Interim Activity Report 2Q 2012

DenizBank Financial Services Group

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STATEMENT of RESPONSIBILITY

This report presents both consolidated and unconsolidated financial figures of DenizBank.

DENİZBANK A.Ş.
2012 2nd QUARTER- INTERIM ACTIVITY REPORT
STATEMENT of RESPONSIBILITY

The Interim Activity Report related to the period between 01.01.2012 and 30.06.2012 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 2006, 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,

1 August 2012

HAKAN ELVERDİ Senior Vice President International Regulatory Financial Reporting	**SUAVİ DEMİRCİOĞLU** Executive Vice President Financial Affais	**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
PHILIPPE J.E. RUCHETON Member of Board of Directors and Audit Committee	**AYFER YILMAZ** Deputy Chairman of Board of Directors and Member of Audit Committee	**PIERRE P.F. MARIANI** Chairman of Board of Directors	

SECTION I-INTRODUCTION

ABOUT DENİZBANK

Trade name: Denizbank A.Ş.
Date of Foundation: 25 August 1997
Headquarter: İstanbul
Paid-in Capital: TL 716,100,000
# of Domestic Branches: 595
# of Foreign Branches: 15 (including subsidiaries' branches)
# of Employees: 11,254
# of Subsidiaries, Associates and Jointly Controlled Companies: 13
Independent Audit Company: DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited)
Tel: 0 212 336 40 00
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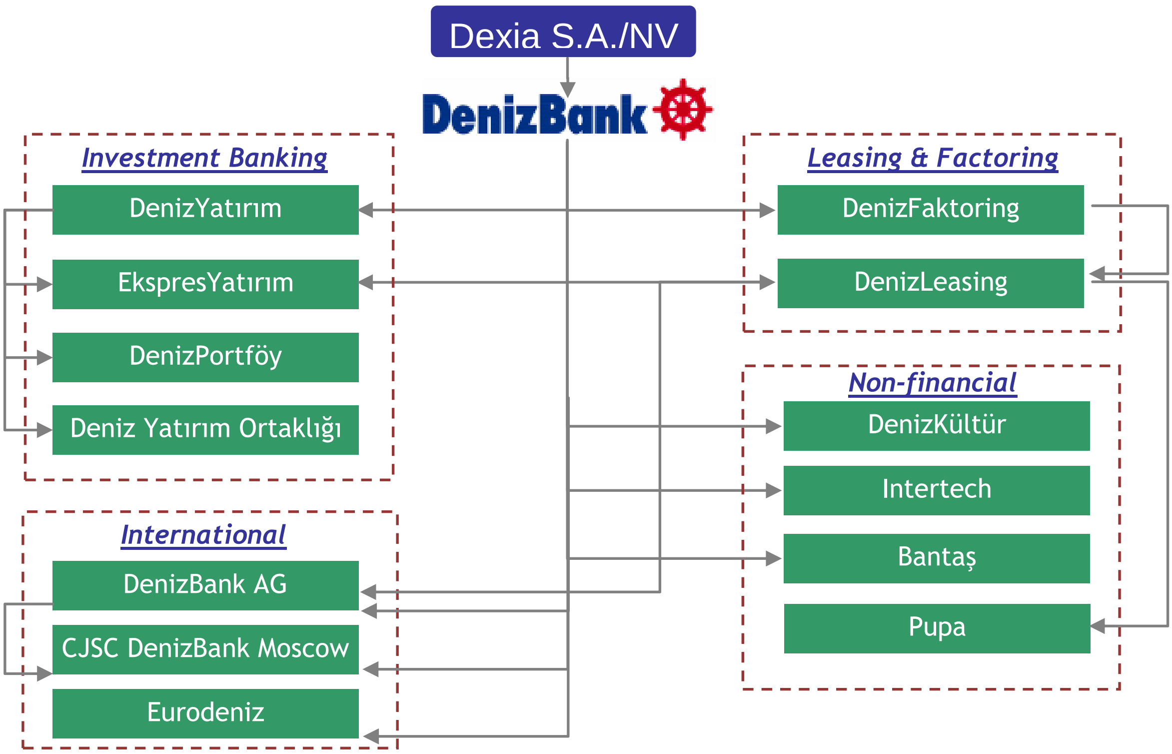
DENİZBANK FINANCIAL SERVICES GROUP (DFSG)



DENİZBANK in BRIEF

DenizBank was founded in 1938 as a state-owned bank to provide funding for the developing Turkish maritime sector. Acquired by Zorlu Holding from the Privatization Administration as a banking license in early 1997, the Bank became one of the major banks in Turkey in a short period of time. In October 2006, DenizBank was acquired from Zorlu Group by Dexia, a leading financial group in Europe and currently operates as part of the Dexia Group.

