

MISSION STATEMENT

The focus of DenizBank is on small- and medium-size establishments, exporters, private companies and retail banking clients. Utilizing a carefully selected branch network that employs the latest technology along with alternative delivery channels, the Bank strives for excellence in its chosen markets. Drawing on the collective wisdom of the management team and its prudent banking practices, DenizBank provides customers with service that is comparable to the best international banks and offers a viable alternative to larger banking institutions.

Based on the synergy that has been created between its major shareholder and its strong capital base, DenizBank offers a full range of high quality services.

ACHIEVEMENTS AND TARGETS

Achievements in 2000

- The Bank obtained its first syndicated term loan facility amounting to US\$ 35 million with a 75% over-subscription rate from the original US\$ 20 million.
- DenizBank brought the number of credit cardholders to 120,000 (an increase of 127%) this year by running joint campaigns for Veezy-Go, FunKey, E-Kolay, Unidersite and Orion.
- Offering a unique product, DenizBank has combined three features in one credit card; credit card functions, installments and consumer loan facilities.
- DenizBank has installed over 1,000 POS terminals throughout Turkey.
- Following the restructuring of the Corporate Credit Department at the Head Office, three new groups were formed based on business sectors and different corporate banking products enabling more focused and pro-active marketing activities. The number of corporate customers increased by 25% over 1999 levels.
- Establishment of the Risk Management Department initiating daily market and credit risk reports using Value-at-Risk methodology.
- Finalization of a project regarding operational costs of the Bank in concert with Glendale, a leading consulting firm in the UK. As a result of this project, operational costs of all products are now tracked on a daily basis and net profit per product and business unit is calculated daily on a consolidated and branch basis.
- Centralization of the financial control function of the Bank; branch profitability analyzed on a daily basis.
- A new Internet-related credit card, DenizBank E-Kolay, was launched jointly with Hürriyet and Milliyet daily newspapers and the E-Kolay Internet Service Provider.
- The cooperative effort between DenizBank and the Orion Shopping Center in Çorlu resulted in the installation of POS terminals in all stores; 4,500 credit cards were distributed to local consumers.
- In April 2000, DenizYatırım acquired shares and merged with Tektaş Securities - representing a unique transaction in Turkish capital markets.

Targets for 2001

- Through alternative distribution channels, i.e. the Internet Branch and the Contact Center, a minimum of 250,000 active customers will be reached. Additionally, the DenizBank Internet Branch will begin Stock Exchange transactions in the year 2001.
- With the installation of 500 POS terminals at Vestel dealers coupled with the issuance of Vestel Gold Cards - a co-branded International MasterCard - the Bank aims to gain a significant market share in this area.
- In line with the increasing branch network, the Bank aims to increase its corporate client base by 50% while maintaining asset quality.
- Through the introduction of the E-DenizBank product, all commercial activities in the firm-dealership-bank triangle will be carried out within an electronic environment.
- Efforts to raise funds in the international syndicated loan market for exporting corporate customers will continue.
- Additional credit ratings from other leading international agencies will be sought to enhance international recognition of DenizBank.

FINANCIAL HIGHLIGHTS

Inflation Adjusted

	2000		1999	
	US\$ million	TL billion	US\$ million	TL billion
Government Securities*	259	173,767	182	98,298
Loans, net	347	233,308	196	105,710
Equity Participations	5	3,216	4	2,046
Fixed Assets, net	33	22,088	28	15,110
Total Assets	1,035	695,226	795	429,547
Deposits	421	282,831	413	222,910
Demand	37	25,184	50	26,856
Time	366	245,600	353	190,853
Interbank	18	12,046	10	5,200
Funds Borrowed from Banks	314	210,631	167	89,988
Net Worth	146	97,830	94	50,815
Paid-in Capital	110	74,026	77	41,443
L/Cs & L/Gs	371	249,023	222	120,093
Interest Income		123,715		96,154
Interest Expense		(51,540)		(36,739)
Net Interest Income after Provisions		66,882		57,297
Non-Interest Income		64,352		23,538
Non-Interest Expense		(83,446)		(54,667)
Income Before Taxation		29,403		10,579
Net Income*		16,689		3,442
Number of Branches	46			34
Number of Staff	956			714
Capital Adequacy Ratio	23.4%			21.25%
ROE (on net profit in real terms)	28%			42%

* Total of Securities Portfolio is evaluated at market prices.

Medium-term plan

(US\$ million)

	1997	1998	1998	1999	1999	2000	2000	2001
	Realized	Planned	Realized	Planned	Realized	Planned	Realized	Planned
Total Assets	103	393	368	550	795	1,200	1,035	1,200
Capital Increase	17.6	20	20	20	25	20	10	20
Net Worth	22.3	45	52	75	94	120	146*	180
ROE (%)	-	8	25	10.5	42	10.7	28	10

* The Bank bought a 20% share of Zorlu Energy at par value. This resulted in a US\$ 44 million value increase in net worth at year-end market prices.



S A I L I N G T O

DenizBank in Brief

DenizBank was established as a state-owned bank in 1938 in order to provide financing for the newly evolving Turkish maritime industry. Following its incorporation, DenizBank became one of the most highly regarded banks in the Turkish banking industry due to its high standards and the variety of services offered. In 1992, the Bank joined Emlakbank following a decision by the government to merge some state-owned banks. In 1997, DenizBank separated from Emlakbank and was privatized as a separate entity. At privatization, the Bank possessed no significant assets with the exception of a few old branch offices that had been dormant since 1992.

Early in 1997, DenizBank was acquired by Zorlu Holding from the Privatization Administration and began operations again in September of the same year.

DenizBank is essentially a new start-up bank with a name that is well-known in the Turkish banking industry.

In adherence with the highest ethical business practices, DenizBank has created sustainable, multi-faceted relationships with corporate customers. The Bank continuously seeks to upgrade service quality as it offers a wide selection of sophisticated, tailor-made financial products. DenizBank has held the ISO-9001 Quality Assurance Certificate for all banking services since 1998. With the Central Operations Unit for both corporate and retail banking activities, as well as financial control and accounting functions centralized at the Head Office, the Bank has successfully transformed its branch offices into marketing centers thereby reducing the number of employees and improving operational efficiency.

Presently, the branch network at DenizBank consists of 46 offices; it is anticipated that this number will climb to 65 in the coming year. At the end of 2000, total assets of the Bank reached US\$ 1,035 million, an increase over the 1999 figure of US\$ 795 million; the Bank's net worth stood at US\$ 146 million.

According to the initial master plan drawn up in 1997, the capital of the Bank grew by US\$ 20 million in addition to that year's profit between 1997 and 1999. In 1999 this increase was realized as US\$ 25 million, exceeding the targets for the year. In line with increasing business volume and the shareholders' commitment to strong capitalization, in May 2000 DenizBank acquired a 20% share of Zorlu Energy, a Zorlu Holding company, at par value of TL 2 trillion (US\$ 3 million) before its IPO. This investment was included in DenizBank shareholders' equity at market value and with the US\$ 10 million cash addition to the



DENİZBANK

IN BRIEF

W A R D S U C C E S S

S A I L I N G | T O W A R D | S U C C E S S

capital base, the Bank's equity increased to US\$ 146 million. The capital adequacy ratio reached 23.4% by the end of the year.

Aiming to satisfy a growing client base, DenizBank continually enhances and upgrades its contemporary corporate and retail banking services. These services have been augmented by the addition of leasing, factoring and investment brokerage services rendered by subsidiaries. An important synergy has been created with Zorlu Holding companies, especially Vestel. Since its establishment, DenizBank organized joint-campaigns with Vestel companies to promote and enhance retail banking services especially in credit cards and consumer credits.

