

Annual Report 2007





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Directors and Officers



Dr. İsmail H. Ergener Chairman



Ali İhsan Tokkuzun Deputy Chairman

Supervisory Board

Hakan Ateş

Istanbul, President & CEO of DenizBank A.Ş., Chairman

Bruno Accou

Istanbul, Denizbank A.Ş., Deputy Chairman

Nihat Sevinç (until May 17, 2007)

Istanbul, Executive Vice President of DenizBank A.Ş., Member

Mustafa Aydın (since May 17, 2007)

Istanbul, Executive Vice President of DenizBank A.Ş., Member

Dr. Kurt Heindl

Vienna, Former Member of the Parliament, Consultant, Member

Behçet Perim (until January 16, 2007)

Istanbul, Executive Vice President of DenizBank A.Ş., Member

Bora Böcügöz (since January 16, 2007)

Istanbul, Executive Vice President of DenizBank A.Ş., Member

Representative of the Austrian Federal Ministry of Finance Banking Supervision Division

Dr. Marcus Heinz

Director, International Financial Institutions

Managing Board

Dr. İsmail H. Ergener
Chairman

Nesrin Sungu (until February 1, 2007)
Member

Ali İhsan Tokkuzun
Deputy Chairman

Dr. Iris Jandrasits (from February 1, 2007 until September 30, 2007)
Member

Hüseyin Yener (since February 1, 2007)
Member

Departments

Christan Mayr
Holder of Procura
Organisation-Treasury Back Office

Margit Mayerhofer
Holder of Procura
Accounting & Reporting

Cengizhan Kaptan
Holder of Procura
Credit & Forfaiting

Markus Schäffer
EDP

Shareholder

DenizBank A.Ş., Istanbul, Turkey
320 Branches

Subsidiary

51% of DenizBank (Moscow)

Branches

Mehmet Ulvi Taner
Holder of Procura,
Branches Austria & Germany

Bariş Türkeş
Branches Germany

Representative in Istanbul
Ercüment Ünsoy
Representative

Head Office

Büyükdere Cad. No: 106, Esentepe 34394, Istanbul,
Tel: (90-212) 355 08 00 Fax: (90-212) 267 27 24
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Agenda

The Agenda of the 12th Annual General Meeting of DenizBank AG on March 7, 2008.

1. Presentation of the 2007 Annual Report, including financial statements and the Supervisory Board's report
2. Resolution on the distribution of the profit
3. Resolution on the release of the Managing Board for the financial year 2007
4. Resolution on the release of Supervisory Board for the financial year 2007
5. Appointment of Supervisory Board
6. Appointment of auditors for the financial year 2009
7. Miscellaneous

Key Ratios

Our balance sheet total of an estimated EUR 1,143.39 million.

	2007	2006	2005	2004
Equity ratio	9.93%	11.45%	13.53%	25.84%
Return on Equity	11.83%	18.68%	12.21%	10.90%
Earnings before taxes (TEUR)	8,478.2	12,083.4	6,875.6	5,169.4
Earnings before taxes/employee (TEUR)	52.0	88.0	71.0	74.2
Ratio of personnel expenses	0.66%	0.58%	0.59%	0.70%
Net interest margin	1.73%	1.63%	1.53%	1.69%
Cost Income Ratio	60.53%	53.20%	58.26%	62.48%
Cash flow from operating activities	9,778.9	7,578.2	8,035.3	-10,681.2
Cash flow from investing activities	-1,569.6	-1,262.2	-5,408.4	-1,209.6
Cash flow from financing activities	0,0	10,000.0	0,0	12,499.8

Supervisory Board Report

Bolstered by strong capitalization and the favorable financial situation/environment, DenizBank AG took advantage of rapid developments within the banking industry and was not affected by the global crises in the last quarter of the year.

DenizBank AG completed its twelfth year of operations in 2007, a year that in many ways, proved to be both challenging and successful for our Bank. Bolstered by strong capitalization and the favorable financial situation/environment, DenizBank AG took advantage of rapid developments within the banking industry and was not affected by the global crises in the last quarter of the year.

The Management Board has reported to the Supervisory Board about expansive business developments in Austria, Germany and Russia, as well as significant lending commitments, investments and other important matters. During the 2007 financial year, the Supervisory Board met four times: March 9, June 25, September 21 and December 7. The duties of this Board were instituted in accordance with the Law and the Articles of Association. The Board is responsible for continuously supervising the activities of the Bank's management. Information is communicated both in writing and verbally by the Management Board in a regular, comprehensive and timely manner about the Bank's intended business strategies, position, development and key transactions.

The Management Board submits regular reports on the extent to which group risk exposure limits have been utilized. The Supervisory Board also conducts other in-depth examinations of key risk control aspects.

The 2007 DenizBank AG financial statements and management report was prepared in accordance with the UGB (Austrian Enterprise Code) while the consolidated balance sheet was prepared and audited by Deloitte Wirtschaftsprüfungs GmbH, Vienna. The Supervisory Board duly noted and approved the results of the audit; the final examination revealed no deficiencies. Internal Audit, Controlling, Risk Management and Credit Risk Departments provided Supervisory Board reports on a regular basis. The Supervisory Board welcomes the successful implementation of the MiFID and Basel II projects.