In addition to DenizBank, DenizBank Financial Services Group consists of six domestic and three international financial subsidiaries, four domestic non-financial subsidiaries and a branch in Bahrain. DenizYatırım Securities, EkspresInvest Securities, DenizInvestment Trust, DenizPortfolio Management, DenizLeasing, DenizFactoring, Intertech, DenizKültür, Bantaş and Pupa are the Group's domestic companies; EuroDeniz, DenizBank AG and CJSC DenizBank Moscow are the international subsidiaries.

The primary customer segments of DenizBank Financial Services Group include retail customers, small and medium-size enterprises, exporters, public and project finance users and corporate clients. The Group has identified agriculture, energy, tourism, education, health, sports, infrastructure and maritime sectors as a priority for her activities. The Group also operates in EU countries through its Vienna-based subsidiary DenizBank AG. CJSC DenizBank Moscow serves the Group's existing customers abroad that have commercial and trade ties with Russia and meets their various financial needs.

The Group possesses a service network that reaches all segments of the society throughout Turkey. In addition to the 596 domestic DenizBank branches, including one in Bahrain, DenizBank AG and CJSC DenizBank Moscow have 14 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 banking group which, in 2011, carried out its activities principally in Belgium, Luxembourg, France and Turkey in the fields of retail and commercial banking, public and wholesale banking, asset management and investor services.

The Group's parent company is Dexia SA, a limited company under Belgian law with its shares listed on Euronext Brussels and Paris as well as the Luxembourg Stock Exchange.

Since December 2008, the Group has considerably reduced its risk profile and refocused its commercial franchises on its historical business lines and markets, in line with the restructuring plan validated by the European Commission. Dexia has thus principally organised its activity portfolio around retail banking, grasping opportunities for growth in Turkey. In the field of public banking, the Group chose to remain a selective, profitable and recognised specialist, offering a diversified range of products. This plan was implemented in line with the objectives fixed until mid-2011.

As a consequence of the aggravation of the sovereign crisis in the euro zone and more generally the hardening of the macroeconomic environment, Dexia was confronted by renewed pressure on its liquidity during the summer of 2011. Against that background, the Group undertook, in October 2011, to make in-depth changes to its structure, including:

- the implementation of a funding guarantee scheme involving the Belgian, French and Luxembourg States;
- the sale of Dexia Bank Belgium to the Belgian State, finalised on 20 October 2011;

- an agreement with Caisse des Dépôts, La Banque Postale and the French State with regard to local public sector finance;
- the disposal of certain of the Group's operational subsidiaries, particularly Dexia Banque Internationale à Luxembourg, DenizBank, Dexia Asset Management and RBC Dexia Investor Services.

These measures, comprising a definitive liquidity guarantee scheme, are part of an orderly resolution plan that the States submitted to the European Commission by the end of March 2012.

Implementation of these new structural measures will have a significant impact on the Group Profile in the future.

2012 is punctuated by the completion of pending divestment processes, subject to approval by the European Commission of the Group's new restructuring plan. In the first half of the year, Sale and Purchase Agreements related to the disposal of Banque Internationale à Luxembourg, RBC Dexia Investor Services and DenizBank have been signed. After completion, of these disposals, that should occur in the second half of the year, the Dexia Group will focus on managing a portfolio of assets in run-off.

MESSAGE FROM THE CHAIRMAN

By illustrating a picture of stable growth throughout the year despite the contractionary monetary policy in 2011, Turkey demonstrated top notch performance recording 8.5% annual growth higher than the global growth rate of 3.9% and ranked at top levels among developing countries due to this performance. This success was the result of the environment of stability and confidence thanks to proactive policies applied and it is the indicator of growth potential in the medium and long term. Looking at this year, it appears possible that the economic activity that slowed down in the first quarter will recover as from the second quarter and Turkey will complete the year with a growth rate slightly below the growth potential of 5-7%. The first quarter growth rate of 3.2% is corroborative these expectations. This soft landing trend in the economic activity will help Turkish economy to end 2012 by achieving better results in inflation and current account deficit compared to 2011. In the second quarter of the year, these expectations have strengthened thanks to Moody's' upgrade of Turkey ratings to one notch below the investment grade.

Although measures taken by the Central Bank of Turkey with the purpose of minimizing the effects of the crisis in Europe on the Turkish economy have slowed down loan growth and decreased profitability in 2011 to some extent, the net profit increased by 14% in the first five months of 2012, on a year-on-year basis. Despite the rapid growth of the banking sector, the capital adequacy ratio is significantly higher than the level of both developed and developing countries and more than twice as much as international minimum standards. This capital strength is one of the most important indicators that the sector will grow more rapidly in the coming period and continue to support Turkish economy. Longer deposit maturities indicate not only that the policies implemented by the Central Bank of Turkey are effective, but also there is a sense of trust in the economy. Spending an unproblematic year in both short and long term international funding, the sector became one of the most important indicators of the international institutions' trust in the Turkish Banking Sector.

