Turkey
Credit Analysis

Denizbank A.S.

Ratings

Denizbank A.S.
Foreign Currency

Long-Term IDR*	BB-
Short-Term	B
Outlook	Positive

Local Currency

Long-Term IDR*	BB- ▲
Short-Term	B

National

Long-Term	A(tur) ▲
Individual	C/D
Support	4 ▲

Sovereign Risk

Foreign Long-Term IDR*	BB-
Local Long-Term IDR*	BB-
Outlook	Positive

* IDR – Issuer Default Rating

Financial Data

Denizbank A.S.

	31 Dec 05	31 Dec 04
Total Assets (USDm)	8,860.8	6,176.2
Total Assets (TRY000))	11,918,285	8,273,004
Equity (TRY000)	994,468	772,394
Net Income (TRY000)	222,288	141,211
ROA (%)	2.20	1.90
ROE (%)	25.16	22.19
Equity/Assets (%)	8.34	9.34

Analysts

Ed Thompson, New York
+1 212 908 0364
ed.thompson@fitchratings.com

Gulcin Orgun, Istanbul
+90 212 279 1065
gulcin.orgun@fitch.ratings.com

Rating Rationale

- Fitch Ratings has placed Denizbank A.S.' (Denizbank) local currency IDR, National and Support ratings on Rating Watch Positive reflecting the benefits it is expected to receive from its potential new shareholder, Dexia, pending successful completion of the acquisition. Denizbank's ratings reflect its improved franchise and consistent track record. These are balanced by the bank's rapid loan growth, which has resulted in deterioration in capital and could lead to asset quality diminution. The recent deterioration in the Turkish financial markets is unlikely to adversely impact Denizbank's ratings.
- Denizbank recorded strong gains in operating profits during 2005 due to rapid loan growth that resulted in an increase in net interest and commission income. This was offset, however, by margin shrinkage and higher personnel costs. The bank posted gains on the settlement of a lawsuit and unrealised profits on its equity stake in Zorlu Energy.
- Cash loans grew rapidly by 85% in 2005, with consumer credit rising by 110%. Exposure to commercial and corporate borrowers still represents more than two-thirds of the portfolio. Non-performing loans edged up slightly in absolute terms, with credit card delinquencies at 11%. Impaired assets were 2.37% of loans with reserve coverage of 100%.
- Risk management strategies are well defined with all positions marked-to-market on a daily basis. To maintain flexibility, Denizbank holds liquidity equal to a minimum of 15% of assets (22% at end-2005) and government securities are minimal. No significant interest rate or currency positions are taken. Short-term bank deposits and borrowings remained stable at 20% of assets.
- Despite healthy internal capital generation, equity measures deteriorated during 2005 due to balance sheet expansion. Although Denizbank plans to slow its growth this year, its end-2005 capital ratio of 14.7% is expected to worsen by end-2006. Fitch believes that recent deterioration in retail credit quality warrants reversal of the capital decline.

Support

- In Fitch's opinion, after the completion of the acquisition, Dexia will have a very high propensity to support Denizbank but its ability to do so might in certain circumstances be constrained by the transfer risk attached to Turkey.

Rating Outlook and Key Rating Drivers

- Denizbank's foreign currency IDR Outlook is Positive due to the strengthened operating environment. Over the last several years, the bank has strengthened its position among medium-sized Turkish banks.
- The bank's LTFC IDR is constrained by the sovereign rating and its LTLC IDR will be capped at two notches above the sovereign rating after the acquisition. To attain a higher Individual rating, Denizbank would have to moderate recent growth, rebuild capital and continue to maintain its operating profile. Should the operating environment deteriorate with simultaneous loan and equity deterioration, ratings pressure could occur.

Profile

- Denizbank is 75%-owned by the Zorlu Group, a conglomerate active in textiles, electronics and other sectors. The bank focuses on SME and retail clients, ranking as Turkey's seventh-largest private bank at end-2005. It owns banks in Austria and Russia and subsidiaries engaged in investment, brokerage, leasing and factoring. Recently, Zorlu agreed to sell its interest to Belgium-based Dexia Bank for USD2.44 billion. The transaction is subject to approval of BRSA and foreign officials.

