on Foreign Exchange	3,039	16,767	4,750	5,496
Factoring Receivables	2,375	41	--	--
Other	2,126	2,943	852	1,636
<b>Total</b>	<b>50,290</b>	<b>37,047</b>	<b>60,564</b>	<b>24,722</b>

**15. Information on tangible assets (Net):**

This disclosure is not required for interim consolidated financial statements.

**16. Information on intangible assets (Net):**

This disclosure is not required for interim consolidated financial statements.

**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 21,898 (31 December 2004: YTL 14,633). The amount is the net of deductible temporary differences and taxable temporary differences calculated as of the balance sheet date.

There is no unused tax losses carried forward and unused tax credits over which the deferred tax asset is computed. Deferred tax assets, amounting YTL 33,317, and deferred tax liabilities, amounting YTL 11,419, are recognized for the tax effects attributable to differences between tax and book bases of assets and liabilities. Deferred tax assets and liabilities are offset against each other in the accompanying consolidated financial statements.

Deferred tax effects of items charged or credited to equity are 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 assets 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 21,660 (31 December 2004: YTL 28,642) and prepaid expenses are YTL 13,889 (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
<b>Savings Deposits</b>	<b>146,580</b>	--	<b>287,497</b>	<b>663,804</b>	<b>81,674</b>	<b>95,778</b>	<b>79,669</b>
<b>Foreign Currency</b>	<b>704,303</b>	--	<b>376,402</b>	<b>952,732</b>	<b>191,924</b>	<b>722,751</b>	<b>15,129</b>
Residents in Turkey	596,701	--	291,362	851,785	130,883	116,013	13,686
Residents Abroad	107,602	--	85,040	100,947	61,041	606,738	1,443
<b>Public Sector Deposits</b>	<b>7,015</b>	--	<b>5,006</b>	<b>134</b>	--	--	--
<b>Commercial Deposits</b>	<b>398,591</b>	--	<b>369,675</b>	<b>305,542</b>	<b>94,584</b>	<b>137,450</b>	<b>102,497</b>
<b>Other Ins. Deposits</b>	<b>84,968</b>	--	<b>1,221</b>	<b>2,231</b>	<b>38</b>	<b>27</b>	--
<b>Precious Metal</b>	<b>212</b>	--	--	--	--	--	--
<b>Bank Deposits</b>	<b>4,005</b>	--	<b>101,312</b>	<b>161,902</b>	<b>23,136</b>	<b>35,550</b>	<b>7,322</b>
Central Bank	--	--	--	--	--	--	--
Domestic Banks	1,037	--	51,267	36,216	13,405	35,550	7,322
Foreign Banks	2,846	--	50,045	125,686	9,731	--	--
Special Purpose	122	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
<b>Total</b>	<b>1,345,674</b>		<b>1,141,113</b>	<b>2,086,345</b>	<b>391,356</b>	<b>991,556</b>	<b>204,617</b>

Prior period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over
<b>Savings Deposits</b>	<b>104,790</b>	--	<b>322,915</b>	<b>457,609</b>	<b>36,594</b>	<b>150,683</b>	<b>104,323</b>
<b>Foreign Currency</b>	<b>679,764</b>	--	<b>774,039</b>	<b>948,614</b>	<b>154,639</b>	<b>265,789</b>	<b>13,823</b>
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
<b>Public Sector Deposits</b>	<b>1,920</b>	--	<b>168</b>	<b>88</b>	<b>55</b>	<b>3</b>	--
<b>Commercial Deposits</b>	<b>210,234</b>	--	<b>340,985</b>	<b>87,150</b>	<b>32,111</b>	<b>133,678</b>	<b>206,589</b>
<b>Other Ins. Deposits</b>	<b>67,408</b>	--	<b>13,845</b>	<b>1,171</b>	<b>36</b>	<b>236</b>	--
<b>Precious Metal</b>	<b>139</b>	--	--	--	--	--	--
<b>Bank Deposits</b>	<b>20,491</b>	--	<b>26,427</b>	<b>9,409</b>	<b>3,840</b>	--	--
Central Bank	--	--	--	--	--	--	--
Domestic Banks	1,994	--	2,489	--	--	--	--
Foreign Banks	12,333	--	23,938	9,409	3,840	--	--
Special Purpose	6,164	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
<b>Total</b>	<b>1,084,746</b>		<b>1,478,379</b>	<b>1,504,041</b>	<b>227,275</b>	<b>550,389</b>	<b>324,735</b>