DenizBank started the year outperforming the sector averages, under the changeable conditions of 2012 and continued to achieve both operational and financial success by continuing its sustainable and determined approach without sacrificing its risk management policies. DenizBank has carried its activities towards its objective of being the bank with the highest customer rating and achieving differentiation by means of services through its wide array of productsin a competitive environment. DenizBank continues to contribute to the Turkish economy with its 610 branches and 11,254 employees both in Turkey and abroad and also through financing with resources secured from abroad at low cost.

Despite the negative effects of global developments, through our strategy of “sustainable and profitable growth”, we continued to sustainably increase the revenue generated through real banking operations and develop products and services that meet our customers’ needs, requests and habits as a reflection of the importance we place on customer relations management. We made sure that our customers easily accessed all required financial services and tailored solutions on sectoral, companies and individual bases. Our accurate customer segmentation and target oriented strategies brought the increase in our number of active customers and cross sell ratio.

DenizBank, as a bank that can analyze its customers’ needs accurately, continued to utilize all aspects of technology to differentiate itself in the sector and provided its customers with new products and services in the second quarter of 2012. DenizBank used funds generated as a result of the trust in its brand to create resources for the real sector, thus aiding the development of the Turkish economy, and maintains itsstable growth without sacrificing this strategy.

Since 2006 Dexia has shouldered and encouraged the profitable development of DenizBank which has become an important player, which has found its place within the Turkish banking industry. On the other hand, within the context of the implementation of the decisions notified by the States to the European Commission for an orderly resolution of the Dexia Group, the sale of DenizBank, having an important place in the Group, necessarily came into question. At the close of a competitive selection process, Dexia chose a global partner able to carry further this development and enhance its growth potential. On 8 June 2012, Dexia signed a sale/purchase agreement with Sberbank, the second largest bank of Europe that has decided to invest in Turkish economy having a significant growth potential, Turkish banking sector continuing its healty improvement and been decisive for the sale of DenizBank, seen as one of the biggest success stories in Turkish financial services. The sale process has been expected to be finalized after the share transfer in the last quarter of the year. I believe that this transaction will be beneficial for all parties and we entrust DenizBank to good hands.

PIERRE MARIANI
CHAIRMAN

MESSAGE FROM THE PRESIDENT AND CEO

DenizBank managed to increase her loans, customer deposits and equity both on consolidated and unconsolidated basis by outperforming the sector in the first half of 2012. Our assets increased by 7% and 4% on consolidated and unconsolidated basis on a year-to-date basis and reached TL 47 billion 906 million and TL 37 billion 556 million, respectively.

DenizBank increased her customer deposits by 28% on a consolidated basis and 23% on an unconsolidated basis in the first six months of 2012 compared to the second quarter of 2011, reaching TL 30 billion 1 million and TL 20 billion 584 million, respectively compared to 10% sector growth. While sector's deposit volume increased only 3% in the first six months of 2012, DenizBank's consolidated and unconsolidated customer deposits, the main source of funding, recorded 13% and 9% rises, respectively. Besides, DenizBank continued to obtain low-cost and long-term funding sources from several international institutions to support her priority sectors.

We continued our bond issuances in scope of our TL 2 billion permission got in 2011 with the third issuance with a total amount of TL 500 million including 175 day bond amounting to TL 347.1 million, 385 day bill amounting to TL 65.6 million and 1,120 day bill amounting to TL 87.3 million in April 2012. We realized two coupon payments of our 1,120 day bill with coupon payment every 35 days, one of the bills having the longest maturity in the sector, in May and July, respectively. Besides, aiming to ensure the real sector to access longer terms of funds by means of turning long term resources into loans, DenizBank, whose success was registered thanks to high rate demands, has applied to related authorities for a permission of bond and bill issuances with different maturities up to TL 2.1 billion in June.

In the first half of 2012, DenizBank continued to serve as a financial supermarket with an expandinging product portfolio and reached her consolidated loans to TL 34 billion 82 million, by a 10% increase providing funding to all sectors of the economy. Unconsolidated loan volume was realized as TL 24 billion 412 million, growing by 9%. Commercial, SME, agriculture and Credit Card loans became the main contributors of the rise in loans. In the first half, DenizBank recorded a 16% growth in credit cards as much as the sector reaching a volume of TL 1.9 billion, while it slowed down in consumer loans with only a 2% increase. We continued to offer ISTESOB Smart Card in a lot of cities after Istanbul by providing advantageous solutions for financial needs of member Artisans and Craftsmen of ISTESOB.