In corporate banking, maintaining a sophisticated risk classification system, the Bank's portfolio consists of 2,200 corporate clients without emphasizing any single sector. The non-performing loans to total loans ratio stood at 2% while provisions for NPLs were realized as 145% at the end of the year.

DenizBank continuously seeks to upgrade service quality as it offers a wide selection of sophisticated, tailor-made financial products.

ZORLU HOLDING



46 YEARS OF

46	YEARS	OF
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Zorlu Holding was established 46 years ago as an outlet for home textiles. The Holding has since grown from a small home-based producer into fifteen separate plants that have earned a global reputation for quality curtain and cotton home textiles. It is also the largest vertically integrated operation of its kind in the world. Utilizing the most modern, computer-controlled manufacturing techniques and continual lines of production, Zorlu Holding's home textile companies now account for a substantial proportion of the global production of curtain fabrics.

Currently, Zorlu Holding is concentrating on four major lines of business;

- Home textiles
- Electronics, information technology and consumer durables
- Energy production and distribution
- Financial services

Home textiles operations at Zorlu Holding include;

- Korteks Polyester in Bursa, specializing in the production of polyester textured yarn; annual production capacity stands at 184,500 tons.
- Korteks Knitting in Bursa and Çorlu. In Bursa annual production capacity is 190 million square meters of curtain fabric. In Çorlu annual production capacity has reached 18 million square meters of embroidered fabric and 14 million square meters of guipure in addition to 120 million square meters of dyed and finished curtain material.
- Zorlu Linen produces bed linen at a rate of 500,000 square meters per day. Located in Çorlu, it is the largest integrated cotton-based producer in Europe and the third largest in the world.
- Bel-Air, in Lyon, France, has an annual production capacity of 25 million square meters of voile curtain material. This plant supports a wide range of international home

textile brands such as - Bel-Air, Plein Jour, Tergal, Tibline, Chander, Voilazur, Modelle, etc.

In 1994, electronics and consumer durables were added to Zorlu Holding's already impressive list of products. The same year, Zorlu Holding acquired Vestel and its subsidiaries, a major industrial manufacturer in Turkey since 1984. Vestel's position in domestic and international markets was further strengthened after its acquisition by Zorlu Holding.

Vestel is the flagship of the electronics division with five domestic and nine overseas companies in three major business categories; electronics, household appliances and information technology. Overseas companies are located mainly in EU countries including Germany, France, Spain, Italy, the Netherlands as well as the USA with production facilities in the Silicon Valley in California. Vestel

Financial and Operational Highlights of Zorlu Holding

Total employment 15,000
Total covered production area 1,155,000 m²

in US\$ million	1999	2000
Total foreign trade volume	1,244	1,484
Total exports	590	817
Total imports	654	667

Key Financial Figures in US\$ million	1996	1997	1998	1999	2000
Home Textiles Division					
Total assets	282	743	952	1,000	1,100
Net sales	138	224	353	415	490
Exports	43	87	120	180	212
Imports	73	75	204	115	159
Total foreign trade volume	116	162	324	295	371
Electronics and Consumer Durables Division					
Total assets	365	440	550	605	826
Net sales	353	520	820	915	1,100
Exports	154	255	470	500	605
Imports	170	360	450	420	508
Total foreign trade volume	327	615	920	920	1,113

Zorlu Energy

Key Financial Figures in US\$ million	1997	1998	1999	2000
Total assets	18	41	70	126
Net sales	1	10	24	60
Other Comparative Figures				
Installed Capacity (MW)	7	49	135	156
Power Generated (kWh)	12,454,070	128,496,791	391,759,349	1,006,071,071
Steam Generated (tons)	20,738	158,080	211,993	273,601

INDUSTRIAL EXPERIENCE

INDUSTRIAL | EXPERIENCE

Electronics is Turkey's largest television and personal computer manufacturer ranking second among the top 500 industrial companies in Turkey with regard to total exports. Televisions produced at Vestel plants are exported to 103 countries around the world. Special attention is devoted to research and development activities at Vestel significantly expanding its product line from traditional television production to higher-end products including state-of-the-art information technology, digital television, DVD, Internet TV, Internet Phone (Web Phone) and Personal Data Appliances (PDA).

The Company has formed strategic alliances with leading world producers such as; Microsoft, Sun Micro Systems, National Semiconductor, Hughes Network Systems and ATI.

Vestel's current credit ratings are at the same level as the country's sovereign ratings as obtained from S&P, Moody's and Fitch.

Vestel was the first electronics manufacturer in Turkey to produce 100 Hz television sets and the first, and so far the only, producer of Internet TVs.

Vestel-Net was established in 1997 to be the leading Internet Service

Provider in Turkey. To this end, the Company invested in state-of-the-art ISDN technology that has created one of the strongest digital telecommunication foundations in the country. In mid-1999, following a joint campaign with DenizBank to introduce and promote "VeezyGo" by offering a three year membership at US\$ 30 per month plus bonus PC and credit card, Vestel-Net has become the second largest Internet Service Provider (ISP) in Turkey with over 160,000 subscribers to date.

Vestel White, located in Manisa, produces 600,000 refrigerators per year under a licensing agreement with Sanyo of Japan and 70,000 air conditioners per year under a licensing agreement with Samsung. Additional investments have already begun for the production of washing machines at a capacity of 400,000 units per year - to be produced in conjunction with Samsung. Another important company operating within the Vestel Group of Companies is Vestel Communications, a leading producer of personal computers, television sets, remote control devices and satellite receivers in Turkey. This Company has the largest component surface-mounted assembly operation in the country and ranks among the top four

producers of chip-tuners in Europe.

With regard to power generation, Zorlu Energy currently has two plants, a co-generation power plant in Lüleburgaz and a combined power plant in Bursa. These two plants have a total output capacity of 156 MW of electricity and 150 tons per hour of steam. Since 1997, Zorlu Energy has invested approximately US\$ 83 million in the area of power generation. A credit of US\$ 34 million with a five year tenor from US Eximbank was obtained for these projects.

Zorlu Energy successfully completed its initial public offering (IPO) in May 2000. The Company was able to raise approximately US\$ 55 million to be used for future capacity expansion. Twenty percent of the Company's shares are currently traded on the Istanbul Stock Exchange.

In addition to its auto-generation projects, Zorlu Energy plans to participate in the energy privatization program proposed by the government for wind energy investments and international projects.



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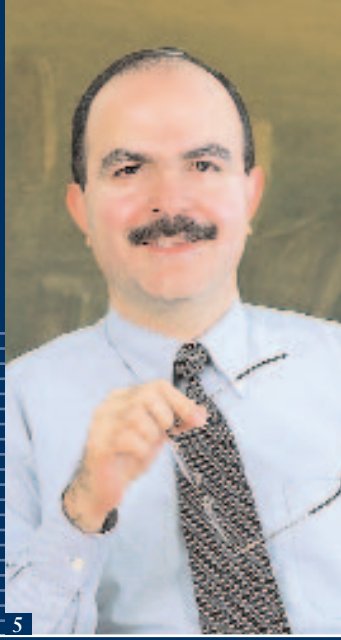
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B O A R D

DenizBank is fortunate to have assembled one of the finest professional banking teams in Turkey.



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BOARD OF DIRECTORS

O F D I R E C T O R S

1 DR. VEYSİ SEViĖ
Chairman

Dr. Seviğ is currently giving lectures in finance at Istanbul University and at B.R.A. in Brussels.