Profile

- **In May 2006, Zorlu Group announced the sale of 75% of Denizbank to Dexia for USD2.44bn**
- **Denizbank is the seventh-largest privately-owned commercial bank in Turkey**
- **Focuses on SME, exporters and retail banking clients**

Denizbank was incorporated in 1997 by Zorlu Holding, a Turkish conglomerate that focuses principally on electronics, financial services, energy and textiles. Zorlu has reinvested the bank's profits annually over time and sold a 25% stake to the public in 2004. The profits from sales of other non-financial participations have also been added to the bank's capital base.

On 30 May 2006, Zorlu announced the sale of its 75% stake in Denizbank Financial Services Group ("DFS Group") to Belgium-based Dexia Bank for USD2.44bn. According to the agreement, Denizbank's 39.8% investment in Zorlu Energy will be transferred to Zorlu Holding prior to the consummation of the purchase agreement.

The transaction includes the following subsidiaries:

- commercial banking – Denizbank A.S., Istanbul, Denizbank A.G., Austria, Denizbank Moscow;
- investment and brokerage – Deniz Investment Securities (Deniz Investment & Trust Co and Deniz Portfolio Management), Ekspres Invest, Deniz Turev Securities Inc.;
- leasing and factoring – Deniz Factoring, Deniz Leasing; and
- services – Intertech.

The transaction is subject to legal and regulatory approvals and is estimated to be completed in 4Q06. Following the purchase, Dexia will tender for the remaining minority shares listed on the Istanbul Stock Exchange.

DFS Group is a financial services enterprise that consists of commercial banking (the lead bank, Denizbank A.G. in Austria, Denizbank Moscow), investment and brokerage, leasing and factoring, and services. It also includes a number of institutions acquired from the Savings Deposit Insurance Fund ("SDIF"). The group has 246 branches and plans to grow to 510 by 2010, becoming the fifth-largest institution in the country. Denizbank benefited from the consolidation of the Turkish banking sector following the economic crises in 2000 and 2001, when the deposits, branches and licenses of a number of Turkish financial institutions were sold by the SDIF. Denizbank acquired a number of institutions from SDIF, including Esbank AG and Iktisat Bank Moscow. Tarisbank, a small regional bank, was purchased and merged with the bank, which has enhanced the company's franchise in the Aegean region, especially in loans to the agricultural sector.

Retail Banking: Denizbank has changed its targeted client in retail banking from upscale to mass market (minimum monthly income of USD400). During 2005, the bank achieved substantial growth in credit cards and consumer loans (up 110%), which represent 20% of cash loans. Retail deposit expansion has been sound. Solid net income expansion benefited from an emphasis on payroll services and direct sales. However, card delinquencies deteriorated to 11% at end-2005 from 8% in the previous year. While Denizbank has made progress in its retail product segments, it has yet to establish the economies of scale or size to garner a meaningful market share.

SME and Agricultural Banking: the bank focuses on SME as well as agricultural producers, attempting to heighten profitability by increasing products per customer. While SME lending is a key focal point, this is very much fee business and Denizbank has been emphasising bancassurance to build its commission income.

Commercial Banking: the group deals with manufacturing and service companies with an annual turnover between USD5 million and USD25 million as well as trade companies with an annual turnover between USD5 million and USD50 million. Commercial loans grew by 38% during 2005 but diminished to 30% of the portfolio due to retail expansion; the group's profits are relatively low. Corporate banking customers represent companies with annual turnover in excess of USD25 million and trade companies with turnover in excess of USD50 million. Cash credits totalled 38% of outstandings at end-2005.

Strategy: Denizbank's strategic plan calls for significant growth in its balance sheet and banking franchise through 2010 and its target is to become among the top-five private commercial banks in Turkey. The bank will focus all business segments, but retail and credit card lending is anticipated to be 30% of loans. Its plan also reflects substantial profits that are revenue driven as costs will be significant to develop the business. Asset quality could become negatively impacted in such a growth scenario. However, Dexia will provide support should the need arise.

Presentation of Accounts: Fitch's analysis is based on Denizbank's audited, consolidated and inflation-adjusted financial statements prepared in accordance with International Financial Reporting Standards.