Providing the opportunity of query and reporting cheque track record for its customers to get a report of their own cheque payment history through branch, ATM or internet, DenizBank has put its signature under another important innovation that will make life easier for SMEs.

Differentiating itself with its innovative products and services, DenizBank received the annual "Sustainability Award" by EBRD (European Bank for Reconstruction and Development), that provides funding to DenizBank for renewable energy projects, thanks to its performance in renewable energy project finance, its sensitive and meticulous approach in environmental issues and international standards it applies in restructuring. DenizBank was selected among banks in 29 countries in which EBRD is active as of 2012, being the bank that works in the most compliant way with the EBRD and European Union energy project finance principles.

DenizBank continued its support to the agricultural sector, another one of its priority sectors and also as part of her social responsibility mission. DenizBank kept her first place among private banks by allocating TL 2.1 billion agricultural loans as a result of the innovations offered to producers.

In 2012, we kept our leading place with our 114% loan to deposit ratio and 71% loan to asset ratio.

Our consolidated and unconsolidated shareholders' equity increased by 9% and 16% compared to the same period of 2011, reaching TL 5 billion 51 million and TL 4 billion 570 million, respectively. In the second quarter of 2012, DenizBank recorded 13.74% and 15.57% capital adequacy ratios on consolidated and unconsolidated basis, respectively, both of which are relatively higher than the international standards.

Besides her financial achievements, DenizBank has continued her sponsorships of İDSO (Istanbul State Symphony Orchestra), TAYK (Turkish Off-Shore Racing Club) and International Istanbul Opera Festival as a leading supporter of culture and art facilities in 2012.

DenizBank has become the second private bank which has branches in 81 provinces of Turkey due to new branches opened in the first six months of 2012. Branch number of DenizBank reached 610 with its country-wide network and subsidiaries branches. Besides its strong branch network, in scope of its new generation digital banking services, DenizBank, that had previously opened a branch on Facebook and started Facebook banking as the first of its kind application in the World, broke another ground in Turkey by starting to accept credit applications through "Direct Message" on Twitter, one of the most commonly used social networking sites in the world.

DenizBank reached its unconsolidated net profit TL 554 million in the first half of 2012 by doubling compared to same period of previous year, while recording TL 334 million consolidated net profit. Considering all these results, we can clearly say that DenizBank left behind another highly effective year in terms of financial as well as operational results thanks to her effective risk-oriented management policy that conforms to internationally-accepted corporate governance standards.

As a result of this development shouldered and encouraged by Dexia since 2006, DenizBank has found its place within the Turkish Banking Industry as an important player and wrote a success story within the six-year relationship between Dexia and DenizBank. DenizBank has currently taken the first new step to creating new success stories with Sberbank that signed a sale/purchase agreement with Dexia in June, the second largest bank in Europe and the biggest bank in Russia. Sberbank-DenizBank partnership will contribute a lot to the target of improving commercial relations between the two countries. I believe that this agreement will be beneficial for all parties.

HAKAN ATEŞ
THE PRESIDENT AND CEO

CHANGES IN SHAREHOLDING STRUCTURE AND PAID-IN CAPITAL

As of 30 June 2012, DenizBank's shareholding structure is presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

Shareholders	Number of Shares	Nominal Value (TL)	% of Shares
Dexia Participation Belgique SA	714,945,285.045	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%
Publicly Traded	1,154,680.974	1,154,681	0.16%
Total	**716,100,000.000**	**716,100,000**	**100.00%**

The main shareholder of the Bank, Dexia Group, has been applying a comprehensive restructuring plan, approved also by the European Commission, since 2008. Nevertheless, Dexia Board of Directors has authorized Dexia Management to set measures with the purpose of solving, in a sustainable way, the structural problems of Dexia Group, due to effects of sovereign debt crisis affecting the financial markets. The Board of Directors executed a set of measures in line with the decisions taken by the French, Belgian and Luxembourg states, aimed at stabilizing the Group's liquidity situation. In this context, on 20 October 2011 the acquisition process of Dexia SA's entire holding in Dexia Bank Belgium (now renamed Belfius Bank & Insurance) by the Belgian State with an amount of EUR 4 billion is completed; Group CEO was authorized to enter into exclusive negotiations with French Banks to maintain support for French operations and it was decided to dispose of Dexia BIL (Banque Internationale à Luxembourg), RBC Dexia Investor Services, Dexia Asset Management and Dexia Municipal Agency and necessary works have been initiated. As a result, on 20 December 2011, a binding memorandum has been signed concerning the sale of 90% of Dexia BIL's shares, 99.906% of which is owned by Dexia Group, to Precision Capital, a Qatari Investment Group and the remaining 10 % to the Grand Duchy of Luxembourg at an amount of EUR 730 million and a sale and purchase agreement was signed on 4 April 2012. This transaction is expected to be finalized in the third quarter of 2012.