The Supervisory Board approved the management report and proposal for the use of the net profit and approved the Balance Sheet in accordance with § 125 (2) of the Corporate Law.

The following changes in the composition of the Supervisory Board in the course of the 2007 financial year have been carried out:

Mr. Nihat Servinç (member) left the supervisory board on May 17, 2007 and Mr. Behçet Perim (member) on January 16, 2007. The new member of the supervisory board is Mr. Mustafa Aydın (May 17, 2007) and Mr. Bora Böcügöz (January 16, 2007).

The Supervisory Board has every reason to be proud of the Bank's accomplishments since its takeover in September 2002. We are confident that DenizBank will demonstrate successful performance in the coming years. The strength and expertise of the DenizBank Financial Services Group, the Supervisory Board and the shareholders continue to support the Management Board in its drive toward becoming one of the most influential and admired banks in the region.

Vienna, March 2008
The Supervisory Board



Hakan Ateş
President



Managing Board Report

Our effective branch network > Our effective branch network is established in nine locations including the Personal Banking Center and four branches in Vienna with the additional branches in Wr. Neustadt, Linz, Graz, Innsbruck and Bregenz. Furthermore, we have two foreign branches in Frankfurt am Main and Dortmund.

The year 2007 was affected by strong structures of the owner, the DEXIA-Group. The integration of DenizBank AG into the DEXIA-Group ran smoothly and successfully. The financial institution DEXIA as owner of DenizBank A.Ş. employs more than 30,000 people and is one of the largest financial institutions in the world.

The rapidly expanding DenizBank A.Ş. owns almost 100% of DenizBank AG. Our parent company is counted among the eight largest private banks in Turkey, with about 265 branches and a workforce of over 6,500. DenizBank AG was able to close the financial year with satisfying earning capacity.

Specializing in foreign trade financing, business contracts and start-ups in Turkey, our Bank's position has steadily improved. The dense branch network of our parent company in Turkey facilitates our broad offer of foreign trade finance and business contract service, especially to medium-size companies.

Private and corporate clients that keep a constant business relationship with us are offered foreign payment services, which are increasingly being used by our correspondent banks in Austria. In 2007, we set up two new branches in Vienna and Wr. Neustadt. Our effective branch network is established in nine locations including the Personal Banking Center and four branches in Vienna with the additional branches in Wr. Neustadt, Linz, Graz, Innsbruck and Bregenz. Furthermore, we have two foreign branches in Frankfurt am Main and Dortmund. The Bank has focused on the acquisition of new customers for the deposit business and in addition to usual banking services offers insurance contract procurement and building society products as well as foreign payment services in all branch offices. Cooperation with Money Gram, which allows quick payment transactions worldwide, will continue and we are now able to offer our customers more than 75,000 payment offices all over the world.

Our office in Istanbul contributes essentially to our marketing activities. DenizBank AG owns 51% of the share capital of DenizBank Moscow. This investment, together with the remaining 49% share, held by DenizBank A.Ş., Istanbul, presents new business possibilities in an expanding market. Due to the increasing importance of the Russian marketplace for Turkey and Austria, this share will play a major role for the Bank in the year 2008.

Domestic and foreign clients and business partners avail themselves of our services in a pleasant and discreet atmosphere at our prestigious premises at Kärntner Ring 12, A-1010 Vienna. In addition to traditional methods to contact clients, we aim to increasingly offer our products, coupled with general information and problem-solving skills, to business partners at our enhanced website (<http://www.DenizBank.at>). We are concentrating on opportunities to order selected products online.

Our new representative Private Banking Center at 1010 Vienna, Kärntner Ring 14 opened in August 2006. It has permitted us to offer even better client services and aids in the acquisition of new customers.

After allocating approximately EUR 6.65 million for our retained earnings and the reserve under section 23/6 of the Austrian Banking Act, our total qualifying capital stood at EUR 74.8 million at the end of 2007 (2006: EUR 68.2 million). Our equity ratio of the risk-weighted measurement of 9.93% exceeds the legally required ratio of 8.00% by about 25%.

Our balance sheet total of an estimated EUR 1,143.39 million at the end of 2007 is 4.78% above the previous year's level of EUR 1,091.19 million.

On December 19, 2007 a capital increase of EUR 6 million with a ratio of 150% was passed at an extraordinary general meeting; the capital has already been paid-in.

We have also increased our short and medium-term lending portfolio during 2007. Due to increasing demand, the gradually recovering Turkish economy and our rising engagement in forfeiting transactions, amounts owed by customers rose to EUR 602.11 million.

The total assets of our balance sheet were affected by a decrease in our securities portfolio from EUR 117.6 million to EUR 104.2 million.

Concerning our liabilities, EUR 169.0 million owed to credit institutions has made a significant contribution to our stable refinancing base. We will continue to cultivate and intensify various business relationships with our domestic and foreign correspondent banks.

Amounts owed to customers of an estimated EUR 865.5 million (EUR 752.6 million in 2006), including savings deposits increased by 15%. This figure clearly signifies and affirms growing customer reliance in our Bank.

Our efforts to provide the traditional "savings book saver" and an optimized product range were rewarded by an increase above the average. Savings deposits rose by EUR 58.2 million, up from EUR 239.2 million at the end of 2006 to EUR 297.4 million at the end of 2007; the proportion of saving deposits with an agreed term or termination date accounted for 89.1% of this total.

