

Interim Activities Report 2Q 2009

DenizBank Financial
Services Group



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This report presents both consolidated and unconsolidated financial figures of DenizBank

DENİZBANK A.Ş.
2009 2nd QUARTER- INTERIM ACTIVITY REPORT
STATEMENT of RESPONSIBILITY

The Interim Activity Report related to the period between 01.01.2009 and 30.06.2009 has been prepared regarding the “Regulation on the Preparation and Publication of Annual Report of Banks” of Banking Regulation and Supervision Agency, published in the Official Gazette dated 1 November 2008, Nr. 26333 and “Declaration on Financial Reporting at Capital Markets” of Capital Markets Board, that has been published in the Official Gazette dated 09 April 2008, Nr. 26842, and attached here-with.

Respectfully,

5 August 2009

HAKAN ELVERDİ
Senior Vice President
International and Regulatory
Financial Reporting

SUAVİ DEMİRCİOĞLU
Executive Vice President
Financial Affair

HAKAN ATEŞ
Member of Board of Directors and
President and Chief Executive Officer

ERIC P.B.A. HERMANN
Member of Board of Directors
and Audit Committee

MUSTAFA TINAS TİTİZ
Deputy Chairman of Board
Directors and Member
of Audit Committee

DIRK G.M. BRUNEEL
Chairman of Board of Directors
and Member of Audit Committee

SECTION I-INTRODUCTION

ABOUT DENİZBANK

Tradename: DenizBank A.Ş.

Date of Foundation: 25 August 1997

Headquarter: İstanbul

Paid-in Capital: TRY 716,100,000

of Domestic Branches: 400

of Foreign Branches: 12 (including subsidiaries branches)

of Employees: 8,285

of Subsidiaries, Associates and Jointly Controlled Companies: 15

Independent Audit Company: DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu)

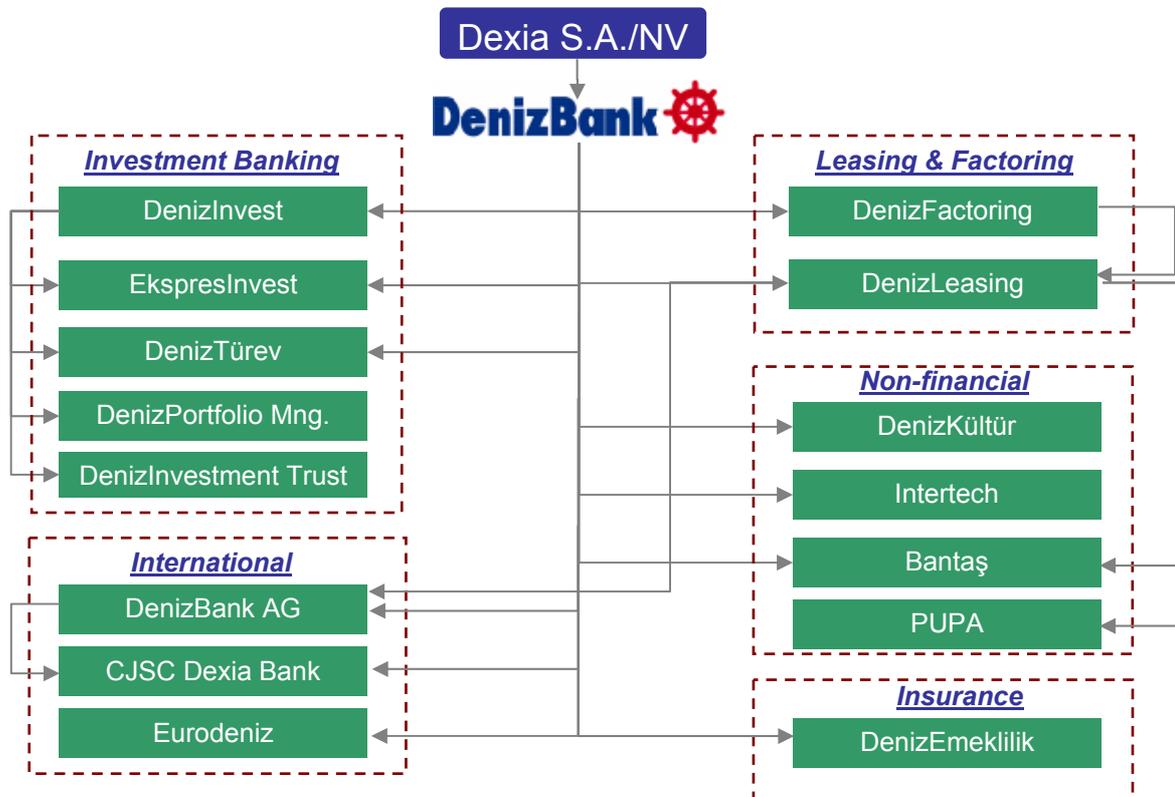
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DENİZBANK FINANCIAL SERVICES GROUP (DFSG)