Performance

- **Improved operating profits driven by balance sheet growth and revenue expansion**
- **Credit loss provisions continue to improve**
- **Non-operating investment gains and profit from lawsuit bolstered bottom line**

Peer Group Comparison

(%)	Denizbank	Peer Group[1]
Asset Growth	44.1	35.9
Net Inc Growth	57.4	75.0
Net Interest Margin	5.11	6.37
Adjusted Net Interest Margin[2]	4.76	6.66
Cost/Income	60.07	54.85
Net Income/Av Assets	2.20	3.06
Net Income/Av Equity	25.16	27.41
Equity/Assets	8.34	11.00

[1] Finansbank, Turk Ekonomi Bankasi, HSBC Bank and Oyak Bank
[2] Net interest revenues net of foreign currency gains or losses as a percentage of average assets
Source: Fitch and Banks

Revenues: Adjusted net interest revenues strengthened during 2005 by 23%. Interest on loans grew sharply due to higher portfolio expansion while interest on securities continued to fall. Denizbank intends to maintain a minimal investment portfolio in the future. Despite satisfactory growth in revenues, the bank's net interest margin declined slightly from the previous year and was significantly below the peer average because of a lower proportion of retail loans than its competitors. This situation is likely to continue in the medium-term other banks aggressively grow higher margin lending.

Net fees and commissions improved by 25% during 2005 with gains particularly notable in credit card commissions and brokerage fees. Denizbank's two brokerage subsidiaries combined to have the leading market share on the Istanbul Stock Exchange, which provides good fee income to the bank. Non-operating items in 2005 include a gain from a lawsuit against the tax office (TRY27.1m) and gain on disposal of investment securities (TRY37.1m). Both are reflected as other income on the attached spreadsheet.

Non-Interest Expenses: Overhead costs increased by only 4% in 2005 but there were many crosscurrents within that total. Denizbank added over 800 staff and personnel costs rose by 36%. This was offset by lower inflation and a loss on monetary position. Because of its branch expansion and loan growth plans, management has budgets substantial increases in costs over the next several years. This will place pressures on revenue generation and the bottom line. The bank's improved cost/income ratio is notable but it was principally revenue related and not driven by permanent expense reductions.

Provisions for Bad Debt: Despite robust credit expansion, loan loss provisions moderated for the fourth consecutive year to 12% of pre-tax, pre-provision profits with reserves covering problem assets (see *Loan Loss Experience and Reserves).*

Interim Financial Results: Unaudited 1Q06 profit from operations (pre-tax, pre-monetary loss in 2005) diminished by 24% due to a mark-to-market loss on the Zorlu Energy investment, reduction in net interest income and continued growth in overhead expenses. Commissions were robust. Loan portfolio expansion was strong, causing the bank's capital ratio to drop to 13.1%.

Prospects: The Denizbank management team will remain in place after Dexia assumes control of the bank. A number have been with the bank since inception and are responsible for instituting the risk management, governance and strategic policies that currently exist. Denizbank will now be backed by a major European bank and should have easier access to capital and lower-cost funding. To achieve its goal of being one of the top-five private commercial banks in Turkey, Denizbank will have to grow at a rate that might strain existing resources or it may have to acquire one of existing top-five banks.

Denizbank has been a consistent performer with sound liquidity and asset quality over the past several years but rapid credit growth has led to diminution of capital ratios. Fitch believes that this will continue as the bank focuses on funding expansion with wholesale liabilities to improve its return on equity; funding costs, margins and expenses are also likely to deteriorate. Asset quality could become a key issue as loan growth matures and problems surface.

Risk Management

- **Sophisticated risk management procedures**
- **Rapid retail credit expansion**
- **Asset quality remains sound although credit card delinquencies have deteriorated**

The risk management policy is determined by the board of directors and co-ordinated by the bank risk management committee, board risk management committee, asset and liability management committee as well as the Basel II working group. These committees meet periodically to review risk profiles and formulate future risk strategies. The Basel II group monitors the bank's credit and operational risk measurements in relation to its ongoing compliance with Basel II. The risk management division ensures that the bank will never put more than half of its current equity at risk (including credit, market and operational) and that it could maintain an 8% capital ratio without a new equity injection.