2 CEM BODUR
Vice Chairman

Mr. Bodur is currently serving as Chief Financial Officer of the Vestel Group of Companies and Zorlu Holding.

3 HAKAN ATEŞ
Member
President and CEO

Mr. Ateş has been the President and Chief Executive Officer of DenizBank since June 1997.

4 M. TINAZ TİTİZ
Member

Mr. Titiz has been active in the Turkish Parliament and served as Minister of State, Minister of Culture and Minister of Tourism. He also lectured at the Middle East Technical University between 1991 and 1995.

5 ENVER GÜNEY
Member

Mr. Güney previously acted as General Manager of Foreign Capital at the Undersecretariat of the Treasury.

MESSAGE FROM THE

Navigating a ship through calm seas requires a degree of know-how; navigating a ship through turbulent open waters requires skill, experience, an expert crew and finely-tuned equipment.

For the second year running, Turkey's economy has experienced turbulent times. After surviving a series of natural disasters in 1999, the country struggled to regain its economic equilibrium while the financial markets entered a period of stagnation due to an extreme liquidity squeeze. During this difficulty, the Central Bank could not provide the much needed liquidity to the markets due to the constraints imposed by the IMF-backed stabilization program implemented in January. When the crisis broke in mid-November, the Central Bank was forced to revert to its reserves and in about a week's time, almost US\$ 6 billion was moved out of the country by foreign investors. The Central Bank's loss of foreign currency reserve was financed in part by the inflow of additional credits from the IMF. The liquidity problem in the financial markets continued until the end of the year.

In spite of the overall seriousness of the situation within the Turkish banking industry in 2000, I am pleased to report that DenizBank, with its well-diversified, profitable and selective customer portfolio, sailed smoothly through these turbulent seas.

In a drive toward privatization, DenizBank, presently operating under the umbrella of Zorlu Holding, was acquired from the government in March 1997; operations commenced five months later. Building an organization from the ground up is a formidable task but one not without its advantages. We have been able to set up a completely new set of operating principals

based on the existing corporate values of our parent, Zorlu Holding.

I am pleased to add that, having assumed an arms-length relationship with the Bank, Zorlu Holding continues to play a supporting role for the Bank.

As a clear indication of Zorlu Group's commitment to strong capitalization, the Bank acquired a 20% share of Zorlu Energy, a Zorlu Holding company, at a par value of US\$ 3 million prior to its IPO in May, 2000. This investment was included in the shareholders' equity at market value; together with the US\$ 10 million cash addition to its capital base, DenizBank's net worth now stands at US\$ 146 million and its capital adequacy ratio at 23.4% at the end of the year.

As a unique example in the market, the management set-up a five-year development plan for the Bank in 1997 - and diligently followed it. So far, all of its promises have been successfully accomplished. In line with its sound and prudent banking principles, the Bank has grown according to this plan - and actually surpassed some of its stated financial targets, market penetration, strong technological infrastructure, international visibility and widespread funding base.

I would like to highlight some of the developments took place in 2000 in this regard in order to illustrate the points raised above.

• Realized net worth and ROE ratio are US\$ 146 million and 28% in real terms compared to US\$ 120 million and 10.7% set forth in medium-term plans stated in last year's report.

• Being a commercial bank and committed to the traditional banking activities, the Bank maintains its policy of not investing more than 25% of its assets into Turkish Treasury bills and in return allocated 34% of its assets to loans.

• The Bank is now actively working with 2,200 corporate clients.

• With regard to retail banking, with the successful continuation of the "VeezyGo" campaign - and additional campaigns introduced in 2000 - the Bank surpassed its targets of 100,000 credit cards and reached 120,000 credit card customers by the end of the year.

• Adhering to its conservative approach, DenizBank allocated reserves against possible problem loans at 145% over the actual amount.

• The Risk Management Department was established initiating daily market and credit risk reports using Value-at-Risk methodology.

• The centralized financial control function of the Bank started analyzing branch profitability on a daily basis.

• DenizBank's visibility has grown and achieved greater recognition within global banking environments during this period. DenizBank finalized its first one year syndicated loan transaction raising US\$ 35 million in the international market with 75% over-subscription.

• The Bank is fortunate to have assembled one of the finest professional banking teams in Turkey and continues to make human resource investments to retain this position. Our branch network has consistently grown

PRESIDENT



and now stands at 46 with the anticipation of reaching 65 offices by this time next year.

This has been a challenging period for both Turkey and DenizBank. As we present this year's annual report, please note our growing list of accomplishments. Be aware, as we are, that these were accomplished amid the most trying of times and therefore these successes are doubly impressive.

We have traveled far since our establishment in 1997 and have every intention of continuing this journey, confident of the factors that have helped DenizBank 'stay the course' and plan to keep moving smoothly and steadily forward in the coming years. I wish to thank our shareholders, our parent organization, our clientele and our fine 'crew' that have worked so hard to bring us to this point in our development. I wish you all 'smooth sailing' as well.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Hakan Ateş". The signature is fluid and cursive.

Hakan Ateş
President and Chief Executive Officer

We have traveled far since our establishment in 1997 and have every intention of continuing this journey.

CORPORATE BANKING



B R O A D

Corporate Banking

Credit Policies

Credit allocation policies at DenizBank rest on prudent and selective criteria that do not allow for excessive risk taking. A workable synergy has been created between the Bank, the distributors and the marketing network of Zorlu Holding in addition to financially sound companies that span almost all segments within the economy. Aided by this synergy, an evenly distributed corporate portfolio has been achieved made up of strong companies with high ethical standards.

Utilizing a supermarket approach, DenizBank offers a variety of corporate banking products - resulting in a 'win-win situation' for both the Bank and its clientele. Although the Turkish banking industry underwent some turbulence during 2000, DenizBank, with its well-diversified, profitable and selective customer portfolio, experienced smooth sailing during the same period.

International Trade Finance

On the international trade finance front, DenizBank tenders both broad-based products and products specifically designed to meet client requirements. Custom-tailored international trade products entail matching a combination of transaction instruments and financial packages. This way customers are able to conduct their international transactions efficiently and obtain the most suitable financing under current foreign exchange regulations.

Credit Portfolio

DenizBank's corporate client portfolio is comprised of the leading domestic and multinational corporations operating in Turkey. In fulfillment of its mission to support small and medium-scale corporations with strong growth potentials, the Bank's corporate credits portfolio contains no less than 37% of these enterprises. The number of corporate customers increased to 2,200 by the end of the year. Providing support to growing companies and building mutually beneficial relationships is creating

long-standing loyalty within the clientele base.

Restructuring in Credit Departments

This year the Corporate Credits Group was restructured; operation of the former Corporate Credits and Corporate Marketing Departments was transferred to three newly established Credits and Marketing Departments. Along with this change in the functional organizational structure there has been a separation of duties based on business sectors and groups. It is believed that the new structure will give way to better understanding and more efficient follow-up of customer requirements in different industries and will facilitate faster and more accurate credit decisions.

In addition to these newly created Departments, a new MIS Unit was formed that will expedite the periodic reporting of the Corporate Credits Department. The Credit Follow-up and Control Department continues to report directly to the executive vice president responsible for credits.