DENİZBANK in BRIEF

DenizBank was established as a state-owned bank in 1938, primarily to help finance the newly emerging Turkish maritime industry. It was acquired at the beginning of 1997 by Zorlu Holding from Privatization Administration in the form of a banking licence and became a full-fledged bank. DenizBank was sold to Dexia Group, the world leader in public finance, in October 2006, and operates within Dexia Group since then.

In addition to DenizBank, DenizBank Financial Services Group (“the Group”) consists of eight domestic and two international financial subsidiaries, five non-financial subsidiaries, a branch in Bahrain and EuroDeniz International Banking Unit Ltd. (Eurodeniz Off-Shore Bank Ltd. until February 2009), and an off-shore banking subsidiary in the Turkish Republic of Northern Cyprus. DenizYatırım Securities, EkspresInvest Securities, DenizInvestment Trust, DenizPortfolio Management, DenizTürev Securities, DenizLeasing, DenizFaktoring, DenizEmeklilik, Intertech, DenizKültür, Bantaş and PUPA are the domestic subsidiaries of the Group; while EuroDeniz, DenizBank AG and CJSC Dexia Bank (CJSC DenizBank Moscow until the first quarter of 2008) are the international subsidiaries.

The primary segments the Group focuses on are retail customers, small and medium-size enterprises, exporters, public and project finance and corporate clients. The Group also operates in niche markets such as shipbuilding finance, tourism, agricultural loans, construction projects abroad, healthcare services and education. The Group operates in European Union countries through its Vienna-based subsidiary DenizBank AG. CJSC Dexia Bank provides services to customers engaged in commerce with Russia and serves a variety of their financial requirements.

The Group possesses a service network that reaches all segments of the society throughout Turkey. In addition to the 401 domestic DenizBank branches, including one in Bahrain, Denizbank AG and CJSC Dexia Bank have 11 branches in total. In addition, thanks to its Alternative Distribution Channels, DenizBank enables both individual and corporate customers all over the world to carry out financial transactions over the internet.

DEXIA in BRIEF

Group Profile

Dexia is a European bank, with 36,000 members of staff and a core shareholders' equity of € 17.7 billion as of March 31, 2009. Dexia Group focuses on public and wholesale Banking, providing local public finance actors with comprehensive banking and financial solutions, and on retail and commercial banking in Europe, mainly Belgium, Luxembourg and Turkey.

Business Lines

Public and Wholesale Banking

As a consequence of the transformation plan initiated by Dexia in November 2008, the public and wholesale banking business line has been revisited in order to take into account the current market environment. Dexia Group will focus on markets combining strong commercial franchises, a long-term funding capacity and potential for profitable growth.

The strong commercial franchises in France, Belgium, Luxembourg, Italy and the Iberian Peninsula have been confirmed and these markets will remain the core markets for public and wholesale banking. Dexia will maintain a presence in Germany and to a lesser extent in Japan and Switzerland to retain platforms for access to funding sources. The activities in the United Kingdom and in the United States will be significantly reduced.

The ongoing financial crisis does neither question our clients' solvency nor their financing needs. And Dexia remains - on in its core markets - a major player in public and infrastructure finance, the financing of the health and social housing sectors, and the social economy.

Its strategy in this field is aimed at strengthening the range of products and services to customers. This approach, which is already largely effective in Belgium, will enable the Group to go beyond its role of specialist lender in order to offer a better service to a broader customer base.

Retail and Commercial Banking

Dexia is a leading European bank, ranking among the two or three major banks in Belgium and Luxembourg and holding a strong position in Turkey. It is also present in Slovakia. The Bank is offering a wide range of **retail, commercial and private banking** services as well as **insurance** products to more than six million customers.