Credit approval limits are centralised with regional loan offices authorised to grant facilities up to TRY1.0m, the head office up to 1% of equity; the credit committee up to 10% of equity and the board of directors up to 25% of equity. Concentration limits by sector have also been established. Related party exposure is relatively small at 3.1% of cash and non-cash credit. Excluding cash cover, related party exposure decreases to 2.5% of loans. Exposure to the largest 20 group relationships (net of cash cover and related party exposure) totalled 17% of cash and non-cash loans at end-2005 (2004: 13%).

Gross loans soared by 85% to 52% of assets at end-2005 after growing 50% in the previous year. There was considerable variation within the entire portfolio with retail up by 110% and credit to the large corporates increasing more moderately. While retail and credit card outstandings exhibited the fastest growth, they still represent only 20% of the total and are projected to only reach 30% of the book in the next couple of years.

The retail loan portfolio is principally concentrated in credit cards (31%); consumer loans (26%); real estate mortgages (21%); and car loans (15%). Loss history has been good with the exception of credit cards at 8%. All loans are underwritten using credit histories from the Central Bank of Turkey and the Credit Bureau. Housing loans are typically granted at 75% of the appraised value of the property.

A breakdown of the cash loan portfolio by industry is shown in the following table:

Loan Loss Experience and Reserves: According to internal policies, regardless of collateral, 100% provisions are established against non-performing loans after the credit is transferred to legal follow-up (30 days for commercial and 90 days for retail). NPLs deteriorated moderately in absolute terms during 2005 but improved to 2.12% of gross loans due to rapid portfolio growth. Impaired credit is fully covered by reserves and foreclosed property is minimal. Nearly 37% of NPLs consists of credit cards where delinquencies stood at 11% at end-2005 compared with 8% at end-2004. Despite an 8% provisioning rate, management states that the business continues to be profitable because of its high spread and commission generation. Loss history in the remainder of the portfolio is good.

Loan Portfolio by Industry

	Cash	
(%)	**2005**	**2004**
Consumer and Credit Card	20	16
Chemicals	12	2
Trade	9	8
Food	8	8
Tourism	8	6
Metals	8	7
Construction	8	11
Finance	7	10
Textile/Leather	5	9
Others	13	19
Total Performing Loans	98	97
Non-Performing	2	3
Total	**100**	**100**

Source: Denizbank

Maturity and Market Risk: Denizbank marks-to-market all spot, forward and derivative instrument positions on a daily basis. It uses value-at-risk methodology with a 10-day holding period and a 99% confidence interval for calculation. Interest rate risk is tracked by stress testing; duration gap analysis is done on a daily basis and gapping analysis on a weekly basis. The bank has an internal requirement that economic capital is limited to a maximum of 50% of equity and under any market condition the bank should achieve a capital adequacy ratio of 9% without the need for capital injection.

Denizbank maintained an on-balance sheet long foreign currency position of 4.1% of equity (0.2% long net of derivatives). Similar to its local competitors, the bank has a structural one-month liquidity mismatch. However, its interest-sensitive liabilities re-pricing within three months are fully covered by assets re-pricing within the same time frame, nearly 50% of which are interbank placements and securities.

The securities portfolio declined by 10% to 17% of assets at end-2005 (2004: 26%). Government securities comprise approximately two-thirds of the portfolio. Denizbank sold some Zorlu Energy shares (exposure declined to 40% from 44% of the company) and total equities fell below 2% of assets. Approximately 87% of the bond portfolio is held for trading or available for sale with 90% floating rate.

The bank holds some longer-term private sector bonds.

Operational Risk: The bank's internal control centre monitors operational risks while the credit control department monitors limits and utilisation on a daily basis. The risk management department examines and interprets internal procedures, documents and work flows. The bank plans on adopting the Advanced Measurement Approach to assess the effects of operational risk on capital adequacy and has compiled a historical database. A disaster recovery centre has a replica of the bank's systems.

Corporate Governance: Denizbank maintains an arm's length relationship with its shareholders. There is no family member on the board and there are three independent non-executive board members out of seven. The corporate governance and nomination committee as well as the audit committee are both headed by independent board members and related party activity is relatively low. Minority groups are represented by an independent board member.