H O R I Z O N S

B R O A D | H O R I Z O N S

Composition of loans by business sectors

(TL million)

Sectors	2000		1999	
	TL million	%	TL million	%
Manufacturing	46,595,809	30%	23,080,339	25%
Textile	25,779,573	17%	16,617,844	18%
Finance	24,967,306	16%	16,617,844	18%
Domestic trade	19,536,314	13%	7,385,708	8%
Other	19,195,649	13%	11,078,563	12%
Construction	17,213,231	11%	17,541,058	19%
Total	153,287,882	100%	92,321,356	100%

Financial Analysis and Market Investigation, Cash Management and Credit Allocation Operations Units continue to support the Credits and Marketing Departments without any deviation from existing duties and responsibilities. This new organizational set-up has created more dynamic synergy and cooperation within the Departments. It has also facilitated the development of a joint client database, which will generate important marketing and credit information relating to past performance, market position, credit utilization and financial statements along with third-party information.



Consumer Loans (TL billion)	2000	1999
Vestel loans	714	211
Mortgage loans	1,758	396
Car loans	21,316	3,930
General purpose loans	9,336	1,366
Overdraft facilities	2,476	4,616
Small business loans	2,629	881
Total	38,229	11,400

Deposits (US\$ thousand)	2000		1999	
	Demand	Time	Demand	Time
Savings and commercial deposits	12,081	9,778	10,433	105
Foreign currency deposits	25,438	355,827	39,292	353,263
Interbank deposits – TL	-	8,932	-	4,629
Interbank deposits – FX	-	9,000	-	5,000
Total deposits	37,519	383,536	49,725	362,997
Total TL deposits	12,081	18,709	10,433	4,734

P E N E T R A T I N G I N T O

P E N E T R A T I N G | I N T O | U N E X P L O R E D



Credit Scoring System

The credit scoring system employed at DenizBank is an expert-based system that has been built on the vast professional experience of the credit officers as well as on accumulated real-life customer data. In addition to assessing the creditworthiness of existing and potential customers, this system enables the pricing of corporate banking products and the measurement of customer profitability. Client and product profitability are deemed important issues in managing risk and are reported periodically to upper management levels.

Cash Management Services

Corporate cash management operations that began in 1999 continue to cover all available services in today's marketplace. These operations include tax and social security insurance premium payments and monthly utility bill collections

such as telephone and electricity.

During the year, payment of Turkcell mobile telephone bills at branch offices was added to the growing list of available services. The cash management team has developed a Data Transfer Product that allows for the automatic integration of all banking operations to the firm's ERP system. This product ameliorates the bank-firm relationship on regular payments and electronic banking. As a result of client demand and the current competitive situation, an E-DenizBank product was developed to carry out all commercial activities in the firm-dealership-bank triangle within an electronic environment.

Project and Structured Finance

Complementing its corporate banking products, DenizBank offers project and structured finance services through lines made available from some of the world's leading financial institutions

such as US Eximbank and Hermes, as well as limits under the US Department of Agriculture's CCC program. These limits are allocated to DenizBank customers efficiently and effectively to meet their medium to long-term financing needs.

Retail Banking

Credit Cards

During 2000 major efforts were devoted to expanding the number of DenizBank credit cardholders. Results at the end of the year showed a 127% increase with the number of credit cardholders now standing at 120,000.

Along similar lines, the cooperative effort between DenizBank and Orion Shopping Center is noteworthy. In June a major marketing campaign was launched in Çorlu to coincide with the opening of a new shopping center. DenizBank POS terminals were installed in all the stores and a total of 4,500 cards were distributed to local consumers giving them the opportunity to make their purchases on an installment basis.

Pursuant to the increase in the number of credit cards, affinity cards were issued to members of the Yeşilyurt Sports Club that function both as proximity and credit cards. Approximately 18,000 members of the Club will be given a membership ID card to be used in conjunction with DenizBank's MasterCard, that will be valid in and out of Turkey.

RETAIL BANKING

UNEXPLORED MARKETS

MARKETS

To further assist the Bank's credit cardholders, DenizDestek was launched under which professional health care, repair and maintenance services for household appliances are provided on a 24-hours a day/seven days a week basis. By calling a dedicated telephone number, DenizBank cardholders can obtain quick and easy free-of-charge professional advice as well as hands-on service within their own premises.

In addition to a bonus point program at DenizBank, existing cardholders can request joint cards for relatives and earn a total of 20,000 DenizYıldızı bonus points. This has resulted in an increase in both the number of issued cards and the purchases made using DenizBank credit cards. This year, a lucky DenizBank Internet Branch customer was awarded a new Peugeot 206 automobile in a sweepstakes promotion organized by the Bank.

A virtual card was introduced this year facilitating increased security when making online purchases. The Platinum Card was also introduced

offering extra benefits and privileges to highly valued customers.

As an example of the growing synergy between DenizBank and Vestel, one of Turkey's leading home appliance groups, a co-branded card was introduced allowing cardholders to pay for purchases on an installment basis with terms extending up to 36 months with various repayment plans. The Vestel Gold Card also offers insurance protection against theft and loss, DenizYıldızı bonus points, DenizDestek personal support services, cash transactions via ATMs from cooperating banks and credit card payments from designated ATMs. POS machines were installed at 500 Vestel dealers.

Consumer Loans

In a joint effort between DenizBank and Vestel Pazarlama, the Vestel Asteo personal computer campaign enhanced the Bank's consumer loan business.

Cooperation with Internet Service Providers

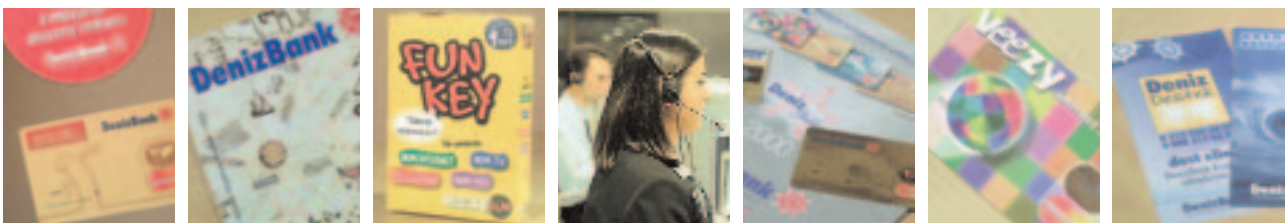
During the year, DenizBank continued to provide a number of services jointly

with the major Internet Service Providers in Turkey. The VeezyGo campaign, initially launched in 1999, continued giving away free personal computers along with new additions that include Funkey, HP Jornada and Compaq ipaq. The Vestel 450 MHz computers that were distributed in 1999 were changed to Vestel 800 MHz and 1000 MHz machines - enabling faster Internet connections.

A new Internet-related credit card, DenizBank E-Kolay, was launched jointly with Hürriyet and Milliyet daily newspapers and E-Kolay ISP.

DenizBank has participated in an educational project called Üniversite that assists high school students taking the national university entrance examination. This project has been developed in conjunction with Dexar, VestelNet, Erol Altaca Training Center and DenizBank. Courses are transmitted to students via satellite links utilizing 21st century technology.

To increase market visibility, a number of sponsorships were undertaken during the year including



FINANCIAL INSTITUTIONS

A S T R O N G I N T E R

A | S T R O N G

the Satellite Tennis Tournament organized by Yeşilköy Sports Club. With the inclusion of the DenizBank Internet Branch, the Bank participated in the Bilişim 2000 Technology Fair held in Tüyap Exhibition Center in Istanbul.

As a result of these activities, approximately 65,000 new retail customers were added to the Bank's growing client list.