This business line also includes **asset management** and **investor services** activities. Dexia Asset Management has € 73.1 billion of assets under management as of March 31, 2009 and operates through offices in Brussels, Luxembourg, Paris and Sydney, and via locally organized client relationship teams. The investor services business is conducted by RBC Dexia Investor Services, a joint venture with Royal Bank of Canada, which offers its expertise in global custody, fund and pension administration and shareholder services to institutions around the world. Total assets under custody amounted to US Dollar 1.8 trillion as of March 31, 2009.

Ratings

The Group's main operating entities - Dexia Bank Belgium, Dexia Crédit Local and Dexia Banque Internationale à Luxembourg - are rated A+ by Fitch, A1 by Moody's and A by Standard & Poor's. Three of Dexia's European subsidiaries issue triple-A rated secured bonds.

MESSAGE FROM THE CHAIRMAN

The global crisis which increased its intensity in September 2008 had a seriously destructive impact on the economic arena in the following two quarters. Many global banks which were the biggest financial players until recently either had to go bankrupt or could survive thanks to government support. The recession that started in the housing market at the onset of the crisis was an important spark; with the decline in housing prices billion Dollars of asset-backed securities leveraged by these assets (ABS) were rapidly depreciated, which were included in the balance sheets of many financial institutions, mainly banks. At this point, public authorities could not intervene in the problematic banks as much as necessary at the first step because there was a liquidity crisis that primarily had to be solved. The highly controversial bankruptcy of Lehman Brothers investment bank was realized in this period. 3-month Libor interests which were 2.8% before the crisis neared 5% in spite of the swift interest rate cuts by central banks. After the liquidity crisis was started

to be alleviated thanks to the coordinated and insistent attitude of public authorities, the focus was shifted mainly to solving the problems of banks in 2009.

In February, analyses (=stress tests) were conducted on the balance sheets of 19 big banks in the USA in order to demonstrate at which rates the banks in the USA had capital needs. According to the information leaked to the press shortly after, it was learned that most of the 19 banks did not need additional capital in order to continue their activities in a more robust way, and the rest had a capital need of less than 75 billion Dollars, a figure well below expectations; after which markets and banks, the most important players of the market, started to regain confidence. In the second quarter of 2009, we watched by as banks revitalized their activities, made new investments, the number of mergers and acquisitions rose, and opportunities were chased in new markets. In parallel, earnings in stock markets soared in the second quarter at a rate unprecedented in the last 20 years. Economic data showing that the economy started to burgeon and the worst was over followed each other. In light of all developments it would not wrong to say that crisis psychology will lose ground with the continuance of the announcement of more optimistic data in the third quarter but it will take a little longer than expected to completely overcome the crisis, therefore financial dynamism may leave its place to a more cautious period.

We saw the Turkish economy was not highly influenced by the first two stages of the crisis, namely balance sheet destruction and restructuring of the financial system. The fact that necessary lessons were drawn from the 2001 crisis has made Turkey one of the two countries in which there is no government intervention in the banking system among major economies along with Canada. It was observed in the announced balance sheets that profitability of the banking system and strong capital base was maintained at the same level after the crisis in the first quarter. On the other hand, the third phase of the crisis, global recession, started to influence Turkey as of the first quarter as well. Following the 6.2% shrinkage in the last quarter of 2008, a historic shrinkage of 13.8% was experienced in the first quarter of 2009. Precursors regarding the second quarter indicate that the shrinkage will go on, still not as bad as in the first quarter.

In summary, it seen that the worst points of the crisis were seen in the first quarter of 2009, there was a rapid financial hike in the second quarter, but economic hike needs time. If the right macroeconomic policies are backed up with reform packages aimed at the social security system, law, tax and labor; an ideal infrastructure will be ready for Turkey to grow in a rapid and stable manner. Turkey's robust banking system will assume one of the most important duties in this process. Banks drew a promising picture which is significantly positive for the future with a real growth of 10.8% in a crisis period when the economy shrunk by 13.8%. In this respect, our banks will bear even greater responsibility in the third quarter and undertake one of the most important duties in economic recovery.

DIRK BRUNEEL
CHAIRMAN

MESSAGE FROM THE PRESIDENT AND CEO

In the second quarter, DenizBank continued its successful performance shown in the first quarter. The Bank raised its profitability above the sector averages, showing a development without compromising its asset quality in the first half of 2009.