Net interest income of EUR 19.3 million and commission income of EUR 3.6 million reflect our excellent earnings position. We reported an operating income of EUR 22.99 million, which was EUR 2.66 million or 13.1% above the level of the previous year.

Due to the investments in our new branches and the IT set-up, our operating expenses increased to EUR 13.8 million. Despite rising expenses, during our twelfth financial year, operations have earned a satisfactory EUR 9.21 million.

The result of ordinary activities amounted to EUR 8.5 million increasing from EUR 12.1 million marked in 2006.

The net income for the year after tax consequently totaled EUR 6.6 million (2006: EUR 9.0 million).

Due to the very positive earnings situation and following allocation to the reserve under section 23/6 of the Austrian Banking Act of EUR 1.6 million, the Management Board proposes to transfer a sum of EUR 5.0 million to the retained earnings.

Managing Board Report

We are focusing >The Bank has focused on the acquisition of new customers for the deposit business and in addition to usual banking services offers insurance contract procurement and building society products as well as foreign payment services in all branch offices.

Employees

Within the scope of the training schedule, intensive training for the employees has been ongoing throughout 2007.

For branch office employees in particular, training has been intensified with a new concentrated approach. In 2007, 35 employees of DenizBank AG attended courses in special fields such as business loans, insurance and securities each lasting approximately 1.5 days. The employees from the operative departments e.g. the money transaction department and back office for securities were trained in SWIFT, ÖNB-SEPA, insurance and MiFID. For the documentary business department ICC-courses were arranged.

To intensify the training, the multiplier-method was implemented. Within the scope of this method, selected employees were trained very intensively on a topic (e.g. insurance), then they were required to teach other employees during in-house workshops and lectures. Especially in the areas of insurance and assessment, this Barclays-certificate method has proved to be very successful.

The employees of the Risk Department were trained in intensive external courses by the Austrian Bankers' Association and the Financial Market Authority on the topic of Basel II. The employees of the Internal Audit Department participated in internal audit courses for about seven days while other employees attended other courses such as IT (AS 400, VISTA) for a total of 13 days.

In 2007, training programs that focused on the implementation of MiFID, the Compliance-System and the Money-Laundering-Directive were given. Also, to keep up to date with the recent changes within the related field of legal legislations, employees attended a number of courses.

Apprentices at DenizBank AG are required to attend five courses and a project-week specific to the area in which they are serving. In general, the training program for apprentices is very intense and concerns job-rotation in a four-month pattern covering all departments of the Bank under the supervision of a mentor. In line with this, DenizBank AG appoints a number of its employees to serve as trainers for a variety of departments.

Due to global developments during 2007, we expect a continuation of difficult times; however there will be a slight improvement in the economic environment during 2008.

In line with our strategic targets, we are planning to expand our well-established service activities in the personal banking sector and to consolidate our earning capacity for the coming years. Furthermore we expect a profitable expansion of our personal loan and private banking operations via Internet and at the branches.

During the year, significant investments in computerized valuation systems were necessary to cope with forthcoming new equity capital regulations. Furthermore, operations with the Intertech Company concerning the entire adjustment of the IT-area were initiated and will continue until the end of 2008.

In 2007, the Risk Management System became increasingly more important since it supports the asset-liability management as well as Interest Risk Management and Cash Value Planning. By developing new Controlling Department and a Risk Management Department, the Bank intends to meet increasing demands. The recommendations of the Austrian Financial Markets Authority including minimum standards for credit operations at DenizBank AG has been implemented and deemed an appropriate guideline for the organization of the credit business.

We would particularly like to emphasize that 80% of the receivables up to EUR 25,000 from the Personal Loan Division are covered by insurance against credit losses. The Credit-Risk-Management supports the decisions made regarding the granting of loans utilizing the newest credit-risk technical criterions.

Several committees at DenizBank AG take care of risk control concerning liquidity and interest management. Moreover, these committees guarantee compliance with all legal stipulations and provide suggestions for ongoing efficiency.

The established Basel II task force continues to act efficiently and will have DenizBank AG prepared to meet the Basel II guidelines on time.

As a result of the extraordinary commitment exhibited by our employees, the MiFID project was implemented in accordance with the schedule. All MiFID prescriptions have been carried out in the operating cycle.

Thanks to our new ownership structure, we are now part of an internationally successful group whose client structure and financial strength will open up a whole new range of expansion opportunities. Despite falling interest rate margins and increasing competition, we will achieve the same excellent operational results as it was the case in the previous years.

Our special thanks go to the excellent team spirit exhibited by all employees, who have played a vital role in achieving such remarkable results this year. Also, to our owners DenizBank A.Ş., our business partners and in particular our clients, who have entrusted us with their business and assignments, we all thank you most sincerely.