Internet Banking

DenizBank, aware of the importance of technological development, launched its Internet Banking Branch, 'acikDeniz' in May 1999. Developing rapidly, the Internet Branch has become one of the main distribution channels of the Bank. In less than two years, 'acikDeniz' has already reached 70,000 customers. At this point, all of the basic banking transactions on the retail and the corporate side can be performed via this program and the goal now is to improve customer loyalty by adopting new technologies in different areas, such as wireless banking applications and customized banking services.

Apart from being an alternative distribution channel, 'acikDeniz' is also a customer acquisition channel; online applications of new customers from all over the world are accepted via 'acikDeniz'- the first and only online application process in Turkey. Additionally, Veezy customers can

subscribe to receive 'acikDeniz' via Internet and directly start using the Internet banking services of DenizBank. Introducing another new service, DenizBank will enable its existing customers to apply 'acikDeniz' online; which will be another leading application in the Internet banking sector. Customers will directly start using the Internet Branch of DenizBank when the application is completed.

Future projects for DenizBank in the Internet era include; B2B and B2C e-commerce, smart card applications, more effective usage of the electronic branch and customized banking services. DenizBank launched virtual-POS applications in June 2000. With regard to mobile banking, DenizBank has recently launched its SMS server and e-mail server and now sends customers their transaction results and account information on the Internet.

Contact Center

The Contact Center, initiated in October 1999, became fully operational during 2000. Placing a telephone call to the Center facilitates a number of banking transactions that can be carried out on a real-time basis, thereby eliminating the need for a personal visit to a branch office.

Financial Institutions

In line with the successful trend of activities throughout 2000,

recognition of DenizBank by international financial markets has become more evident bringing about a wider acceptance and higher visibility in global banking environments.

The Financial Institutions Department increased the number of correspondent banks from 250 to 380 while foreign trade transactions (LCs, LGs, documentary collections only) increased from US\$ 250 million to US\$ 500 million in 2000.

The Bank finalized its first term loan facility in the syndicated loan market in October 2000. Although the initial loan amount was US\$ 20 million, due to increased market appetite, the deal closed at US\$ 35 million - an over-subscription of 75%. Sixteen banks joined in this facility from nine different countries. This facility is a clear indication of DenizBank's growing share in Turkish foreign trade transactions as well as in the trust and confidence of foreign correspondent banks toward DenizBank.

DenizBank projects that during 2001 it will continue to be active in the international syndicated loan market, increasing the volume of funds raised, while utilizing the proceeds of these structured transactions to finance its customer base.

Within the course of the year, DenizBank continued to utilize GSM 102-103 credit facilities extended by



NATIONAL PRESENCE

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the CCC of the US Department of Agriculture. The Bank also acted as an intermediary in long-term import transactions insured by US Eximbank, Hermes of Germany, NCM of the Netherlands, OND of Belgium, OKB of Austria, ERG of Switzerland, CESCE of Spain and Finnvera of Finland.

As of June 2000, DenizBank's intra-country issuer rating was upgraded to B and the local currency debt rating topped Thomson BankWatch's highest grade for a Turkish bank of LC-1. These ratings have classified DenizBank as a dynamic bank with a solid financial record, a strong shareholder base and capital commitment, high asset quality, state-of-the-art technology and dynamic management.

As of December 2000, because of increased systematic risk in the Turkish banking system caused by economic dislocations (including higher interest rates, a volatile equities market, and a growing current account deficit), Fitch Inc. (which recently completed the acquisition of Thomson BankWatch's rating business) has lowered the Intra-Country Issuer and Short-Term Ratings of several Turkish banks, including DenizBank's ratings to IC-B/C and LC-2, respectively. *

In parallel with the rise in the number of correspondents worldwide, the Department aims to increase cash and non-cash banking limits to provide customers with more diversified choices for international trade finance products and services.

The acquisition of credit ratings from another leading international rating agency is also on the agenda in the coming year in an effort to further enhance DenizBank's international recognition.

Treasury

The year 2000 will be remembered as a year of major changes in the Turkish economy. With the backing of the IMF stand-by agreement, the new program will affect major shifts in the economy and is slated to achieve single digit inflation by the end of 2002. This program focuses on three major areas; structural reform, fiscal reform and

foreign exchange and money programs.

The foreign exchange program consisted of a pre-announced devaluation rate for Turkish lira and a sudden drop in Turkish lira interest rates was observed. As the government performed extremely well on the fiscal side and utilized the entire surplus in retiring domestic debt, the yields on T-bills dropped dramatically.

At the beginning of the year, T-bill yields were recorded at 45% and as early as February they were down to 32%. Unfortunately, this drop occurred very early and was not backed by sound structural changes. Domestic demand increased and pushed GNP growth to above 6% and the current account balance to above 4% of GNP by the end of the year. This foreign currency loss was partly financed by capital inflows but the need to increase domestic savings soon





W I D E - R A N G I N G



became apparent; domestic interest rates began to increase in the second half of the year.

The banking system reacted rapidly to the changes at the beginning of the year. Net decline in T-bill portfolios were compensated partly by retail loans and partly by eurobonds.

Turkish banks became more and more active in the Turkish eurobond market but like the domestic T-bills, eurobonds delivered very low profits during the year. With the global sell-off for emerging market instruments in the second half of the year, most Turkish eurobonds started trading below their issue prices.

The result therefore, demonstrated that 2000 was a “not so profitable year” for Turkish treasuries. Realizing these trends, the treasury team at DenizBank chose not to be aggressive in proprietary trading and preferred to keep risk at minimum levels for most of the year. Twice, and for just very brief periods of time, the T-bill portfolio was raised to 20% of the Bank’s balance sheet (which is the internal ceiling level approved by the Board of Directors), resulting in a yearly average of 17%.

On the corporate business side, DenizBank’s treasury increased penetration in the market. The Bank’s annual foreign exchange trading volume reached US\$ 2.5 billion for a real increase of 66%.

Risk Management and Financial Affairs

In view of the increasing importance of risk management that encompasses virtually all banking operations, the duties of the Risk Management Department at DenizBank have been redefined. After restructuring the Departments, clearer lines were drawn between risk management and financial reporting and control functions of the Bank. Financial planning and control functions were included within the duties of the Risk Management and Financial Affairs Department while the Accounting, Legal Affairs and Internal Audit Departments were restructured to form a separate group.

Daily reporting of Value-at-Risk for market and credit risks began in September. Also, risks and returns of individual securities throughout their holding periods were calculated. Thus, top management was able to compare the profits from various investments with their associated risks and decide whether realized profits justified the risks exposed. Various simulations



OPERATIONS

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and 'what-if' analysis regarding the positions of the Bank were also performed in the Risk Management Department. Financial control function at all branches was centralized in September, resulting in a much more efficient and sophisticated structure. Daily reporting and analysis of branch profits were also centralized.

Financial planning function was enhanced to cover daily profit for each product including their related operational costs. This analysis helped determine the contribution of each product to the overall profitability of the Bank.

Operations

In 2000, DenizBank was able to entirely centralize operations in all branches to cover retail and corporate banking transactions - from the most simple and common - to the most complicated and sophisticated. With fully centralized operations, error analysis and process improvement tasks are now more effectively handled while related cost control management functions are performed more efficiently, keeping all costs in line with market and industry trends.

This year at DenizBank, a new infrastructure was installed to enhance internal communication lines within the operational

In 2000, DenizBank was able to entirely centralize operations in all branches to cover retail and corporate banking transactions - from the most simple and common - to the most complicated and sophisticated.