DenizBank increased its consolidated assets by 4% compared to the end of 2008 and by 12% on a y-o-y basis reaching TRY 25 billion 258 million. Unconsolidated assets realized at TRY 20 billion 170 million, rising 5% compared to the end of 2008. By maintaining an even and robust balance sheet structure, DenizBank reached TRY 2 billion 607 million concerning its consolidated shareholders' equity by an increase of 45% on a y-o-y basis and 14% on a y-t-d basis, significantly higher than the sector averages. The Bank's capital adequacy ratio realized as 16.27% on consolidated basis and as 17.58% on unconsolidated basis, significantly higher than the legal limit of Turkish Banking sector.

Being aware of the importance of the Banking sector to reduce the adversity of the global financial crisis, DenizBank continued to support the Turkish economy by offering placements above the sector averages.

DenizBank rose both its consolidated and unconsolidated loans by 3% higher than the sector average of 1% and reached TRY 17 billion 774 million and TRY 13 billion 162 million respectively in the first half of 2009. DenizBank carried on its privileged services of financial support to its priority sectors and increased especially its retail, agricultural and public banking loans.

DenizBank, the first Turkish bank to define public banking as a separate business line, carries on serving to its customers with its staff specialized in public finance. Public Banking achieved to provide low-cost and long-term funding support to its customers through the credit agreements signed with the European Investment Bank (EIB) and Agence Française de Développement (AFD) for financing local administrations and significantly increased its loans offered to municipalities.

DenizBank continued to contribute in the restructuring of the agricultural sector, that has a strategic importance in the economy, by focusing on and being on the farmers and producers side with its agri-business specialists. Supporting investments of the producers through its innovations in the sector and different products, DenizBank maintained to be the largest provider of agricultural loans to the sector among private banks. DenizBank increased its agricultural banking loans to TRY 1 billion 306 million, rising 17% in the first half of 2009 and the funding support to the sector exceeded TRY 1.5 billion together with the project investment loans.

In order to expand its service area, DenizBank maintained its structuring in the agricultural segment in which it has a leading position among other banks in the sector. DenizBank is planning to increase the number of its "Green Drop"-agricultural branches, which started to be opened in 2008, to 60 from its current number of 18 until the end-2009. In this way, DenizBank will be able to offer agricultural banking services in 215 branches out of 450 branches by the end-2009.

DenizBank carried on the funding support to SME's with tailor-made products in response to customer needs, being aware of the place and importance of SMEs, the

most impacted segment by the global financial crisis, in the Turkish economy. On the other hand, DenizBank provided risk management consultancy services to SMEs through informative meetings so that they could minimize negative effects of the ongoing financial crisis.

In the consumer loans, showing an increase throughout the sector in the second quarter of 2009, DenizBank continued to grow above the sector average thanks to its tailor-made products and campaigns facilitating access to loans. DenizBank reached TRY 3 billion 823 million in consumer loans by 4% increase in the first half of 2009.

By attaching importance to the credit quality management as usual, DenizBank kept its NPL ratio at the level of 4.4%, below the sector average of above 5%, while NPL ratio has been increasing and is expected to increase further in the sector.

DenizBank performed highly above the sector in the first six months of 2009. Its customer deposits, the Bank's main source of funding, increased by 12% on consolidated basis and by 4% on unconsolidated basis standing at TRY 13 billion 237 million and TRY 9 billion 793 million respectively. In addition; through its financial supermarket approach and widespread service network, DenizBank offers various financial instruments to its customers who prefer to invest their savings in a different way based on their risk appetites and portfolio sizes.

While continuing to grow with its ongoing investments, DenizBank exhibits a profitable development thanks to its strong cost management. Net profits realized as TRY 264 million on consolidated basis and TRY 266 million on unconsolidated basis. The consolidated net profit increased by 43% y-o-y and by 10% on q-o-q.

HAKAN ATEŞ
THE PRESIDENT AND CEO

CHANGES IN SHAREHOLDING STRUCTURE AND PAID-IN CAPITAL

As of 30 June 2009, DenizBank's shareholding structure is presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

30 June 2009

Shareholders	Number of Shares	Nominal Value (TRY)	% of Shares
Dexia Participation Belgique SA	714,945,273.718	714,945,274	%99.84
M. Cem Bodur	11.327	11	%0.00
Hakan Ateş	11.327	11	%0.00
Ayfer Yılmaz	11.327	11	%0.00
M. Tinas Titiz	11.327	11	%0.00
Publicly Traded	1,154,680.974	1,154,681	%0.16
Total	716,100,000.000	716,100,000	%100.00

SHARES HELD BY THE MANAGEMENT

DenizBank's President and CEO Hakan Ateş and Board Members Cem Bodur, Ayfer Yılmaz and Mustafa Tinas Titiz each owns 11.327 shares, corresponding to 0.000002% of the capital.