In addition, on 3 April 2012, Dexia Group signed a sale and purchase agreement with Royal Bank of Canada to sell its 50% holding in RBC Dexia Investor Services. At the same time, Dexia Group came to the final stage and entered into final negotiations with three international investors for the disposal of Dexia Asset Management (DAM) of which the sale process has been started in April. With regard to maintain support for French operations, following the signing by the French State, the Caisse des dépôts and La Banque Postale of a protocol of intention with Dexia on 16 March 2012, a process enabling the takeover of the Dexia Group's financial activities in France in June.

According to the resolution of the Dexia Board of Directors, dated 19 October 2011, Dexia Group CEO was authorized to start the sale process of all shares of Dexia Group in DenizBank (99.85% of total) and started the studies for the evaluation.

As of 24 May 2012, further to a competitive bidding process with interested buyers, Dexia SA and Sberbank have decided to enter into exclusive negotiations with a view to disposing of DenizBank, following the submission by Sberbank of a binding offer. Following the negotiations, on 8 June 2012 Dexia has signed with Sberbank the sale and purchase contract of its 99.85% stake in DenizBank. The transaction covers DenizBank as well as all of its subsidiaries in Turkey, Austria and Russia. The expected price consideration at the end of the competitive bidding is TRY 6,469 million, representing around EUR 2,821 million after conversion at the exchange rate of the Turkish Lira at that date, as a reference, DenizBank's shareholders equity excluding minorities was taken as basis as of 31 December 2011 under BRSA guidelines. The price will be adjusted at the transaction's closing so as to take into account the evolution of DenizBank's net asset value, based on calculations under IFRS rules, between 31 December 2011 and the closing date. Subject to all the necessary regulatory authorizations including that of the European Commission, the transaction should be finalized in the course of the fourth quarter of 2012. In this context, Sberbank made necessary applications to get the permission for share transfer to BRSA and CMB on 11 July 2012 and to Competition Authority on 13 July 2012.

In nine months, Dexia has undertaken six sale transactions of its Group companies, excluding DAM, which are valued at approximately EUR 8.7 billion in total. As at 27 June 2012, Pierre Mariani, the CEO of Dexia Group since 2008 has handed his resignation to the Chairman of the Board of Directors but regarding the BoD request, he will continue to fulfill his duties until approval of the semi annual 2012 accounts. Besides, Mariani will ensure the Chairmanship of DenizBank and DAM until finalization of their sale processes.

SHARES HELD BY THE MANAGEMENT

DenizBank’s President and CEO Hakan Ateş and Independence Board Members Cem Bodur and Ayfer Yılmaz each owns 11,327 shares, corresponding to 0.000002% of the capital.

CHANGES IN DFSG COMPANIES

In the CJSC Dexia Bank’s General Assembly, it was decided to change the name of the Bank as CJSC DenizBank Moscow after taking the necessary approvals in 10 April 2012.

DenizBank AG, headquartered in Austria, opened two new branches one in Baden and other in Vienna and reached 13 branches.

AMENDMENTS TO ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association between 01.01.2012 and 30.06.2012.

DONATIONS

List of donations made by DenizBank in 2012 are as follows:

INSTITUTION NAME	Amount (TL)
DENIZ TEMIZ DERNEGI	20,140
TÜRK EĞİTİM VAKFI	8,960
TEMA VAKFI	619
TÜRK DİABET CEMİYETİ	180
EGE ORMAN VAKFI	150
TÜRK BÖBREK VAKFI	125
DİĞER	1,100
TOTAL	**31,274**

AMENDMENTS TO RATING NOTES

Moody's started a global under review on all financial institutions, whose unsupported/independent ratings are above their national debt ratings, with the assessment about relationship between countries, financial institutions and their credit profile. In the scope of this, Moody's placed Long Term Local Currency Deposit as 'Baa2', Short Term Local Currency Deposit as 'Prime-2' and BFSR-Bank Financial Strength Rating (BCA-Baseline Credit Assesment) as 'C-(baa2)' under review for possible downgrade and announced other ratings have not been affected by these changes on 16 March 2012. Besides, Moody's announced an extension of the review on DenizBank's BFSR following the changes in the ratings of Dexia Credit Local on 18 April 2012. Moody's concluded its global under review as of 3 July 2012, in the scope of this, Moody's placed DenizBank's BFSR(BCA) to 'D+(ba1)' from 'C-(baa2)' by decreasing to sovereign level and Long Term Local Currency Deposit to 'Baa3' from 'Baa2'. Their outlook's were remained unchanged as under review for possible downgrade due to the continuing sale process. In addition to these, the Bank's Long Term Foreign Currency Deposit increased to 'Ba2' from 'Ba3' with the effect of country ceiling and its outlook was placed to 'Stable' from 'Positive'.