ACCOUNTING

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UTILIZING THE LATEST TECHN

units. The use of sophisticated technology such as digital senders, fax automation and networking have proven to be valuable tools that deliver flawless banking services to a growing number of retail and corporate clients 24-hours a day/seven days a week. This process will eventually be integrated with the Workflow Project into each department.

All new branches now enjoy the benefits of DenizBank's superb technological infrastructure from the first day they open. Thanks to the sophistication achieved in centralizing all banking operations, new branches open their doors capable of undertaking the most complicated projects like VeezyGo as well as full international and domestic transactions.

The Operations Department will continue developing the Customer Relationship Management project through the first months of 2001, followed by the development of the Data Warehouse project. It is anticipated that both projects will be fully implemented before the end of next year. Additional technology to foster the Bank's internal communication and with the clients is VOIP - telephone communication over data lines. This technology allows for less expensive and more effective communication.

Emphasis has been placed on establishing a distributor extranet that will be the basis of DenizBank's entrance into B2B and e-commerce-related ventures. As Turkey rapidly advances toward a disinflationary economic environment, task forces

within the Bank are increasing the intensity of their assigned duties to include the improvement of Internet banking, cost management, customer integration and B2B interface.

The Disaster Recovery Center has been equipped with satellite lines that will permit communication even if landlines are destroyed in the event of a disaster. DenizBank anticipates no disruption in communications between the Head Office and the branches - even in the worst case scenario.

In an effort to measure product and customer profitability more precisely, a project conducted by Glendale Consultants is underway. When the project on product profitability is completed, it will give way to new product development and the efficiency of marketing activities can be more accurately assessed and therefore better managed.

Accounting

A major accomplishment of the External Reporting Unit within the Accounting Department was the computerization of the reporting requirements to the Banking Supervision and Regulation Board, the Central Bank of Turkey and Turkish Bankers' Association. This Department, working hand-in-hand with the IT Department, has greatly



ADMINISTRATIVE SERVICES

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reduced the manual workload in the preparation of external reports addressed to official bodies. Links have also been established with the external reports and the PC downloadable reports for every day use by the Bank's officers and executives.

Internal Audit

The Internal Audit Department at DenizBank is responsible for full compliance with banking regulations and International Accounting Standards. This Department is also responsible for ensuring that the most ethical business standards are followed within DenizBank and its affiliated financial institutions.

During the year, full audits of 32 branch offices were completed as well as the audits of the Credit Card and IT Departments at the Head Office. Additionally, audits of DenizYatırım Securities, DenizLeasing and DenizFactoring have been carried out.

Following their audits, branch offices are allocated a point score. The average score of the branch audits reached 70 (out of 100 points) in 1998, 72 in 1999 and 74.6 in 2000, demonstrating a major improvement over the years as a result of the consistency and frequency of the audit

work. The difference between the highest and the lowest scores have been narrowed attesting to the fact that the Internal Audit Department has been rather successful in bringing the performance of the branch offices to a common denominator.

Functioning as more than a regulating unit, the Internal Audit Department also provides consultation services for new projects and risk management processes at DenizBank. Cooperation is maintained within all departments and training is provided to the staff on specific issues in an effort to maintain uniform practices and procedures within the organization.

Administrative Services

Human Resources

In the year 2000, with the joining of approximately 300 new employees, the DenizBank Family has reached nearly 1,000 professionals on staff and is headed in the right direction to achieve its targets. These professionals, coming from 47 different banks in the sector, are 29 years old on average and 74% are university graduates. DenizBank's managerial leaders, with an average of 16 years banking experience, are supported by these highly qualified dynamic personnel. Recent graduates from the top

universities in Turkey believe that DenizBank offers the most direct route to career success. At the end of the year, 50,000 candidates have made application to join the job pool at DenizBank. Carefully screened and evaluated applications enable the Bank to handpick recruits from the most promising candidates.

According to career development and planning programs that match the needs and objectives of the Bank, more than a third of the 194 individuals that make up the management team at DenizBank have been promoted from within the ranks of the Bank. Personal satisfaction with career management processes at DenizBank is affirmed by the low 9.5% employee turnover rate, while the average rate at other banks in Turkey is around 14%.

The establishment of DenizClub, offering staff members social activities on the weekends, helps promote closer personal contact while building team spirit. The key to the high motivation levels that exist within the Bank are the friendly bonds that have been created between co-workers beyond mere working hours.

Human resources applications at DenizBank, supported by the intensive use of technology, not only permits a fast and effective decision making



C O N T R I B U T I O N T O

C O N T R I B U T I O N T O

process but also enables the Bank to reach international norms and standards, while bringing employees closer together.

Training

A 'Training Needs Survey' determines the areas where the staff requires additional training and/or beefing up on their existing knowledge. Topics included in such training include economics, corporate banking, retail banking, investment management and other technical, managerial and social issues. This study is conducted each year through correspondence and face-to-face interviews with the managers.

Training Department has organized 462 staff training programs this year. These programs train personnel in banking techniques and adapt the staff to the culture, internal regulations and various applications in effect at DenizBank. Training programs are carried out at the DenizBank Training Center and in the branch offices assisted by experienced staff and academics from various faculties at

Turkish universities. In 2000, approximately 4,495 staff members attended programs and took part in more than 41,000 classroom hours.

All personnel involved with marketing, including the branch managers and newly recruited individuals, attended Risk Management Training Programs in the first six months of 2000. These programs facilitated easy adaptation to recent changes in the financial markets and helped raise awareness of the risk concept in the banking business.

The Bank established a Call Center for clients, enabling them to access banking services by telephone. In the last seven weeks of the year, 27 members of the staff received intensive training specific to the operations of this Center.

Training programs for the first three months of 2001 have been scheduled and announced to the staff before the end of 2000.



March 2000

• Children living in the region most affected by the devastating 1999 earthquakes were brought together and hosted by DenizBank and the Association of Supporting Modern Life during the religious festival of the Sacrifice. The Clown Orchestra under the direction of Haluk Yüce performed for them.

May 2000

• A competition was held to choose the winners from seven categories in the Theaterline Viewer Awards 2000

August 2000

• This past summer Haluk Yüce held weekend workshops for children from the earthquake region in Bolu. These workshops included puppet making, puppet show performance and other activities of interest to children. DenizBank, in cooperation with the Association of Supporting Modern Life, sponsored these worthwhile activities.

September 2000

• At the Bilişim 2000 Technology Fair, DenizBank unveiled kiosks that

• DenizBank contributed to the Natural 2000 Festival of Body, Mind and Soul Health at the Tüyap Exhibition Center in Istanbul.

November 2000

• A seminar entitled “New Trends in Banking and Capital Markets” was arranged by the Finance-Dialogue Conference Board and sponsored by DenizBank.

December 2000

• Three professional theater teams came together with theater lovers in

C U L T U R E A N D T H E A R T S

C U L T U R E A N D T H E A R T S

Ceremony. Winners were selected from votes cast via Internet and awarded a special sea horse statuette created by the famous Turkish sculptor, Tunç Ergüden.

June 2000

• In an attempt to bring more professionalism to the sport of tennis in Turkey, a special Satellite Tennis Tournament was arranged at the Yeşilyurt Sports Club. This event was held with the sponsorship of DenizBank.

• DenizBank, in cooperation with the Foundation for the Improvement of Opera and Ballet Arts arranged the Aspendos Festival. Held in the ancient Roman Theater in Aspendos, approximately 8,000 people enjoyed performances by the Russian Army Chorus.