CHANGES IN DFSG COMPANIES

Bantaş (Cash and Valuable Papers Transportation and Security Services) was founded with the capital of TRY 2,400,000 and was registered on 8 January 2009. DenizBank and DenizLeasing have participated to the company as founder shareholders with a share of TRY 50,000 and TRY 750,000, respectively.

Pupa (Real Estate Rental and Management Services) was founded with the capital of TRY 85,000,000 and registered on 8 June 2009, as a fully owned subsidiary of DenizLeasing.

AMENDMENTS TO ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association between 01.01.2009 and 30.06.2009.

DONATIONS

Institution Name	Amount (TRY)
TÜRK EĞİTİM DERNEĞİ	82,800
TOHUM TÜRKİYE OTİZM VAKFI	30,000
TEMA VAKFI	16,514
TÜRK EĞİTİM VAKFI	1,640
HASYURT BELEDİYESİ	435
BÜYÜKADA HALK EĞİTİM MERKEZİ	200
FENERBAHÇE SPOR KULUBÜ DERNEĞİ	75
ADALAET BAKANLIĞI	5
TOTAL	131,669

AMENDMENTS TO RATING NOTES

Fitch Ratings has affirmed DenizBank's ratings at Long-term foreign currency Issuer Default (IDR) 'BB', Short-term foreign currency IDR 'B', Long-term local currency IDR 'BBB-' (BBB minus), Short-term local currency IDR 'F3', National Long-term 'AAA(tur)', Support '3' and Individual 'C' on 26 June 2009 . The Outlooks for the Long-term IDRs and National Long-term rating are Stable.

SECTION II - MANAGEMENT and CORPORATE GOVERNANCE

BOARD of DIRECTORS

Title	Name	Position	Beginning-End Date of Tenure
Chairman of the Board of Directors:	Dirk G.M. Bruneel	Chairman-Non-executive	Oct 2006-Jan 2010
Board Members:	Mustafa Tınas Titiz	Vice Chairman-Independent	Sept 1997-Jan 2010
	Hakan Ateş	Member-Executive	June 1997-Jan 2010
	Fikret Arabacı	Member-Executive	Dec 2004-Jan 2010
	Cem Bodur	Member-Non-executive	June 1997-Jan 2010
	Wouter Van Roste*	Member-Executive	June 2009-Jan 2010
	Eric P.B.A. Hermann	Member-Non-executive	Jan 2007- Jan 2010
	Philippe J.E. Rucheton	Member- Non-executive	Feb 2009- Jan 2010
	Claude E.L. Piret	Member- Non-executive	Aug 2008- Jan 2010
	Stefaan Decraene	Member- Non-executive	Dec 2008- Jan 2010
Ayfer Yılmaz	Member-Independent	Jan 2007- Jan 2010	

*Appointed as Board Member, in lieu of Bruno R.D.J. Accou, who left his duty upon resignation due to the appointment to another duty in Dexia, on June 2009.

EXECUTIVE MANAGEMENT

Title	Name	Position	Experience
President & CEO:	Hakan Ateş	President & CEO	28 years
Executive Vice Presidents and Executive Committee Members:	Dilek Duman	Information Technology and Support Operations-EVP-Chief Operations Officer	20 years
	Mustafa Aydın	Retail, SME and Agricultural Banking Loan Allocation -EVP	22 years
	Bora Böcügöz	Treasury and Private Banking -EVP	20 years
	Gökhan Ertürk*	SME and Agricultural Banking - EVP	16 years
	Hasan Hüseyin Uyar	Corporate-Commercial Loans and Commercial Banking-EVP	24 years
	Suavi Demircioğlu	Financial Affairs Group- EVP	19 years
	Oğuz Vecdi Öncü	Centralized Operations and Foreign Subsidiaries -EVP	23 years
	Barbaros Karakışla*	Retail Banking -EVP	26 years
	Tanju Kaya	Administrative Services -EVP	23 years
	Aysun Mercan	Secretary General	27 years
Saruhan Özel	Economic and Strategic Research-Member of Executive Committee	13 years	
Head of Internal Audit:	Eglantine Delmas	Head of the Board of Internal Audit	14 years

* Gökhan Ertürk has been appointed as EVP of Retail Banking Group, in lieu of Barbaros Karakışla who left his duty upon resignation in July 2009.