■ Funding and Capital

- **Diversified funding structure**
- **Solid asset liquidity**
- **Equity measures have weakened due to rapid growth**

Funding: Customer deposits expanded (up 33%) in 2005 but declined to 65% of non-equity funding from 72% at end-2004. To finance the growth of its burgeoning consumer lending book, Denizbank concentrated on building retail and SME deposits, which increased to approximately 58% of the total from 52% in the previous year. The remainder consisted of corporate and commercial funds. The top-20 accounts edged down to approximately 10% of the total. Similar to competitors, the maturity structure of the customer deposit base is very short. Reliance on short-term bank debt was static but Denizbank entered the long-term market for the first time through a two-year syndication and a securitisation.

Liquidity: Denizbank's internal policy calls for liquid assets (earnings a positive spread) equal to a minimum of 15% of assets. It is projected that this will exceed 20% over the next several years. Total liquid assets (cash due from banks, bank placements and reserve deposits) cover a comfortable 49% of customer deposits without considering the cash generating capacity of the securities portfolio.

Capital: Despite strong internal capital generation, equity measures worsened during 2005 particularly loan leverage. Similarly, Tier 1 and total capital ratios both diminished, finishing the year at 13.23% and 14.70%, respectively. This would decline by approximately 180bp under Basel II. On the attached spreadsheet, the unrealised gains on Zorlu Energy shares (booked as equity on Denizbank financial statements and considered Tier II capital) are reflected as other reserves. Free capital deteriorated moderately to 7.1% of assets but remains satisfactory as permanent assets are insignificant and non-performing loans are fully reserved. Prior to the Dexia transaction, management's strategic plan was based on maintaining a Basel II capital ratio of 12%, which Fitch would deem adequate only in the most pristine asset quality environment. Any deterioration and/or expectation of rapid growth would require additional equity.

Balance Sheet Analysis

DENIZBANK A.S. (C.)