Vienna, February 29, 2008



Dr. İsmail H. Ergener m.p.
Chairman



Ali İhsan Tokkuzun m.p.
Deputy-Chairman



Hüseyin Yener m.p.
Member

Balance Sheet as at December 31, 2007

	31.12.2007	31.12.2006		31.12.2007	31.12.2006
Assets	EUR	EUR	Liabilities and Shareholders' Equity	EUR	EUR
1. Cash and balances with central banks	19,533,058.80	11,323,768.00	1. Amounts owed to credit institutions		
2. Treasury bills			a) repayable on demand	2,234,962.38	2,164,963.00
Treasury bills and similar bills	19,830,500.00	19,830,500.00	b) with agreed maturity dates or periods of notice	166,762,989.79	247,033,381.16
				168,997,952.17	249,198,334.16
3. Loans and advances to credit institutions			2. Amounts owed to customers		
a) repayable on demand	20,820,599.74	3,082,573.31	a) Savings deposits		
b) other loans and advances	324,181,552.39	408,152,002.38	aa) repayable on demand	32,358,997.85	25,389,952.33
	345,002,152.13	411,234,575.69	bb) with agreed maturity dates or periods of notice	265,021,037.20	213,761,605.40
4. Loans and advances to customers	602,105,423.41	500,865,181.08	b) Other liabilities		
5. Bonds and other fixed income securities			aa) repayable on demand	210,293,058.51	139,895,082.95
a) issued by public sector entities	20,858,010.48	22,083,164.85	bb) with agreed maturity dates or periods of notice	357,831,194.12	373,512,520.44
b) issued by other borrowers	83,333,854.24	95,552,772.74	3. Other liabilities	28,685,715.38	13,190,561.39
	104,191,864.72	117,635,937.59	4. Deferred income	1,933,848.22	4,344,898.94
6. Shares and other non-fixed income securities	4,126,140.48	31,572.37	5. Provisions		
7. Investments in subsidiaries			a) Provisions for severance payments	417,221.00	324,381.00
thereof: credit institutions	7,793,035.38	7,793,035.38	b) Provisions for taxes	597,610.33	1,240,000.00
8. Intangible fixed assets	1,386,205.15	1,305,396.19	c) Other provisions	1,086,893.00	814,852.66
9. Tangible fixed assets	1,969,143.46	1,766,325.21	6. Supplementary capital	2,101,724.33	2,379,233.66
10. Other assets	37,122,380.45	18,858,378.88	7. Subscribed capital	16,633,641.71	16,633,641.71
11. Deferred expenses	333,263.70	546,788.65	8. Capital reserves share premium	11,831,164.40	11,831,164.40
			9. Retained earnings	10,624,791.44	10,624,791.44
			10. Reserve according to section 23/6 Austrian Banking Act	29,130,696.35	24,100,247.22
			11. Net profit	7,949,346.00	6,329,426.00
				0.00	0.00
				1,143,393,167.68	1,091,191,460.04
Off-balance sheet items			Off-balance sheet items		
1. Foreign assets	1,038,959,359.99	963,087,200.33	1. Contingent liabilities		
			Guarantees and assets pledged		
			as collateral assets	42,387,003.78	47,064,442.08
			Total qualifying capital according to section 23 Austrian Banking Act	74,783,434.75	66,213,874.58
			3. Legal minimum capital requirement according to section 22 Austrian Banking Act	61,591,468.98	48,599,424.25
			4. Foreign liabilities	703,999,173.20	724,798,978.95

Profit and Loss Account for the Financial Year 2007

	2007 EUR	2006 EUR
1. Interest and similar income thereof: from fixed-income securities EUR 6.265.202,73 (prior year: EUR 7.067.003,95)	79,861,626.51	55,763,484.84
2. Interest and similar expenses	-60,517,803.92	-39,751,072.90
I. NET INTEREST INCOME	19,343,822.59	16,012,411.94
3. Fee and commission income	3,623,930.71	4,033,549.48
4. Fee and commission expenses	-679,486.38	-839,144.09
5. Income/expenses from financial transactions	598,199.73	1,073,059.95
6. Other operating income	101,824.18	50,563.34
II. OPERATING INCOME	22,988,290.83	20,330,440.62
7. General administrative expenses		
a) Personnel expenses		
aa) Salaries	-5,707,182.48	-4,389,802.11
bb) Social security contributions and other compulsory contributions	-1,317,216.61	-1,025,133.30
cc) Other employee benefits	-156,505.24	-128,976.92
dd) Expenses for pension benefits	-65,806.48	-46,458.35
ee) Expenses for severance payments and contributions to external pension funds	-156,172.02	-103,131.46
b) Other administrative expenses	-7,402,882.83	-5,693,502.14
8. Depreciation and amortization in respect of intangible and tangible fixed assets	-4,985,157.67	-4,097,870.98
9. Other operating expenses	-12,388,040.50	-9,791,373.12
III. OPERATING EXPENSES	-13,779,564.88	-10,797,131.52
IV. OPERATING RESULT	9,208,725.95	9,533,309.10
10. Expenses from valuation of loans and allocation to provisions for contingent liabilities and loan risks	-800,718.29	-1,190,801.75
11. Income from valuation of loans and allocation to provisions for contingent liabilities and loan risks	58,493.91	199,294.97
12. Income from valuation of securities valued as financial fixed assets	11,670.28	3,541,548.23
V. PRE-TAX PROFIT FOR THE YEAR	8,478,171.85	12,083,350.55
13. Taxes on income	-1,664,840.25	-3,014,645.07
14. Taxes, other than taxes on income	-162,962.47	-32,012.36
VI. PROFIT FOR THE YEAR	6,650,369.13	9,036,693.12
15. Changes in reserves thereof: Allocation to the reserve according to section 23/6 ABA: EUR 1.619.920,00 (prior year: EUR 2.306.407,00)	-6,650,369.13	-9,036,693.12
16. Profit carried forward	0.00	0.00
VII. NET PROFIT	0.00	0.00