AUDITORS

Name	Position	Experience
Cem Kadırgan	Auditor	23 years
Mehmet Uğur Ok	Auditor	34 years

COMMITTEES

Committees Reporting to the Board of Directors

- Corporate Governance and Nomination Committee
- Audit Committee

Title	Name	Position	Begin Date of Tenure
Audit Committee Members:	Dirk G.M. Bruneel	Member	Oct 2006
	Eric P.B.A. Hermann	Member	Jan 2007
	Mustafa Tınas Titiz	Member	Oct 2006
Corporate Governance and Nomination Committee Members:	Dirk G.M. Bruneel	Member	Oct 2006
	Mustafa Tınas Titiz	Member	Sept 2004
	Tanju Kaya	Member	Sept 2004

Executive Committees

- Assets and Liabilities Committee
- Credit Committee
- Risk Committee
- Disciplinary Committee
- Purchasing Committee
- Communications Committee
- Promotions Committee
- Executive Board
- Management Board

Within the context of Corporate Governance;

15 Board Decisions were adopted in the Board Meetings held between 1 April 2009 and 30 June 2009.

Audit Committee met on 11 May 2009. Independent auditors' report on the first quarter of 2009 financials was presented and approved to present those figures to the Board of Directors. At the same meeting, the activity reports for 1Q 2009 of Internal Audit, Internal Control, Compliance, Risk Management and Operational Risk were also presented.

Corporate Governance and Nomination Committee met once and took decisions in order to make proposal to Board of Directors for nomination of top executives.

On 12 May 2009, Bruno R.D.J. Accou, Board Member, left his duty upon resignation, in lieu of whom Wouter Van Roste, the Executive Vice President responsible from Public Project Finance and Corporate Banking, was appointed and commenced his duty on 2 June 2009.

SECTION III- FINANCIAL INFORMATION

SUMMARY FINANCIAL HIGHLIGHTS

Consolidated Financial Highlights (TRY million)

	1H 2009	2008	1H 2008	2007
Securities*	3,075	2,917	3,199	2,718
Net Loans**	17,774	17,235	16,232	13,412
Subsidiaries	4	4	4	4
Net Fixed Assets	240	236	202	183
Total Assets	25,258	24,222	22,576	18,647
Customer Deposits	13,237	11,834	11,368	10,822
Time	11,087	9,685	9,095	8,268
Demand	2,150	2,149	2,274	2,554
Borrowings	6,980	7,944	7,237	4,802
Sub-ordinated Loans	779	772	644	363
Shareholders' Equity	2,607	2,287	1,793	1,678
Paid-in Capital	716	716	316	316
Non-cash Loans	4,859	4,821	5,493	4,740
Interest Income	1,535	2,786	1,302	1,991
Interest Expense	-631	-1,528	-726	-1,144
Net Interest Income after Provisions	518	895	439	716
Non-interest Income	315	425	252	452
Non-interest Expense	-568	-977	-506	-827
Net Income	264	342	186	341
Number of DenizBank Branches	401	400	359	320
Number of Employees	8,285	8,255	8,367	7,577
Number of ATMs	564	526	510	433
Number of POS Terminals	77,390	76,307	76,378	63,288
Number of Credit Cards	1,299,797	1,284,033	1,239,298	1,220,538

All financial figures presented in this table are extracts from the audited consolidated financial statements prepared in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

* It is the sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

** Includes factoring and leasing receivables.

Unconsolidated Financial Highlights (TRY million)

	1H 2009	2008	1H 2008	2007
Securities*	2,761	2,586	2,791	2,322
Net Loans	13,162	12,759	12,416	10,405
Subsidiaries	3	3	3	3
Net Fixed Assets	211	205	174	166
Total Assets	20,170	19,225	17,922	14,912
Customer Deposits	9,793	9,456	8,378	8,361
Time	8,123	7,686	6,579	6,293
Demand	1,670	1,770	1,799	2,069
Borrowings	5,765	5,746	6,037	3,856
Sub-ordinated Loans	779	772	644	363
Shareholders' Equity	2,354	2,034	1,501	1,455
Paid-in Capital	716	716	316	316
Non-cash Loans	4,777	4,726	5,415	4,672
Interest Income	1,302	2,363	1,101	1,660
Interest Expense	-512	-1,267	-597	-980
Net Interest Income after Provisions	518	832	376	564
Non-interest Income	243	292	171	365
Non-interest Expense	-495	-845	-430	-718
Net Income	266	278	117	211
Number of DenizBank Branches	401	400	359	320
Number of Employees	7,404	7,376	7,311	6,634
Number of ATMs	564	536	510	433
Number of POS Terminals	77,390	76,367	76,378	63,288
Number of Credit Cards	1,299,797	1,284,033	1,239,298	1,220,538