Fitch Ratings affirmed Long Term Foreign Currency rating as 'BBB-' but placed its Outlook to 'Stable' from 'Positive' on 28 November 2011 as a reflection of outlook change from 'Positive' to 'Stable' on Turkey's Long Term Local and Foreign Currency ratings on 24 November 2011. Besides this, Fitch Ratings placed 'BBB' Long Term Local Currency rating's outlook to RWN due to the sales process and affirmed Support rating as '2' (RWN), Long Term National Rating and Short Term ratings. Fitch announced that Individual and Viability ratings of DenizBank have not been affected by these changes. On 25 January 2012, Fitch withdrawed Individual Ratings for Global Financial Institutions. Finally, Fitch affirmed all ratings of DenizBank maintaining Rating Watch Negative Outlook of Long Term Local Currency and support ratings. Ratings are as follows:

Moody's*

Long Term Foreign Currency Deposits	**Ba2 / Stable**
Short Term Foreign Currency Deposits	**NP**
Long Term Local Currency Deposits	**Baa3 / Under Review for Possible Downgrade**
Short Term Local Currency Deposits	**Prime-3 / Under Review for Possible Downgrade**
Bank Financial Strength Rating (BCA)	**D+(ba1) / Under Review for Possible Downgrade**

*As of 3.7.2012

FitchRatings**

Long Term Foreign Currency	**BBB-/Stable**
Short Term Foreign Currency	**F3**
Long Term Local Currency	**BBB / Rating Watch Negative**
Short Term Local Currency	**F3**
Viability	**bbb-**
Support	**2 / Rating Watch Negative**
National	**AAA (tur) / Stable**

**As of 20.04.2012

SECTION II - MANAGEMENT and CORPORATE GOVERNANCE

BOARD of DIRECTORS

Title	Name	Position	Beginning-End Date of Tenure
Chairman of the Board of Directors:	Pierre P.F. Mariani	Chairman-Non-executive	March 2011- March 2014
Board Members:	Ayfer Yılmaz	Vice Chairman-Independent	Jan 2007- March 2014
	Hakan Ateş	Member-Executive	June 1997- March 2014
	Hasan Hüseyin Uyar	Member-Executive	Dec 2010- March 2014
	M. Cem Bodur	Member-Independent	June 1997- March 2014
	Wouter G.M. Van Roste	Member-Executive	June 2009- March 2014
	Eric P.B.A. Hermann	Member-Non-executive	Jan 2007- March 2014
	Philippe J.E. Rucheton	Member-Non-executive	Feb 2009- March 2014
	Claude E.L.G. Piret	Member-Non-executive	Aug 2008- March 2014

EXECUTIVE MANAGEMENT

Title	Name	Position	Experience
President & CEO:	Hakan Ateş	President & CEO	31 years
Executive Vice Presidents and Executive Committee Members:	Mustafa Aydın	Retail, SME and Agricultural Banking Loan Allocation-EVP	25 years
	Mehmet Aydoğdu	Commercial Banking and Public Finance-EVP	15 years
	Bora Böcügöz	Treasury and Private Banking-EVP	23 years
	Suavi Demircioğlu	Financial Affairs-EVP	22 years
	Dilek Duman	Information Technology and Support Operations-EVP-Chief Operations Officer	23 years
	Murat Çelik	Digital Generation Banking-EVP	20 years
	Gökhan Ertürk	Retail Banking-EVP	19 years
	Tanju Kaya	Administrative Services-EVP	26 years
	Derya Kumru	Wholesale Banking-EVP	25 years
	Mustafa Özel	Branch and Central Operations-EVP	24 years
	Saruhan Özel	Economic Research, Strategy and Project Management-EVP	16 years
	Gökhan Sun	SME and Agricultural Banking-EVP	20 years
	İbrahim Şen	Corporate Banking-EVP	19 years
	Cem Demirağ	Head of Internal Control Center and Compliance- Member of Executive Committee	21 years
	Ali Murat Dizdar	Chief Legal Advisor - Member of Executive Committee	21 years
	Aysun Mercan	Secretary General	30 years
Head of Internal Audit:	Frank B.J. Plingers	General Auditor	13 years

AUDITORS

Name	Position	Experience
Cem Kadırgan	Auditor	26 years
Mehmet Uğur Ok	Auditor	37 years