	31 Dec 2005				31 Dec 2004		31 Dec 2003		31 Dec 2002	
	Year End USDm Original	Year End TRZth Original	As % of Assets Original	Average TRZth Original	Year End TRZth Restated	As % of Assets Restated	Year End TRZth Restated	As % of Assets Restated	Year End TRZth Restated	As % of Assets Restated
A. LOANS										
1. Loans and Advances < 3 months	1,991.9	2,679,176.0	22.48	2,022,597.0	1,366,018.0	16.51	n.a.	-	n.a.	-
2. Loans and Advances 3 - 12 months	1,221.6	1,643,059.0	13.79	1,417,104.5	1,191,150.0	14.40	n.a.	-	n.a.	-
3. Loans and Advances > 1 year	1,422.0	1,912,639.0	16.05	1,342,923.0	773,207.0	9.35	n.a.	-	n.a.	-
4. Loan Loss Reserve (deducted from above)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Loan Loss Reserve (memo)	106.9	143,754.0	1.21	131,348.0	118,942.0	1.44	98,497.5	1.49	89,234.6	1.75
TOTAL A	**4,635.4**	**6,234,874.0**	**52.31**	**4,782,624.5**	**3,330,375.0**	**40.26**	**2,199,253.7**	**33.37**	**1,588,691.4**	**31.15**
B. OTHER EARNING ASSETS										
1. Loans and Advances to Banks	1,975.6	2,657,284.0	22.30	2,233,419.0	1,809,554.0	21.87	1,236,868.5	18.77	679,947.2	13.33
2. Government Securities	980.4	1,318,665.0	11.06	1,475,816.5	1,632,968.0	19.74	1,916,426.2	29.08	1,840,548.3	36.09
3. Other Trading Securities	133.9	180,115.0	1.51	173,541.0	166,967.0	2.02	0.0	0.00	0.0	0.00
4. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Other Securities and Investments	346.6	466,174.0	3.91	425,648.0	385,122.0	4.66	424,850.4	6.45	296,621.4	5.82
6. Equity Investments	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	12,853.6	0.25
TOTAL B	**3,436.5**	**4,622,238.0**	**38.78**	**4,308,424.5**	**3,994,611.0**	**48.28**	**3,578,145.1**	**54.30**	**2,829,970.5**	**55.49**
C. TOTAL EARNING ASSETS (A+B)	**8,071.9**	**10,857,112.0**	**91.10**	**9,091,049.0**	**7,324,986.0**	**88.54**	**5,777,398.8**	**87.67**	**4,418,661.9**	**86.64**
D. FIXED ASSETS	**99.4**	**133,635.0**	**1.12**	**129,735.0**	**125,835.0**	**1.52**	**108,064.0**	**1.64**	**101,075.0**	**1.98**
E. NON-EARNING ASSETS										
1. Cash and Due from Banks	580.6	780,946.0	6.55	748,942.0	716,938.0	8.67	464,987.6	7.06	522,518.7	10.25
2. Other	109.0	146,592.0	1.23	125,918.5	105,245.0	1.27	239,412.2	3.63	57,801.8	1.13
F. TOTAL ASSETS	**8,860.8**	**11,918,285.0**	**100.00**	**10,095,644.5**	**8,273,004.0**	**100.00**	**6,589,862.6**	**100.00**	**5,100,057.4**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING										
1. Due to Customers < 1 year	5,001.0	6,726,591.0	56.44	5,987,185.0	5,247,779.0	63.43	n.a.	-	n.a.	-
2. Due to Customers > 1 year	233.1	313,475.0	2.63	186,336.5	59,198.0	0.72	n.a.	-	n.a.	-
3. Due to Customers,no breakdown	n.a.	n.a.	-	n.a.	n.a.	-	4,119,382.2	62.51	3,839,759.2	75.29
4. Deposits from Banks	571.8	769,034.0	6.45	701,608.5	634,183.0	7.67	434,236.1	6.59	234,883.5	4.61
5. Other Deposits	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Other Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
- Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
- Trading	1,213.0	1,631,482.0	13.69	1,348,227.0	1,064,972.0	12.87	1,105,022.2	16.77	344,955.3	6.76
-Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL G	**7,018.8**	**9,440,582.0**	**79.21**	**8,223,357.0**	**7,006,132.0**	**84.69**	**5,658,640.5**	**85.87**	**4,419,598.0**	**86.66**
H. OTHER FUNDING										
1. Long-term Borrowing	738.7	993,550.0	8.34	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Subordinated Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Hybrid Capital	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL H	**738.7**	**993,550.0**	**8.34**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
I. OTHER (Non-int. bearing)	**268.1**	**360,590.0**	**3.03**	**356,076.0**	**351,562.0**	**4.25**	**282,261.8**	**4.28**	**145,697.1**	**2.86**
K. OTHER RESERVES	**96.0**	**129,095.0**	**1.08**	**136,005.5**	**142,916.0**	**1.73**	**148,496.0**	**2.25**	**n.a.**	**-**
L. EQUITY										
1. Perpetual Preference Shares	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Common Equity	739.4	994,468.0	8.34	883,431.0	772,394.0	9.34	500,464.3	7.59	534,762.3	10.49
TOTAL L	**739.4**	**994,468.0**	**8.34**	**883,431.0**	**772,394.0**	**9.34**	**500,464.3**	**7.59**	**534,762.3**	**10.49**
M. TOTAL LIABILITIES & EQUITY	**8,860.8**	**11,918,285.0**	**100.00**	**10,095,644.5**	**8,273,004.0**	**100.00**	**6,589,862.6**	**100.00**	**5,100,057.4**	**100.00**
Exchange Rate		USD1 = TRZ 1.3451			USD1 = TRZ 1.3395		USD1 = TRZ 1.3395		USD1 = TRZ 1.3395	

Income Statement Analysis

DENIZBANK A.S. (C.)