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

Savings Deposits	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
<b>Savings Deposits</b>	679,375	526,573	374,837	351,253
Savings Deposits	534,596	519,694	829,896	1,267,034
Foreign Currency Savings Deposits	--	--	--	--
Other deposits in the form of savings deposits	--	--	--	--
Foreign branches' 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	294,200	287,534
Savings Deposits at Off-shore Branches	14,312	11,554

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
<b>From Domestic Transactions</b>	<b>378,057</b>	<b>7,760</b>	<b>356,091</b>	<b>--</b>
Financial Institutions and Organizations	373,105	7,760	327,886	--
Other institutions and Organizations	3,256	--	26,586	--
Individuals	1,696	--	1,619	--
<b>From Foreign Transactions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Financial Institutions and Organizations	--	--	--	--
Other Institutions and Organizations	--	--	--	--
Individuals	--	--	--	--
<b>Total</b>	<b>378,057</b>	<b>7,760</b>	<b>356,091</b>	<b>--</b>

**3. Information on funds borrowed:**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	108,149	1,083,891	47,766	864,382
Medium and Long-Term	30,000	596,750	--	115,573
<b>Total</b>	<b>138,149</b>	<b>1,680,641</b>	<b>47,766</b>	<b>979,955</b>

**3.1 Additional information on concentrations of the DFS Group's commitments:**

This disclosure is not required for interim consolidated financial statements.

**4. Information on debt securities issued:**

None.

**4.1 Information on convertible bonds**

This disclosure is not required for interim consolidated financial statements.

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

As of 30 June 2005, no securities have been issued.

**5. Explanations on funds:**

As of 30 June 2005, the Bank does not have any funds.

**6. Explanations on miscellaneous payables :**

	Current Period	Prior Period
Cash collaterals received	664	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:**

This disclosure is not required for interim consolidated financial statements.

**9. Explanations on factoring payables:**

This disclosure is not required for interim consolidated financial statements.

**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	43	8	16,010	13,609
Between 1-4 years	89	72	3,536	3,321
More than 4 years	--	--	--	--
<b>Total</b>	<b>132</b>	<b>80</b>	<b>19,546</b>	<b>16,930</b>

## 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	18,241	20,972	16,541	16,257
Accrued Interest on Funds Borrowed	1,438	15,281	4	9,744
Accrued Interest on Bonds	--	--	--	--
Accrued Interest on Repurchase Agreements	190	--	226	--
<b>Accrued Interest on Financial Derivative Instruments</b>	<b>1,584</b>	<b>54,385</b>	<b>--</b>	<b>23,619</b>
Interest and Expense Accruals	--	109	--	5,053
Expense Accruals for Foreign Exchange Losses	1,584	54,276	--	18,566
Accrued interest on Factoring Payables	--	--	--	--
Other Interest and Expense Accruals	4,627	7,739	3,403	6,136
<b>Total</b>	<b>26,080</b>	<b>98,377</b>	<b>20,174</b>	<b>55,756</b>

## 12. Information on provisions and subordinated loans:

### 12.1 Information on general provisions

	Current Period	Prior Period
<b>General Provisions</b>	<b>29,034</b>	<b>23,758</b>
Provisions for Loans and Receivables in Group I	25,012	20,197
Provisions for Loans and Receivables in Group II	82	79
Provisions for Non Cash Loans	3,940	3,482
Other	--	--

**12.2 Information on employee termination benefits and notification indemnity**

This disclosure is not required for interim financial statements.

**12.3 Liabilities resulting from retirement benefits**

This disclosure is not required for interim financial statements.

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

This disclosure is not required for interim financial statements.

**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	16,587	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 provision for non cash loans that are not indemnified and converted into cash	14,753	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	3,048	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 30 June 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	--	--	--	--
<b>Total</b>	--	--	--	--

### 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 2004, 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 increase	Amount of increase	Cash	Reserves	Revaluation fund
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--

#### 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 marketable securities value increase fund:**

This disclosure is not required for interim financial statements.

**16. Information on revaluation fund (surplus):**

There are no balances related to revaluation in the accompanying financial statements.

**17. Explanations related to the components of revaluation surplus:**

This disclosure is not required for interim financial statements.

**18. Information on legal reserves:**

This disclosure is not required for interim financial statements.

**19. Information on extraordinary reserves:**

This disclosure is not required for interim financial statements.

**20. Information of minority rights:**

This disclosure is not required for interim consolidated financial statements.

**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

#### 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:

The current period balance of the “Fees and Commissions Received” account is YTL 86,697, which includes YTL 65,372 classified as “Other” item. 42% of the “Other” item, amounting YTL 27,448 is comprised of credit card commission income and 58% is comprised of brokerage and other banking fees, amounting YTL 37,924.