Development of fixed assets

	Acquisition costs 1.1.2007		Additions		Disposals		Adjustments		Acquisition costs 31.12.2007		FX-differences		Accumulated Depreciation		Book value 31.12.2007		Book value 1.1.2007		Depreciation of the year		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
I. Intangible fixed assets																					
1. Software and rights	2,872,061.28	680,198.50	0.00	49,711.35	0.00	3,601,971.13	0.00	2,319,935.36	1,282,035.77	1,239,021.64	686,895.72	0.00	0.00	0.00	104,169.38	66,374.55	0.00	0.00	0.00	0.00	0.00
2. Payments on account	66,374.55	87,506.18	0.00	-49,711.35	0.00	104,169.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. low value assets - Software	0.00	4,477.53	4,477.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,477.53	0.00
	2,938,435.83	772,182.21	4,477.53	0.00	3,706,140.51	0.00	2,319,935.36	1,386,205.15	1,305,396.19	691,373.25	691,373.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Tangible fixed assets																					
1. Installations in third parties' buildings	1,423,679.98	314,754.82	0.00	0.00	0.00	1,738,434.80	0.00	685,582.98	1,052,851.82	898,701.70	160,604.70	0.00	0.00	0.00	1,911,623.74	867,623.51	0.00	0.00	0.00	0.00	0.00
2. Fixture, furniture and office equipment	2,429,469.17	530,206.42	131,760.21	0.00	2,827,915.38	0.00	1,911,623.74	0.00	916,291.64	867,623.51	448,071.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. low value assets	0.00	19,037.25	19,037.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,037.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3,853,149.15	863,998.49	150,797.46	0.00	4,566,350.18	0.00	2,597,206.72	1,969,143.46	1,766,325.21	627,713.55	627,713.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Financial assets																					
1. Securities																					
Issued by public sector entities	21,389,837.98	0.00	1,559,337.98	0.00	19,830,500.00	0.00	0.00	0.00	19,830,500.00	21,364,375.64	0.00	0.00	0.00	0.00	-19,976.78	56,410,417.05	0.00	0.00	0.00	0.00	0.00
Issued by other borrowers	56,395,041.90	0.00	9,502,847.43	0.00	46,892,194.47	0.00	0.00	0.00	46,892,194.47	56,410,417.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Investments in subsidiaries	7,793,035.38	0.00	0.00	0.00	7,793,035.38	0.00	0.00	0.00	7,793,035.38	7,793,035.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	85,577,915.26	0.00	11,062,185.41	0.00	74,515,729.85	0.00	-19,976.78	0.00	74,535,706.63	85,567,828.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	92,369,500.24	1,636,180.70	11,217,460.40	0.00	82,788,220.54	0.00	4,897,165.30	77,891,055.24	88,639,549.47	1,319,086.80	1,319,086.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Notes to the Annual Financial Statements 2007

I. General Information

The annual financial statements of DenizBank AG as at December 31, 2007 were drawn up based on the books giving a true and fair view of the company's financial position and results of operation in conformity with generally accepted accounting principles in Austria.

The valuation and the presentation of all the items in the financial statements are in line with the general regulations of the Austrian Enterprise Code (AEC) and the special rules provided in the Austrian Banking Act (ABA).

Methods of Valuation and Preparation of the Financial Statements

The structure of the balance sheet and the profit and loss account for the year 2007 complies with the requirements of Appendix 2 to Article 1 section 43 of the Austrian Banking Act.

Items that do not show any value for the financial year and the previous year were omitted.

The principle of completeness has been applied and the valuation of the assets, provisions and liabilities follows the general rules of individual assessment and valuation under the going concern principle.

Pursuant to the general regulations and taking into consideration the special risks of the banking business, gains are not recognised if not realised at the balance sheet date. Appropriate specific reserves and provisions cover all identifiable risks of loss.

All items denominated in foreign currencies are accounted for using the spot middle exchange rate of the balance sheet date according to section 58/1 Austrian Banking Act. Foreign exchange is reported at the foreign exchange rate as of the balance sheet date.

Assets

Available for sale securities are reported at lower of historical cost or market price at the balance sheet date. Securities held for trading are valued with the market price at the balance sheet date. Securities intended to be held as long-term investments are valued at historical cost according to section 56/2 ABA. All bonds refer to fixed interest bearing, listed and domestic or foreign securities which were issued by states, credit institutions or companies of area A or area B. Fixed interest bearing, non-listed bonds are shown among other receivables.

A trading book according to section 22 b/1 ABA is kept since January 1, 2005.

Cash at banks, loans to credit institutions and non-bank customers, securities available for sale, bills of exchange and other accounts receivable are valued at the lower of historical cost or market price pursuant to section 207 AEC.

Intangible and tangible fixed assets are reported at the net book value and are depreciated under the terms of the straight-line method over the estimated economic useful life. Management estimated the economic useful life for investments in leased buildings at 10 years and furniture and office equipment at 3 to 10 years.

Low value assets with acquisition costs up to EUR 400.00 are fully depreciated in the year of acquisition pursuant to section 13 of Austrian Income Tax Act. They are shown in the enclosed table "Development of Fixed Assets" under the columns "additions", "disposals" and "depreciation of the year".