COMMITTEES

Committees Reporting to the Board of Directors

- Audit Committee
- Corporate Governance and Nomination Committee

Title	Name	Position	Begin Date of Tenure
Audit Committee Members:	Eric P.B.A. Hermann	Member	January 2007
	Ayfer Yılmaz	Member	March 2011
	Philippe J.E. Rucheton	Member	March 2011
Corporate Governance and Nomination Committee Members:	M.Cem Bodur	Member	March 2011
	Tanju Kaya	Member	September 2004
Remuneration Committee Members:	M.Cem Bodur	Member	December 2011
	Ayfer Yılmaz	Member	December 2011

Executive Committees

• Assets and Liabilities Com.	• Disciplinary Committee	• Promotions Committee
• Credit Committee	• Purchasing Committee	• Executive Committee
• Risk Committee	• Communications Com.	• Management Board
• Support Services Com.	• Recommendation Com.	

Within the Context of Corporate Governance;

18 Board Decisions were adopted between 1 April 2012 and 30 June 2012.

Audit Committee held a meeting on 7 May 2012. Independent auditors’ report on the first quarter of 2012 financials was presented and approved to present those figures to the Board of Directors. At the same meeting, the activity reports for the first quarter of 2012 of Internal Audit, Internal Control, Compliance, Risk Management and Operational Risk were also presented.

SECTION III- FINANCIAL INFORMATION

SUMMARY FINANCIAL HIGHLIGHTS

Summary Consolidated Financial Highlights (TL millions)				
	2Q2012	**2011**	**2Q2011**	**2010**
Securities[1]	7,164	5,544	4,311	4,444
Net Loans[2]	34,082	30,947	28,343	23,790
Subsidiaries[3]	16	16	15	15
Net Fixed Assets	412	416	339	322
Total Assets	47,906	44,756	39,188	33,853
Customer Deposits[4]	30,001	26,499	23,393	19,713
Time	24,927	22,357	19,608	15,984
Demand	5,075	4,142	3,785	3,729
Borrowings	6,891	7,610	6,245	7,047
Sub-ordinated Loans	897	939	829	770
Shareholders' Equity	5,051	4,641	4,049	3,659
Paid-in Capital	716	716	716	716
Non-cash Loans	10,803	10,111	10,098	7,636
Interest Income	2,366	3,536	1,559	2,805
Interest Expense	-1,184	-1,655	-688	-1,028
Net Interest Income after Provisions	924	1,428	661	1,271
Non-interest Income	371	989	523	645
Non-interest Expense	-841	-1,500	-668	-1,165
Net Profit/Loss From Discontinued Operations	0	343	14	23
Net Income	334	1,061	426	616

	2Q2012	**2011**	**2Q2011**	**2010**
Number of Branches[5]	610	600	552	512
Number of Employees	11,254	10,826	10,350	9,561
Number of ATMs	2,724	2,370	1,120	941
Number of POS Terminals	120,233	110,324	106,612	89,399
Number of Credit Cards	2,090,509	1,966,602	1,728,502	1,485,991

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.

(1) 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.

(2) Includes factoring and leasing receivables.

(3) Total of investments in associates, investments in subsidiaries and entities under common control (joint venture)

(4) Excludes bank deposits

(5) Includes subsidiaries' branches

Summary Unconsolidated Financial Highlights (TL millions)				
	2Q2012	**2011**	**2Q2011**	**2010**
Securities[1]	6,208	5,193	4,158	4,280
Net Loans[2]	24,412	22,422	21,014	18,459
Subsidiaries[3]	926	719	434	450
Net Fixed Assets	401	406	330	314
Total Assets	37,556	35,983	31,158	27,660
Customer Deposits[4]	20,584	18,896	16,706	15,272
Time	17,063	15,795	13,858	12,354
Demand	3,521	3,101	2,847	2,917
Borrowings	5,973	6,520	5,333	5,836
Sub-ordinated Loans	897	939	829	770
Shareholders' Equity	4,570	3,951	3,371	3,141
Paid-in Capital	716	716	716	716
Non-cash Loans	10,344	9,745	9,798	7,474
Interest Income	2,035	3,071	1,349	2,464
Interest Expense	-996	-1,390	-570	-878
Net Interest Income after Provisions	797	1,251	581	1,115
Non-interest Income	628	771	377	530
Non-interest Expense	-779	-1,385	-612	-1,062
Net Profit/Loss From Discontinued Operations	0	388	0	0
Net Income	554	874	269	458

	2Q2012	**2011**	**2Q2011**	**2010**
Number of Branches[5]	596	588	540	500
Number of Employees	9,981	9,772	9,208	8,573
Number of ATMs	2,724	2,370	1,120	941
Number of POS Terminals	120,233	110,324	106,612	89,399
Number of Credit Cards	2,090,509	1,966,602	1,728,502	1,485,991

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.