The current period balance of the “Fees and Commission Paid” account is YTL 18,447 which includes YTL 15,837 classified as “Other” item. 83% of the “Other” item amounting YTL 13,089, is comprised of credit card/POS commission expenses and 17.36% is comprised of agency and other commission fees, amounting YTL 2,749.

#### 1. Interest Income:

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	9

##### 1.2 Information on financial leasing income

	Current Period	Prior Period
Income from Financial Leasing	7,103	--

##### 1.3 Interest received from reverse repurchase agreement transactions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interests Received from Reverse Repurchase Agreement Transactions	2	--	--	--

##### 1.4 Interest income received from factoring receivables

This disclosure is not required for interim consolidated financial statements.

#### 2. Interest Expense:

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	12	9

##### 2.2 Information related to financial leasing expenses

	Current Period	Prior Period
Financial Leasing Expenses	58	504

### 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	14	5,414	--	--	--	--	5,428
Savings Deposits	96	20,308	49,632	4,198	1,430	1,209	76,873
Public Sector Deposits	--	38	33	1	--	--	72
Commercial Deposits	95	19,651	12,190	928	173	37	33,074
Other Deposits	41	425	130	24	24		644
“ 7 Days Notice” Deposits	--	--	--	--	--	--	--
Precious Metal deposits	--	--	--	--	--	--	--
<b>Total Turkish Lira</b>	<b>246</b>	<b>45,836</b>	<b>61,985</b>	<b>5,151</b>	<b>1,627</b>	<b>1,246</b>	<b>116,091</b>
<i>FC</i>							
Foreign Currency Deposits	2,835	8,541	17,517	5,812	11,019	3,198	48,922
Bank Deposits	--	312	115	103	--	--	530
“ 7 Days Notice” Deposits	--	--	--	--	--	--	--
Precious metal deposits	--	--	--	--	--	--	--
<b>Total Foreign Currency</b>	<b>2,835</b>	<b>8,853</b>	<b>17,632</b>	<b>5,915</b>	<b>11,019</b>	<b>3,198</b>	<b>49,452</b>
<b>Total</b>	<b>3,081</b>	<b>54,689</b>	<b>79,617</b>	<b>11,066</b>	<b>12,646</b>	<b>4,444</b>	<b>165,543</b>

### 2.4 Interest expense on repurchase agreements

	Current Period		Prior Period	
	<i>YTL</i>	<i>FC</i>	<i>YTL</i>	<i>FC</i>
Interests Paid on Repurchase Agreements	9,111	--	7,020	303

### 2.5 Interest expenses on factoring payables

This disclosure is not required for interim consolidated financial statements.

## 3. Other operating income:

“Other Operating Income” account, which has a balance of YTL 81,079, is comprised of the following accounts: YTL 26,531 from the lawsuit against the Tax Office, YTL 17,466 from sale of assets, YTL 14,396 from reversal of provisions, YTL 4,442 from negative goodwill arising from consolidation of Deniz Leasing and Deniz Factoring in accordance with RAP 6, YTL 5,218 from communication income and the remaining portion, YTL 13,026, from other operating income.

**4. Provision expenses on loans and other receivables:**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	28,455	16,153
<i>Loans and Receivables in Group III</i>	1,024	3,458
<i>Loans and Rreceivables in Group IV</i>	1	--
<i>Loans and Rreceivables in Group V</i>	27,430	12,695
General Provision Expenses	6,957	8,004
Provision for Possible Losses	431	--
Foreign Exchange Losses on Foreign Currency Indexed Loans	15,959	1,153
Impairment Losses on Securities	1,380	17,584
<i>Trading securities</i>	1,021	17,200
<i>Investment Securities Available-for-Sale</i>	359	384
Other Impairment Losses	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	--
Other	510	6,223
<b>Total</b>	<b>53,692</b>	<b>49,117</b>

**5. Information related to other operational expenses:**

This disclosure is not required for interim consolidated financial statements.

**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 (+/-)	--	--

**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 709 income and YTL 2,930 expense from such transactions with the companies and the individuals included in the risk group to which the DFS Group belongs to.

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

This disclosure is not required for interim consolidated financial statements.

**8. Tax Provision:**

**8.1 Current year taxation income or expense and deferred tax income or expense**

The current period taxation expense as of 30 June 2005 is YTL 43,910 and deferred tax income is YTL 10,680.