All financial figures presented in this table are extracts from the audited unconsolidated financial statements prepared in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

* It is the sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

ASSESSMENT of FINANCIAL POSITION

DenizBank Shareholders' Equity and Capital Adequacy (TRY million)

Consolidated	1H 2009	2008	1H 2008	2007
Capital Adequacy Ratio (%)	16.27	16.06	12.69	12.55
Shareholders' Equity	2,607	2,287	1,793	1,678
Return on Average Equity (%)	21.6	17.3	21.4	23.0
Free Capital *	1,900	1,763	1,383	1,360
Free Capital Ratio ** (%)	7.5	7.3	6.1	7.3

Unconsolidated	1H 2009	2008	1H 2008	2007
Capital Adequacy Ratio (%)	17.58	17.18	13.63	13.20
Shareholders' Equity	2,354	2,034	1,501	1,455
Return on Average Equity (%)	24.2	15.9	15.8	15.6
Free Capital *	1,418	1,243	796	841
Free Capital Ratio ** (%)	7.0	6.5	4.4	5.6

* Free Capital = Shareholders' Equity - Net Non-performing Loans - Subsidiaries - Deferred Tax Assets - Tangible and Intangible Fixed Assets - Prepaid Expenses - Fixed Assets to be Disposed of

** Free Capital Ratio = Free Capital / Total Assets

DenizBank Asset Quality

Consolidated	1H 2009	2008	1H 2008	2007
Non-performing Loans/ Total Cash Loans Ratio (%)	4.4	2.9	2.2	2.1
Non-performing Loans Provision Ratio (%)	101.7	110.5	100.2	104.1

Unconsolidated	1H 2009	2008	1H 2008	2007
Non-performing Loans/ Total Cash Loans Ratio (%)	4.8	3.1	2.3	2.3
Non-performing Loans Provision Ratio (%)	101.9	114.0	120.8	113.1

RISK MANAGEMENT POLICIES

DenizBank Risk Management Group is responsible for creating risk policies and implementation procedures in order to determine, measure, analyze and monitor risks; auditing and reporting risks, within the framework of the principles determined by the Bank's senior management and Risk Management Group.

One of the most important supports of DenizBank's main strategies is to remain committed to risk management principles. Risk management policies are based on market risk, credit risk, liquidity risk, operational risk, structural interest risk types. DenizBank has agreed in principle to develop systems in line with Basel II and other international guiding risk management principles.

Market Risk

To quantify the market risk, DenizBank applies internationally approved Value at Risk (VAR) method in accordance with the volume, quality and complexity of its activities in money and capital markets. VAR indicates the possible amount of loss, in the portfolio value of DenizBank and its financial subsidiaries, which might occur as a result of fluctuations in risk factors. It indicates the possible value loss at a determined confidence level and assumes that the portfolio will remain fixed at a certain time interval.

In addition to VAR calculations, stress tests are the main indicators for expressing the market risk that DenizBank and its subsidiaries are exposed to in monetary terms for monitoring this risk. This method makes it possible to adapt to changing market conditions when the risk level is determined. The reliability of VAR model is periodically checked through back testing.

DenizBank has established risk based limits with regards to the trading activities realized in money and capital markets.

Structural Interest Rate Risk

Risk Management Group monitors the structural interest rate risk that the Bank is exposed to because of its balance sheet structure by using developed models and controls risks through defined limits. In order to measure the impact of maturity mismatch, weekly analyses of interest sensitivity are made.

Liquidity Risk

DenizBank Risk Management Group monitors the liquidity position of the Bank and the risk it is exposed to, as a result of its activities within the framework of determined limits. Limits are determined in a way to ensure the continuity of bank's activities by using the existing reserve facilities and by simulating 'bad times scenarios' that may come up as a result of the change in customer behavior or market conditions.