The option to capitalise deferred tax assets pursuant to section 198/10 AEC amounting to 48.9 thousand EUR (2006: 42.2 thousand EUR) was not exercised.

Commitments arising from the use of tangible assets not disclosed in the balance sheet are 629.33 thousand EUR (2006: 620.17 thousand EUR) for the following fiscal year and EUR 3.91 million (2006: 2.85 million EUR) for the following five years.

Liabilities

The provisions for severance payments were calculated by an actuarial method using an interest rate of 3.5%. The assumed retirement age is 60 for women and 65 for men. The value of the provisions for severance payments pursuant to section 14 Austrian Income Tax Act is EUR 222,048.00.

The other provisions take into account all risks and pending losses which emerged in the present or past financial year until the effective date of drawing up the balance sheet and are valued applying the principle of prudence.

Other provisions refer mainly to non-consumed vacation and bonuses payable to personnel.

Liabilities are accounted for at their nominal value or at the amount repayable.

Notes to the Balance Sheet and the Profit and Loss Account

1. Assets

CASH AND BALANCES WITH CENTRAL BANKS

Cash and balances with Central Banks increased by 8.21 million EUR to 19.53 million EUR (2006: 11.32 million EUR). The requirements of liquidity stated by the Ministry of Finance were met throughout the year.

TREASURY BILLS

This item is reported with 19.83 million EUR at the balance sheet date (2006: 19.83 million EUR).

LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Loans and advances to credit institutions decreased by 66.23 million EUR to 345.00 million EUR. Loans totalling 52.78 million EUR are secured by drafts.

Loans to affiliated companies amount to 100.90 million EUR at the balance sheet date. The position comprises fiduciary transactions amounting to 1.93 million EUR (2006: 1.48 million EUR).

LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers increased from 500.87 million EUR as of December 31, 2006 by 101.24 million EUR to 602.11 million EUR as at the balance sheet date.

Loans to affiliated companies do not exist.

Loans and advances to credit institutions and non-bank customers with agreed maturity dates have the following remaining maturities:

	Amounts due from			
	Credit Institutions (in thousand EUR)		Other Customers (in thousand EUR)	
	2007	2006	2007	2006
Up to 3 months	107,404	176,779	29,855	39,526
3 months up to 1 year	169,811	140,753	101,296	98,132
1 year up to 5 years	31,537	75,110	243,965	245,062
More than 5 years	15,429	15,509	213,846	111,601
Thereof affiliated companies	100,764	120,487	-	-

BONDS AND OTHER FIXED-INCOME SECURITIES

Bonds and other fixed-income securities decreased from 117.64 million EUR to 104.19 million EUR at the balance sheet date.

At the balance sheet date the Company held securities with a book value cost of about 46.91 million EUR which are valued as fixed assets pursuant to section 56/1 ABA. Available for sale securities amount to 53.40 million EUR and securities held for trading were reported with 3.88 million EUR as of December 31, 2007.

The difference between the acquisition costs and the lower fair value of the available for sale portfolio as of December 31, 2007 amounts to 0.18 million EUR.

Fixed interest bearing securities with a book value of 18.67 million EUR have a remaining maturity lower than one year.

The position includes bonds to affiliated companies of EUR 1.20 million.

Securities totalling 3.74 million EUR are pledged to banks.

Repurchase Agreements according to section 50/4 ABA don't exist.

SHARES AND OTHER NON-FIXED-INCOME SECURITIES

Shares amount to 4.09 million EUR, other non-fixed income securities with an amount of 6.0 thousand EUR and the stake in one non-listed company with a value of 31.6 thousand EUR are reported as of December 31, 2007.

INVESTMENTS IN SUBSIDIARIES

In December 2003, a 51% stake of DenizBank Moscow has been acquired. The shareholder equity of DenizBank Moscow amounts to 16.13 million EUR as at December 31, 2007. The reported result for the year 2007 was 1.30 million EUR.

INTANGIBLE FIXED ASSETS

Intangible fixed assets amount to 1.39 million EUR (2006: 1.31 million EUR) and mainly refer to purchased software.

TANGIBLE FIXED ASSETS

Investments in fixed assets totalling 864.0 thousand EUR are offset by depreciation amounting to 627.7 thousand EUR. The tangible assets increased from 1,766.3 thousand EUR by 202.8 thousand EUR to 1,969.1 thousand EUR. The development of the fixed assets are shown in detail at the enclosed table "Development of Fixed Assets" pursuant to section 226 AEC.

OTHER ASSETS

Other assets which contain mainly accruals and deferrals amount to 37.12 million EUR and include deferred interest income of 18.45 million EUR which will be payable after the balance sheet date.

This position includes also an increase in capital amounting EUR 8.68 million to the subsidiary DenizBank Moscow which was not registered at the balance sheet date. Meanwhile the capital increase was registered at the Russian Central Bank on January 11, 2008.

TOTAL ASSETS

Total Assets of DenizBank AG amount to 1,143.39 million EUR (2006: 1,091.19 million EUR) as of December 31, 2007 and exceeds the prior year's amount by 52.20 million EUR.

OFF BALANCE SHEET ITEMS

Foreign assets total 1,038.96 million EUR (2006: 963.09 million EUR). The total of assets not denominated in EUR is reported at 521.19 million EUR.