**8.2 Deferred tax income arising from origination or reversal of temporary differences**

Deferred tax income/expense arising from temporary differences	Current Period
Arising from origination of deductible temporary differences (+)	(3,136)
Arising from reversal of deductible temporary differences (-)	--
Arising from origination of taxable temporary differences (+)	14,596
Arising from reversal of taxable temporary differences (-)	(780)
<b>TOTAL</b>	<b>10,680</b>

**8.3 Deferred tax income or expense arising from the temporary differences, tax losses or unused tax credits**

Sources of deferred tax income/expense	Current Period
Arising from origination (+)/reversal (-) of deductible temporary differences	(3,136)
Arising from origination (+)/reversal (-) of taxable temporary differences	13,816
Arising from origination (+)/reversal (-) of tax losses	--
Arising from origination (+)/reversal (-) of unused tax credits	--
<b>TOTAL</b>	<b>10,680</b>

**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 and loss related to minority rights.**

**10. No changes have been made in the accounting estimates which might have a material effect in current period and which may 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 financial derivative instruments:

This disclosure is not required for interim consolidated financial statements.

##### 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 30 June 2005 is YTL 2,736,488 (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 30 June 2005, the DFS Group has letters of guarantee amounting to YTL 1,664,391, bills of exchange and acceptances amounting to YTL 169,254, and guarantees and sureties on letters of credit amounting to YTL 804,915. There are also other guarantees and sureties amounting to YTL 97,778.

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	:	127,190
Final Letters of Guarantee	:	1,336,004
Letters of Guarantee for advances	:	108,656
Letters of Guarantee given to Customs Offices	:	92,486
Other Letters of Guarantee	:	55
Total	:	<u>1,664,391</u>

##### 4. Main concentrations of off-balance sheet items:

This disclosure is not required for interim consolidated financial statements.

**5. Non-cash loans:**

	Current Period	Prior Period
Non-Cash Loans given for Cash Loan Risks	141,845	150,618
With Original Maturity of 1 Year or Less	19,202	20,123
With Original Maturity of More Than 1 Year	122,643	130,495
Other Non-Cash Loans	2,594,493	2,345,311
<b>Total</b>	<b>2,736,338</b>	<b>2,495,929</b>

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

This disclosure is not required for interim consolidated financial statements.

**7. The Bank's latest international risk ratings:**

At May 2005, Fitch Ratings has increased the Turkey's long term foreign and local currency ratings from "B+" to "BB-" and increased the individual rating from "D" to "C/D". The appearance of long term notes is stable. Fitch Ratings has also determined the short term foreign and local currency ratings and the support grade and national rating as B, 4, A(-) respectively.

	<u>Grade</u>	<u>Appearance</u>
<u>Foreign Currency Commitments:</u>		
Long Term	BB-	Stable
<u>Turkish Lira Commitments:</u>		
Long term	BB-	Stable
<u>Individual Rating</u>	D	
<u>National</u>	A-(tur)	Stable
<u>Support Grade</u>	4	

Moody's Rating company has rated Denizbank A.Ş. for the first time in 2004. As of 30 September 2004, Denizbank's foreign currency deposit rating has increased from B3 to B2 parallel to the increase in the rating of national loan. As of 14 February 2005, the appearance of this note was upgraded from 'stable' to 'positive'. No changes have been made in the other loan ratings. As of February 2005, Moody's has evaluated the Bank's Turkish Lira grades and all the ratings given to Denizbank A.Ş. are as follows:

FC Deposit	: B2
TL Deposit	: Long Term Baa3 / Short Term PRIME-3
Appearance	: Positive

**8. Sectoral risk concentrations of non-cash loans:**

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

## 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:

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

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

This disclosure is not required for interim consolidated financial statements.

### 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
Money Markets	197,475	260,690
Marketable Securities (Net)	94,501	--
Reserve Deposits	294,708	--
Banks and other financial institutions	1,461,350	905,875
<b>Cash equivalents</b>	<b>2,282,258</b>	<b>1,321,212</b>

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

	Current Period 30/06/2005	Prior Period 30/06/2004
Cash	148,330	135,511
Money Markets	146,984	223,553
Marketable Securities (Net)	155,892	9,746
Reserve Deposits	268,657	202,085
Banks and other financial institutions	1,271,008	1,516,232
<b>Cash equivalents</b>	<b>1,990,871</b>	<b>2,087,127</b>

### 6. This disclosure is not required for interim consolidated financial statements:

This disclosure is not required for interim consolidated financial statements.

### 7. Additional information:

This disclosure is not required for interim consolidated financial statements.

**VII. Accounting for entities acquired through mergers and acquisitions**

This disclosure is not required for interim consolidated financial statements.

## 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 30 June 2005, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to YTL 692,844, YTL 96,708 and YTL 213,924, respectively. As a result of the transactions with the risk group, the Bank has recorded interest and commission expense amounting to YTL 12,341.