Basel II / Credit Risk

Risk Management Group carries out its works in line with the criteria of Basel II/CRD. Basel II data set which is necessary for Credit Risk Standard Management was completed in June 2008. DenizBank Basel II data set have been applied in the consolidated reports of Dexia since September 2008. Detailed plan has been prepared for transition to Advanced Method. Studies are carried out to create necessary risk parameters for the implementation of Advanced Method.

Operational Risk

Operational Risk is defined, measured, analyzed and monitored in coordination with Internal Audit Department and Internal Control Department.

GENERAL OUTLOOK OF THE TURKISH ECONOMY AND THE BANKING SECTOR

The summary of evaluations regarding some economic developments within the first half of 2009 is included below.

It has been observed that as of the end of March, the negativity in the global liquidity conditions remarkably relieved and the liquidity indicators returned to the same level as before the crisis. And together with the second quarter of the year, we started to receive data on the economic recovery bit by bit. At the end of the first quarter, interest rates have rapidly come down and have almost reduced to zero in developed countries. Interest rate cuts continued during the second quarter in the developing countries. Parallel to this process, the Turkish Central Bank's policy rate, standing at 16.75% before the crisis, was decreased to 10.5% by the end of March. In the second quarter of the year, the policy rates shrank to 8.75% through a further decrease of 175 basis points (1.75%). On the other hand, fears did not come true concerning TL depreciation. Depreciating 21% on the basket basis (50% US Dollar, 50% Euro) at the last quarter of 2008 and depreciating 5% at the first quarter of 2009, TL appreciated 4% during the second quarter of the year in spite of the ongoing rapid interest cuts, and it is one of the significant indicators of trust on the economy and dynamics of the country.

Turkey had the opportunity to reduce its current account deficit, which boosted after 2002 as a result of the crisis and became an important problem, over time. Hitting US Dollar 49 billion in August 2008, the current account deficit shrank rapidly in the crisis aftermath and receded to US Dollar 27 billion as of the end of April. It is understood that the current deficit will follow the downwards trend until the year-end through the maintenance of energy and commodity prices at the current level and shrinkage of the domestic demand. On the other hand, leading data on April and May indicate that the economy, hitting the record with 13.8% contraction in the first quarter, will continue to shrink at a single digit rate during the second quarter.

Evaluation of the banking sector according to the data* as of June 2009:

- Loan volume (excluding financial sector loans)	TL 364 billion
- Deposit volume (excluding interbank deposits)	TL 472 billion

Although loans grew by 20% and deposits surged by 14% in the first half of 2008; loans and deposits increased by only 1% and 4% respectively in the same period of 2009. In spite of the fact that the impacts of the liquidity crisis have disappeared, it has been observed that both companies and individuals are negatively affected by the ongoing global recession worldwide and in Turkey, and banks have started to act more prudently as an obligation concerning credits because they suffer from problems in wholesale and retail banking. Accelerated increase of the non-performing loan ratio triggers banks to search for high quality asset creation. When we look at the details of the credits, it stands out that consumer loans and credit cards started to soar bit by bit in the second quarter. Tax reductions and other stimulus packages contribute to this increase.

At the deposits side, it is seen that the total FX deposits follow a horizontal course at the US Dollar 103-109 billion band and fluctuate parallel to USD/TL exchange rate activity (buy US Dollar when TL appreciates, sell US Dollar when TL depreciates); TL deposits, on the other hand, increased by TL 9 billion at the first quarter and reached TL 307 billion. The roll-over rate of syndication loans, the most important pillar of wholesale funding, has been 59% since the outbreak of the crisis up to day. Fears did not come true concerning the debt roll-over rate of the real sector, and the roll-over rate of the long term debts has been 101% since the outbreak of the crisis up to day. The roll-over rate was 77% during the first four months of 2009. Also the increase of US Dollar 1.7 billion in the FX deposits of companies during the second quarter of the year was the second most important factor which relieved concerns regarding the open position of the reel economy.

**Banking sector data are extracts from the BRSA weekly bulletin including participation bank figures.*

FURTHER INFORMATION

- 1- To view the material disclosures made in ISE, click the link below:
<http://www.denizbank.com/EN/InvestorRelations/Announcements/>
- 2- To download DenizBank 30.06.2009 consolidated and unconsolidated financial statements and footnotes click the link below.
<http://www.denizbank.com/EN/InvestorRelations/FinancialInformation/>
- 3- To download 2008 Annual Report for further information about the main activities of DenizBank click the link below:
<http://www.denizbank.com/EN/AboutUs/FaaliyetRaporlari.htm>