	31 Dec 2005		31 Dec 2004		31 Dec 2003		31 Dec 2002	
	Income Expenses TRZth Original	As % of Total AV Earning Assts Original	Income Expenses TRZth Restated	As % of Total AV Earning Assts Restated	Income Expenses TRZth Restated	As % of Total AV Earning Assts Restated	Income Expenses TRZth Restated	As % of Total AV Earning Assts Restated
1. Interest Income	1,019,879.0	11.22	852,257.0	13.01	751,005.0	14.73	728,084.8	20.40
2. Interest Expense	504,000.0	5.54	470,832.0	7.19	525,150.3	10.30	501,166.0	14.04
3. NET INTEREST REVENUE	**515,879.0**	**5.67**	**381,425.0**	**5.82**	**225,854.7**	**4.43**	**226,918.8**	**6.36**
4. Net Fees & Commissions	147,333.0	1.62	117,898.0	1.80	102,597.3	2.01	54,885.7	1.54
5. Other Operating Income	22,228.0	0.24	72,705.0	1.11	131,967.5	2.59	1,231.8	0.03
6. Personnel Expenses	200,983.0	2.21	147,488.0	2.25	106,415.7	2.09	67,678.6	1.90
7. Other Operating Expenses	210,792.0	2.32	247,640.0	3.78	186,764.0	3.66	95,404.4	2.67
8. Loan Loss Provisions	39,673.0	0.44	41,563.0	0.63	49,245.7	0.97	60,845.0	1.70
9. OPERATING PROFIT	**233,992.0**	**2.57**	**135,337.0**	**2.07**	**117,994.1**	**2.31**	**59,108.3**	**1.66**
10. Other Income and Expenses	62,798.0	0.69	14,094.0	0.22	19,085.8	0.37	1.1	0.00
11. PROFIT BEFORE EXCEPTIONAL ITEMS	**296,790.0**	**3.26**	**149,431.0**	**2.28**	**137,079.9**	**2.69**	**59,109.4**	**1.66**
12. Exceptional Items	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. PRE-TAX PROFIT	**296,790.0**	**3.26**	**149,431.0**	**2.28**	**137,079.9**	**2.69**	**59,109.4**	**1.66**
14. Taxes	74,502.0	0.82	8,220.0	0.13	49,214.9	0.97	-14,340.3	-0.40
15. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. PUBLISHED NET INCOME INCLUDING MINORITIES	**222,288.0**	**2.45**	**141,211.0**	**2.16**	**87,865.0**	**1.72**	**73,449.7**	**2.06**
17 Memo: FITCH NET INCOME	**222,288.0**	**2.45**	**141,211.0**	**2.16**	**87,865.0**	**1.72**	**73,449.7**	**2.06**

Ratio Analysis

DENIZBANK A.S. (C.)

		31 Dec 2005 Original	31 Dec 2004 Restated	31 Dec 2003 Restated	31 Dec 2002 Restated
I. PROFITABILITY LEVEL					
1. Operating Profit/Total Assets (av.)	%	2.32	1.82	2.02	1.39
2. Net Income/Equity (av.)	%	25.16	22.19	16.98	16.40
3. Net Income less Pref. Div./Common Equity (av.)	%	25.16	22.19	16.98	16.40
4. Net Income/Total Assets (av.)	%	2.20	1.90	1.50	1.72
5. Non-int. Expenses/Operating Revenue	%	60.07	69.07	63.68	57.62
6. Net Interest Rev/Total Assets (av.)	%	5.11	5.13	3.86	5.33
II. CAPITAL ADEQUACY (year end)					
1. Internal Capital Generation	%	25.16	22.19	16.98	16.40
2. Equity/Total Assets	%	8.34	9.34	7.59	10.49
3. Equity/Loans	%	15.95	23.19	22.76	33.66
4. Regulatory Capital/Risks - Tier 1	%	n.a.	n.a.	n.a.	n.a.
5. Regulatory Capital/Risks - Total	%	14.70	17.80	18.30	18.80
6. Common Equity/Total Assets	%	8.34	9.34	7.59	10.49
III. LIQUIDITY (year end)					
1. Liquid Assets/Deposits & Money Mkt Funding	%	51.27	61.61	79.46	74.68
2. Liquid Assets & Marketable Debt Sec./Deposits and Money Market Funding	%	75.10	91.48	82.78	75.35
3. Loans/Deposits & Money Mkt Funding	%	79.84	56.06	48.30	38.99
IV. ASSET QUALITY					
1. Provision for Loan Losses/Loans:Gross of Loan Loss Reserves (av.)	%	0.81	1.45	2.48	5.03
2. Provision for Loan Losses/Profit Before Provisions and Taxes	%	11.79	21.76	26.43	50.72
3. Loan Loss Reserves/Gross Impaired Loans	%	106.43	99.66	90.44	106.49
4. Loan Loss Reserves / Loans Gross of Loan Loss Reserves	%	2.25	3.45	4.29	5.32
5. Impaired Loans Gross / Loans Gross	%	2.12	3.46	4.74	4.99
6. Impaired Loans net / Equity	%	-0.87	0.05	2.08	-1.02