July 2000

• Karagöz, a traditional Turkish shadow puppet character, is put on performance every Wednesday by puppet master, Haluk Yüce, thanks to the contribution of DenizBank within the context of supporting the Life Districts Project. These performances were given in conjunction with the Foundation of Turkish Education Volunteers.

can be reached 24 hours a day for on-line banking.

• The first issue of a book on Banking and Finance Articles, supplementing Active magazine, was published with DenizBank’s contribution.

October 2000

• The first book of poems “Dostum Güneş ve Altındakiler” (My Friend the Sun and Those Underneath) written by opera singer and director Murat Göksu was published with the help of DenizBank. This book includes all of the poems written by Göksu between 1973 and 2000.

• During the Sixth International Eskişehir Festival, DenizBank sponsored the Band-O-Neon Group, which performed “Tango Show” in its original format.

• William Shakespeare’s “A Mid-Summer Night’s Dream”, directed by Murat Göksu, was performed by the theater troupe, Lyre Music and Stage Arts Center. The play, sponsored by DenizBank, was staged in the Afife Jale Theater.

• For the 2000-2001 theater season, DenizBank undertook the printing of 20,000 tickets for performances at State Theaters. These tickets will be sold at ticket offices located in twelve different cities across the country.

Afife Jale Sahnesi supported by DenizBank.

• DenizBank’s Chief Economist Saruhan Özel, published a book entitled “Türkiye’de Enflasyon, Devalüasyon ve Faiz” (Inflation, Devaluation and Interest Rates in Turkey) with contributions by DenizBank.

• “Reflections from the Ottoman World”, a book prepared by researchers Necdet Sakaoglu and Nuri Akbayar has been added to the culture treasure of Turkey.



SUBSIDIARIES



S T R I V I N G T O

S T R I V I N G T O

Subsidiaries

DenizYatırım Securities

DenizYatırım and DenizBank strive to maximize synergies through a number of cooperative projects. While all branches of the Bank act as DenizYatırım agents, 32 of the 46 branch offices have equity trading rooms available for individual investors.

Continuing its sound and prudent operations, DenizYatırım will focus on enhancing its market share and attaining a ranking within the top ten Turkish brokerage houses in 2001. Additionally, DenizYatırım aims at placing all six of its mutual funds among the country's top-rated funds in terms of their annual yields.

DenizYatırım's Internet web site was launched in the first quarter of 1999 and currently provides general information. Account monitoring and on-line trading services began operations in the first quarter of 2000; equity trading transactions are

scheduled to go into operation in 2001.

Asset Management

DenizYatırım believes that a great deal of potential exists in the untapped Turkish asset management market. Currently, DenizYatırım manages six mutual funds, which cater to the requirements of a diverse group of investors with different risk-return profiles. All funds enjoyed high rankings in 2000 within their respective categories; two ranked at the top, two came in third and the other two stood at the fifth and 29th place. The introduction of checks drawn on mutual fund shares in late 1998 was an indication of the innovative approach DenizYatırım is taking to reach the top ranks of its sector.

The Domestic Marketing Department, established in mid-1999, has rapidly succeeded in increasing trading volume and demand for DenizYatırım's mutual funds.

Portfolio Management

Portfolio Management was also launched in mid-1998 to provide strategies tailored exactly to investors' risk-return profiles; an all-stock mutual fund to complement the product range was begun the following year.

Regulations for the launch of private pension funds are about to be finalized. It is believed that funds under management will experience a strong surge across the sector. DenizYatırım is well positioned to take advantage of this upcoming boom, building on the fact that Zorlu Holding, the parent organization, employs more than 15,000 people.

Studies for the launch of a new international fund and an index fund in 2001 are still ongoing. It is anticipated that by the end of 2001, total portfolio size under management will reach to a considerable amount.

In the future, DenizYatırım aims to organize its asset management



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operations under a separate entity that will be established in partnership with a leading international company.

Research and Risk Management

The backbone of any investment banking and securities firm is its Research Department. This Department was established in early 1998 at DenizYatırım. It is responsible for the preparation of detailed industry and company reports on a daily, weekly, monthly and yearly basis. These reports cover the ISE's stock market as well as the Bonds and Bills Market. Numerical and empirical research as well as detailed analysis is included within these reports to help investors identify investment opportunities. DenizYatırım is the first and only investment company in Turkey that applies internal risk management models such as Value-at-Risk.

Domestic Brokerage

The Domestic Brokerage Department commenced operations in mid-1998 and soon established itself as one of the key players in the marketplace. With regard to trading volume, DenizYatırım began 1999 operations ranking at mid-point among all ISE brokers; at the end of 2000, the Company was within the top 20%. In 2000, DenizYatırım purchased another brokerage house in order to consolidate its position in the capital markets.

Corporate Finance

The Corporate Finance Department was launched in early 1998 to undertake sophisticated deals regardless of market share. DenizYatırım has the distinct advantage of belonging to an industrial group that has developed its presence within existing businesses while at the same time, expanding into new industries. In 2000, DenizYatırım advised Zorlu Holding and DenizBank



DENİZYATIRIM DENİZLEA

C R E A T I N G S T R O N G S Y N

C R E A T I N G | S T R O N G | S Y N E R G I E S | W I T H

on a series of project finance and acquisition deals. DenizYatirim also took part in a number of leading IPO schemes as a consortium member. In May, DenizYatirim acted as the lead manager for one of the most successful IPOs of the year. Two billion shares of Zorlu Enerji were offered to the public with an IPO of US\$ 55 million. DenizYatirim also participated as a consortium member in the IPOs of EGS Holding, Ersu Meyve Suyu and Favori Naturland. The Corporate Finance Department also acted as advisor for the domestic side in some international M&A and joint venture deals. DenizYatirim already holds mandates for several large-scale IPOs that are scheduled for 2001.

DenizLeasing

DenizLeasing was established in December 1997 with a start-up capital of TL 75 billion and began operations in July 1998. Based on the reputation of DenizBank and the general support provided by the Zorlu Holding

network of companies, DenizLeasing rapidly established itself as an important player in the leasing market in Turkey. The Company is a member of the Turkish Leasing Association and has earned the ISO 9002 Quality Assurance Certificate.

DenizLeasing's paid-in capital increased from TL 500 million to TL 1 billion in June 2000. Successive capital increases will be made in the future to meet the minimum capital requirements of international organizations to which DenizLeasing is already a member or has targeted for membership.

DenizLeasing, with an asset size of TL 19.4 trillion, has achieved a strong customer portfolio composed of 350 companies, mainly concentrated in office equipment, textile machinery, vehicles and real estate markets. Credit is granted principally on a short- to medium-term basis to small- and medium-size companies.

According to the statistics released by the Leasing Association for the first nine months of 2000, DenizLeasing, with a market share of 2%, has been listed in the top 18 companies in terms of the total volume of transactions undertaken.

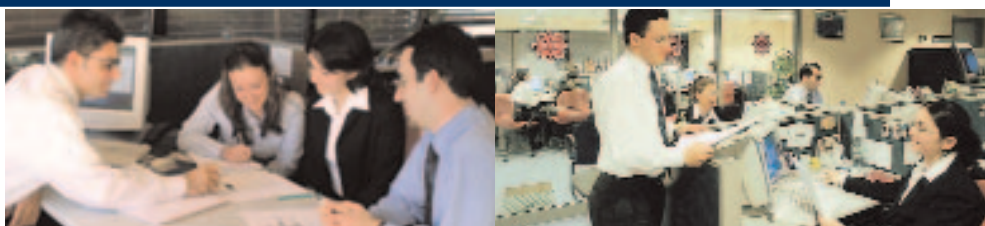
At the end of 2000, the staff totaled 23. DenizLeasing is organized along functional lines with each of the Company's three departments; Credit and Marketing, Operations and Finance, headed by experienced professionals who report directly to the General Manager.