2. Liabilities and Shareholders' Equity

AMOUNTS OWED TO CREDIT INSTITUTIONS

Deposits by banks including deposits repayable on demand and time deposits decreased from 249.20 million EUR by 80.20 million EUR to 169.00 million EUR.

Deposits by affiliated companies amount to EUR 143.38 million at the balance sheet date.

AMOUNTS OWED TO CUSTOMERS

Customers' deposits increased from 752.56 million EUR to 865.50 million EUR as of December 31, 2007. Deposits by affiliated companies amount to EUR 1.31 million. Savings deposits rose by 58.23 million EUR to 297.38 million EUR as of December 31, 2007. The percentage of deposits with agreed maturity or period of notice is 89.12%.

Our deposits do not contain guilt-edged securities.

The position contains fiduciary transactions amounting to 1.93 million EUR (2006: 1.48 million EUR).

Liabilities with agreed maturity dates have the following remaining maturity:

	Liabilities to			
	Credit Institutions (in thousand EUR)		Other Customers (in thousand EUR)	
	2007	2006	2007	2006
Up to 3 months	122,063	139,069	163,232	163,342
3 months up to 1 year	44,700	103,788	255,947	247,542
1 year up to 5 years	-	4,176	183,406	174,748
More than 5 years	-	-	20,268	1,643
Thereof affiliated companies	141,356	84,726	1,206	-

OTHER LIABILITIES

The other liabilities totalled 28.69 million EUR at the balance sheet date and increased by 15.50 million EUR in comparison to the previous year.

This position includes an increase in capital amounting EUR 15.00 million which was not registered at the balance sheet date.

Meanwhile the capital increase was registered at the commercial register on January 26, 2008. The increase accounts for EUR 6.00 million with a premium amounting 250 percent.

This item includes also accrued interest expenses of 11.22 million EUR which will be payable after the balance sheet date.

DEFERRED INCOME

Deferred income totalling 1.93 million EUR consists mainly accruals and deferrals of discounted letters of credit.

PROVISIONS

The total of provisions amounts to 2,101.7 thousand EUR (2006: 2,379.2 thousand EUR) and decreased by 277.5 thousand EUR in comparison to the previous year. This position comprises provisions for severance payments (417.2 thousand EUR), provisions for taxes (597.6 thousand EUR) and other provisions (1,086.9 thousand EUR), which mainly refer to personnel expenses.

SUPPLEMENTARY CAPITAL

The supplementary capital amounts to 16.63 million EUR at the balance sheet date and remained unchanged compared to the previous year.

SUBSCRIBED CAPITAL

The subscribed capital of 16.280 no-par registered shares amounts to 11,831,164.40 EUR.

CAPITAL RESERVES

The capital reserves accounted for 10.62 million EUR and remained unchanged compared to the previous year.

RETAINED EARNINGS

After increasing the reserves under section 23/6 Austrian Banking Act the management decided to allocate the profit for the year with EUR 5.03 million to the retained earnings.

RESERVES ACCORDING TO SECTION 23/6 AUSTRIAN BANKING ACT

This obligatory reserve was increased by the amount of 1.62 million EUR as at December 31, 2007. The obligatory reserve totals 7.95 million EUR as at the balance sheet date.

OFF BALANCE SHEET ITEMS

Contingent liabilities include guarantees with an amount of 37.42 million EUR and commercial letters of credit with an amount of 4.97 million EUR.

Foreign liabilities amount to 704.00 million EUR (2006: 724.80 million EUR). Liabilities not denominated in EUR total 269,57 million EUR.

Total qualifying capital according to section 23/1 ABA

	31.12.2007 (TEUR)	31.12.2006 (TEUR)
Subscribed capital	11,831	11,831
Capital reserves	10,625	10,625
Retained earnings	29,131	24,100
Reserve under section 23/6 ABA	7,949	6,329
Untaxed reserves	-	-
Net profit	-	-
Capital deducted pursuant to section 23/13/4 ABA	-	-
Less book value of intangible fixed assets	-1,386	-1,305
Core capital	58,150	51,580
Supplementary capital	16,634	16,634
Total qualifying capital according to sec. 23/1 ABA	74,784	68,214
As a percentage of the assessment basis according to section 22 ABA	9.93%	11.45%

ADDITIONAL INFORMATION

As at December 31, 2007 the net amount of unsettled foreign exchange transactions totals 9.24 million EUR.

3. Profit and Loss Account

INTEREST INCOME

The net interest result including interest from fixed-income securities, interest expenses and similar expenses increased by 3.33 million EUR to 19.34 million EUR. The interest expense for the supplementary capital amounts to 839.03 thousand EUR (2006: 545.71 thousand EUR).

OPERATING INCOME

The operating income including net interest income, net fee and commission income, the net trading result and other operating revenues increased by 2.66 million EUR or 13.1% to 22.99 million EUR.

OPERATING EXPENSES

Operating expenses increased from 10.8 million EUR by 2.98 million EUR to 13.78 million EUR. Personnel expenses rose by 1.71 million EUR to 7.40 million EUR (2006: 5.69 million EUR). The other administrative expenses increased from 4.10 million EUR to 4.99 million EUR including rent and leasing expenses totalling 902.40 thousand EUR.