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	--	2,899	96,708	211,025		
Interest and Commission Income received	--	--	601	108		

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	1,103	735	691,741	585,922	--	--
Interest on deposits	12	72	2,915	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 under arm's-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

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

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of 30 June 2005, cash loans of the risk group represented 1% of the DFS Group's total cash loans and the deposits represented 8% of the DFS Group's total deposits. The non-cash loans of the risk group represented 8% 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 6,109. Factoring transactions of the group with Deniz Factoring amounts to YTL 17,430.

## **IX. Explanations and disclosures relating to inflation accounting**

In accordance with RAP 14 “Accounting Standard for Financial Reporting in Hyperinflationary Periods”, financial statements that were initially prepared on cost basis except for the revaluation of fixed assets made in accordance with the Tax Procedural Code have to be adjusted in line with inflation accounting. The Bank’s financial statements have been restated for the changes in the general purchasing power of Turkish Lira on the balance sheet date in accordance with RAP 14 that explains the accounting procedures to be applied on the financials prepared in highly inflationary economies. In order to define an economy as a highly inflationary, there are certain criteria set in RAP 14. One characteristic is a cumulative three-year cumulative inflation rate equal to or over 100% and/or a current year inflation rate equal to or over 10%. According to the State Institute of Statistics, the three-year cumulative inflation rate in Turkey has been 57.82% as of 31 March 2005 and 8.16% in the last twelve months. Since as of 31 March 2005 three-year inflation rate in Turkey has been 57.82 %, 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 has been 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 resolution of the BRSA No. 1623, dated 21 April 2005, the 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 as of 31 December 2004 have been left with the purchasing power of Turkish Lira at 31 December 2004, consolidated income statement as of 31 March 2004 has been restated to 31 December 2004 to reflect the purchasing power of Turkish Lira.

### **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 resolution of the BRSA No. 1623, dated 21 April 2005, the 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 are no longer existing in Turkey Therefore, the consolidated financial statements as of 31 December 2004 remains unchanged as inflation accounting has ceased starting from that date, whereas consolidated income statement as of 30 June 2004 has been restated to 31 December 2004 to reflect the purchasing power of Turkish Lira at that date.

The restatement was calculated by means of conversion factors derived from the Turkish countrywide wholesale price index published by the State Institute of Statistics. Such indices and conversion factors used to restate the accompanying consolidated financial statements as of 31 December 2004 are given below;

	<b>Index</b>	<b>Conversion Factor</b>
31 December 2004	8,403.8	1.000
30 June 2004	7,982.7	1.053
31 December 2003	7,382.1	1.138

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

Up 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.

Up 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.

Up 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 resolution of the BRSA No. 1623, dated 21 April 2005, the 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 are no longer existing in Turkey. Therefore, the consolidated financial statements as of 31 December 2004 remains unchanged as inflation accounting has ceased starting from that date, whereas consolidated income statement as of 30 June 2004 has been restated to 31 December 2004 to reflect the purchasing power of Turkish Lira at that date.

**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>30 June 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 and 30 June 2004 were audited by KPMG 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/period ended 31 December 2004 and 30 June 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 not seasonal and evenly distributed:**

Income and expense realized and incurred in the current period, and movements in income and expense items do not show seasonal traits. In accordance with the resolution of the BRSA No. 1623, dated 21 April 2005, the 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 are no longer existing in Turkey. Therefore consolidated income statement as of 30 June 2005 has not been adjusted for the effects of inflation.

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

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

This disclosure is not required for interim consolidated financial statements.

**XI. Explanation and disclosures regarding subsequent events**

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

None.

**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 numbered 4389 with the decree numbered 4743, losses incurred due to the inflation adjustment of the legal and general reserves, would be considered tax deductible according to the Clause numbered 14/7 of the Corporate Tax Law. However, the mentioned losses were not deducted from the tax base in 2001, 2002 and 2003, complying to the recommendation of the Ministry of Finance. There were no tax revenue base (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 June 2005, the Bank does not have any tax receivable regarding the lawsuit.

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.

A joint venture established for the purpose of participating in the privatization activities in Turkey deposited a total of USD 355.8 million (YTL 474,530), 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 February 2006. Deposit and loan accounts will be closed prior to their maturities after the completion of capital decrease procedures in the related country.

## **SECTION SEVEN**

### **Independent Auditor's Review Report**

#### **I. Disclosures on Independent Auditor's Review Report**

The Bank's consolidated interim financial statements as of 30 June 2005 have been subject to review by KPMG Akis Serbest Muhasebeci Mali Müşavirlik AŞ. It was noted in their review report dated 3 August 2005 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations and cash flows as of and for the six-month period ended 30 June 2005.