The Credit and Marketing Department is responsible for identifying clients, analyzing the financial strengths and weaknesses of the potential client and closing the deal. The Operations Department takes over once the leasing contract is signed. It imports the equipment, invoices the customer, follows up on late payments, prepares monthly financial statements and handles

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compliance with internal policies and procedures, as well as bookkeeping and accounting matters. The Finance Department oversees cash management and bank relations.

DenizLeasing believes in creating value for the clients through better quality services and takes pleasure in offering the staff greater career development opportunities.

DenizFactoring

DenizFactoring was established in July 1998 and became operational in September the same year. On June 30, 2000 the paid-in capital was increased to TL 1 trillion from TL 500 billion. At that time, DenizBank became the main shareholder with a 74.5% share. In May 2000, DenizFactoring became a member of the Turkish Factoring Association.

A re-engineering process was started in organizational and operational structures at DenizFactoring in December 1999. Only a year after the

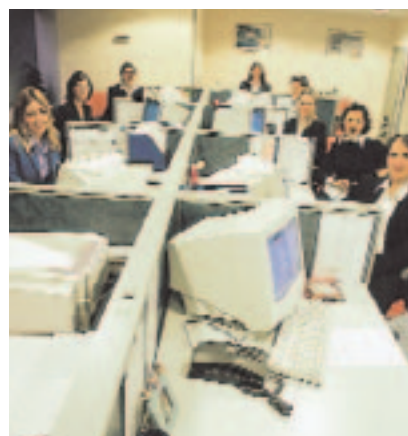
reorganization, domestic turnover reached US\$ 34.7 million as of December 31, 2000, thanks to over 150 additional clients.

As a sister company to two of Turkey's largest exporters, Vestel and Zorlu Dış Ticaret, DenizFactoring increased the non-recourse two factor export volume to US\$ 61 million as of December 31, 2000. In addition to short-term trade finance services in the domestic market, DenizFactoring supports Turkish exporters by providing guarantee, collection, finance and bookkeeping through international factoring services. Forfeiting services are also handled with volume reaching US\$ 1.3 million at the end of 2000.

DenizBank Representative Office, Essen, Germany

The DenizBank Representative Office in Essen, Germany has been very active in introducing DenizBank to German finance and trade circles since its establishment in July. It provides

assistance services to the Bank's Head Office for German-based transactions and channels FX deposits from German investors to DenizBank.



EXECUTIVE MANAGEMENT



1997 - 2000

There has been no change in the composition of the Executive Management Team since the establishment of the Bank.

2000

From left to right standing:

NESRİN SUNGU - Executive Vice President - Financial Institutions
FİKRET ARABACI - Executive Vice President - Corporate Banking
NİHAT SEVİNÇ - Executive Vice President - Operations
BEHÇET PERİM - Executive Vice President - Risk Management and Financial Affairs
B. CEM KÖKSAL - Executive Vice President - Treasury

From left to right seated:

CAN TAŞPULAT - Executive Vice President - Auditing Committee, Legal and Accounting
HAKAN ATEŞ - President and CEO
NECMETTİN KAVUŞTURAN - Executive Vice President - Administrative Services
A. DİNÇER ALPMAN - Executive Vice President - Retail Banking

DENİZBANK ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS

as of december 31, 2000

together with auditors' report

To the Board of Directors of
Denizbank Anonim Şirketi :

We have audited the accompanying consolidated balance sheet of Denizbank Anonim Şirketi (the Banking Group) as of December 31, 2000, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Banking Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

As further discussed in Note 3(a), International Accounting Standard 29 (IAS 29) requires that financial statements prepared in the currency of a highly inflationary economy should be stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods should be restated in the same units. Furthermore, the revised International Accounting Standard 12 (IAS 12) requires that for the non-monetary assets which are restated in terms of the measuring unit current at the balance sheet date and no adjustment is made for tax purposes this should give rise to taxable temporary differences. The Banking Group has not applied either standard in the accompanying financial statements except for the revaluation of premises, equipment and leasehold improvements in accordance with the Turkish Procedural Tax Code. The differences between these financial statements and financial statements adjusted for inflation as well as the relevant deferred taxes are quantified and indicated in Note 2. As indicated in Note 2, if IAS 29 and IAS 12 (revised) had been applied, components of net income, financial position and cash flows could be materially different than those reflected in the accompanying financial statements. Therefore, the accompanying financial statements may not provide a suitable basis on which to make comparisons between years.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the consolidated financial statements referred to above do not present fairly the consolidated financial position of Denizbank Anonim Şirketi as of December 31, 2000 and the consolidated results of its operations and its cash flows for the year then ended, in accordance with International Accounting Standards.

Önce Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi
An Affiliated Firm of Ernst & Young International



D. Levent Özakhun

January 26, 2001
Istanbul, Turkey

DENİZBANK ANONİM ŞİRKETİ

ASSETS	2000	1999
CASH AND DUE FROM BANKS	8,930,023	8,586,855
SHORT-TERM PLACEMENTS (Note 5)	61,636,205	71,904,012
RESERVE DEPOSITS (Note 6)	27,428,354	24,375,943
MARKETABLE SECURITIES (Notes 3 and 7)	299,156,350	168,511,156
LOANS, net (Notes 3 and 8)	197,456,054	105,709,763
MINIMUM LEASE PAYMENTS RECEIVABLE, net (Notes 3 and 9)	13,236,971	-
FACTORING RECEIVABLES (Notes 3 and 10)	22,614,577	-
ACCRUED INTEREST INCOME (Note 11)	36,275,578	29,978,673
EQUITY PARTICIPATIONS (Notes 3 and 12)	2,568	1,346,920
PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net (Notes 3 and 13)	19,663,956	11,878,134
OTHER ASSETS, net (Note 14)	5,840,481	2,682,465
GOODWILL, net (Note 3)	310,778	-
	692,551,895	424,973,921
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEPOSITS- (Note 15)		
Demand	25,184,181	26,856,302
Time	245,600,484	190,853,249
Interbank Deposits	12,045,885	5,200,490
	282,830,550	222,910,041
REPURCHASE AGREEMENT OBLIGATIONS (Notes 3 and 16)	64,480,442	50,412,823
FUNDS BORROWED FROM BANKS (Note 17)	188,053,158	89,988,193
FACTORING PAYABLES (Notes 3 and 10)	19,389,423	-
ACCRUED INTEREST EXPENSE (Note 18)	18,732,198	7,857,842
CAPITAL LEASE OBLIGATIONS (Note 19)	3,188,487	2,896,836
DEFERRED TAX LIABILITY (Notes 3 and 21)	18,219,321	7,646,159
OTHER LIABILITIES (Note 20)	16,835,677	4,666,799
TAXATION ON INCOME (Note 21)	3,541,376	-
MINORITY INTEREST	341,845	-
	615,612,477	386,378,693
SHAREHOLDERS' EQUITY-		
Share capital (Note 23)	42,960,000	26,000,000
Legal reserves (Note 24)	971,407	610,088
General Reserve (Note 24)	1,157,296	555,585
Revaluation adjustment (Note 25)	5,008,375	731,912
Unappropriated Profit	26,842,340	10,697,643
	76,939,418	38,595,228
COMMITMENTS AND CONTINGENCIES (Note 26)	692,551,895	424,973,921

See Notes to Financial Statements.