OPERATING RESULT

Our operating result decreased by 0.32 million EUR to 9.21 million EUR.

PRE-TAX PROFIT FOR THE YEAR

The pre-tax profit for the year is reported with 8.48 million EUR decreasing the result of the year 2006 (12.08 million EUR) by 3.60 million EUR or 29.8%.

PROFIT FOR THE YEAR

The profit for the year decreased by 26.4% or 2.39 million EUR from 9.04 million EUR to 6.65 million EUR.

CHANGES IN RESERVES

The changes of reserves total 6.65 million EUR and comprise the allocation to the reserve under section 23/6 ABA (1.62 million EUR), the allocation to the retained earnings of 5.03 million EUR.

RETAINED AND DISTRIBUTED EARNINGS

The net profit of the financial year 2007 was allocated to the profit reserves and this position amounts to EUR 0.00.

OTHER INFORMATION

The parent company with the highest basis of consolidation is Dexia S.A. Brussels. The parent company with the lowest basis of consolidation is DenizBank A.S., Istanbul.

DenizBank AG prepares a consolidated financial statement at Vienna. The consolidated financial statements are deposited at the respective locations.

On a monthly basis average, the Company employed 160 employees (2006: 137 employees).

The remuneration for members of the Managing Board amounts to EUR 556,308.07. The emoluments for members of the Managing Board for their function as Supervisory Board of affiliated companies amount to EUR 8.151,00. Commitments accounting EUR 6,720.00 were assumed for the Managing Board. The expenses for severance payments and retirement pay of the members of the Managing Board and executives according to section 80/1 Austrian Stock Corporation Act amounts to EUR 60,088.12. Expenses for severance payments and retirement pay for non-executive employees totalled EUR 166,202.88 including expenses for severance payments of EUR 56,772.50 and expenses for the employee welfare fund of EUR 63,332.02. The emoluments of the Supervisory Board amount to EUR 101,000.00.

The members of the Supervisory Board are as follows:

Hakan Ates, Chairman
Bruno Accou, Deputy-Chairman
Nihat Sevinc, Member (until May 17, 2007)
Behcet Perim, Member (until January 16, 2007)
Dr. Kurt Heindl, Member
Bora Böcügöz, Member (since January 16, 2007)
Mustafa Aydin, Member (since May 17, 2007)

Following members of the Managing Board for the financial year 2007 were appointed:

Dr. Ismail H. Ergener, Chairman
Ali Ihsan Tokkuzun, Deputy-Chairman
Nesrin Sungu, Member of the board (until February 1, 2007)
Hüseyin Yener (since February 1, 2007)
Dr. Iris Jandrasits (since February 1, 2007, until September 30, 2007)

The Company is registered with the commercial register at the Commercial Court in Vienna under the number FN 142199 t.

Vienna, February 29, 2008

Management Board



Dr. Ismail H. Ergener m.p.
Chairman



Ali Ihsan Tokkuzun m.p.
Deputy-Chairman



Hüseyin Yener m.p.
Member

Auditor's Opinion

We have audited the financial statements, including the accounting records of DenizBank AG, Vienna, for the fiscal year from January 1, 2007 to December 31, 2007. The Company's management is responsible for the preparation and content of the financial statements and the accounting records and the management report in accordance with Austrian regulations. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report is in accordance with the financial statements.

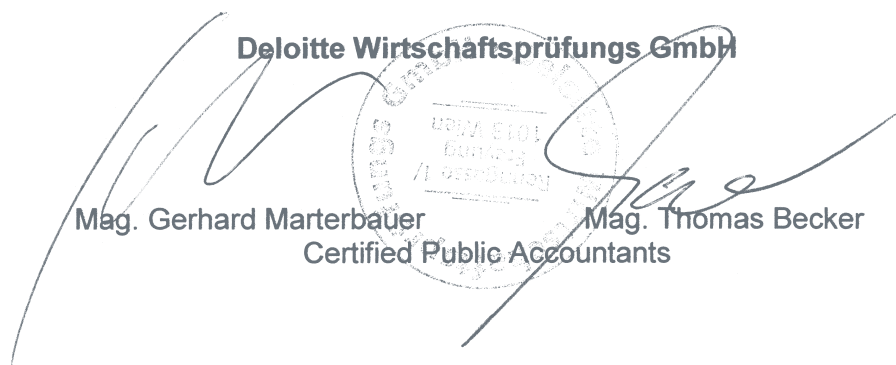
We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from misstatement and whether we can state that the management report is in accordance with the financial statements. In determining audit procedures we considered our knowledge of the business, the economic and legal environment of the company and as well as the expected occurrence of errors.

The audit involves procedures to obtain evidence about amounts and disclosures in the financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements are in accordance with legal requirements and present fairly in all material respects, the financial position of DenizBank AG as of December 31, 2007 and of the results of its operations and its cash-flows for the fiscal year from January 1, 2007 to December 31, 2007 in accordance with Austrian generally accepted accounting principles. The management report is in accordance with the financial statements.

Vienna, February 29, 2008

Deloitte Wirtschaftsprüfungs GmbH



Mag. Gerhard Marterbauer **Mag. Thomas Becker**
Certified Public Accountants

This English translation of the audit report was prepared for the client's convenience only. It is no legally relevant translation of the German audit report.

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