[1]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.
[2]Total of investments in associates, investments in subsidiaries and entities under common control (joint venture)

[3]Excludes bank deposits

ASSESSMENT of FINANCIAL POSITION and RISK MANAGEMENT

DenizBank continues its activities profitably, without compromising asset quality and strengthen its shareholder's equity. The share of the Bank's fixed asset investments in the shareholder's equity is low level. DenizBank put its free capital to interest earning assets as part of its core banking activities. DenizBank has a capital adequacy ratio significantly higher than the regulatory requirements thanks to strong and effective risk management.

Shareholders' Equity and Capital Adequacy (TL millions)

	Consolidated			
	2Q2012	**2011**	**2Q2011**	**2010**
Capital Adequacy Ratio (%)	13.74	14.72	14.36	15.70
Shareholders' Equity	5,051	4,641	4,049	3,659
Return on Average Equity (%)	13.8	25.6	22.1	18.6
Free Capital (1)	3.960	3.754	3.283	2.872
Free Capital Ratio (2) (%)	8.27	8.39	8.38	8.48

	Unconsolidated			
	2Q2012	**2011**	**2Q2011**	**2010**
Capital Adequacy Ratio (%)	15.57	15.65	14.92	16.43
Shareholders' Equity	4,570	3,951	3,371	3,141
Return on Average Equity (%)	26.0	24.6	16.5	15.9
Free Capital (1)	2,676	2,463	2,282	2,023
Free Capital Ratio (2) (%)	7.13	6.84	7.33	7.31

* 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

Asset Quality

	Consolidated			
	2Q2012	**2011**	**2Q2011**	**2010**
Non-performing Loans/ Total Cash Loans Ratio (%)	2.9	2.8	3.2	4.4
Non-performing Loans Provision Ratio (%)	109.9	115.8	116.8	105.6

	Unconsolidated			
	2Q2012	**2011**	**2Q2011**	**2010**
Non-performing Loans/ Total Cash Loans Ratio (%)	3.3	3.2	3.6	4.8
Non-performing Loans Provision Ratio (%)	118.6	126.7	127.3	112.3

RISK MANAGEMENT POLICIES

One of the major pillars of DenizBank's main strategies is to adhere to Risk Management principles. Risk Management policies consist of identification, measurement and management processes. In this respect, DenizBank conducts its banking activitied by strictly adhering to risk management policies that aim to analyze risks and manage them by way of acceptable limits. Risk Management Policies were devised based on market risk, credit risk, liquidity risk, operational risk and structural interest risk categories. DenizBank has adopted it as an integral principle in all of her operations to develop systems that comply with Basel II and other guiding international risk management principles.

Market Risk
DenizBank measures market risk using internationally-accepted Value at Risk (VAR) method. VAR quantifies the loss of value that the portfolio of the Bank and her financial subsidiaries might suffer at a given time and confidence interval as a result of the price fluctuations in risk factors. VAR analyses are supported with scenario analysis and stress tests. This method allows adaptation to changing market conditions when the risk level is determined. The reliability of the model used in calculating VAR is periodically tested through back testing. DenizBank has formulated risk policies and established risk-based limits with regards to her trading activities in money and capital markets.

Structural Interest Rate Risk
The Risk Management Group monitors the structural interest rate risk that the Bank is exposed to due to her balance sheet structure by using advanced models and controls assumed risks through defined limits. Interest sensitivity analyses are conducted to measure the impact of the Bank's maturity mismatch on net present value and income.

Liquidity Risk
Risk Management Group monitors the Bank's liquidity position that she carries as a result of her activities within defined limits. Limits are set to ensure continuity of the Bank operations by using the existing reserve facilities even under the worst-case scenarios that are created by taking into consideration the negative developments that may arise as a result of a change in market conditions or customer behavior.

Basel II/Credit Risk
The Risk Management Group undertakes efforts for compliance with Basel II/CRD criteria. Basel II consolidated credit risk is being calculated monthly using the standard method and monitored regularly since June 2008. DenizBank's Basel II dataset has been used for the consolidated reports of Dexia since September 2008. As a part of Basel II preparation efforts, development of internal credit risk assessment models has been scheduled based on a well-defined plan and the modeling of necessary parameters has been completed for the most part.

Operational Risk
Bank activities that carry financial or non-financial operational risk are being recorded for DenizBank and its subsidiaries in a way that captures causes and impact of events, collections made and measures that will prevent the repetition of such events. These events are periodically reported to the senior management and updated as needed. Potential risk is assessed by way of Risk and Control Self Assessment and risk mitigation measures are taken before events transpire. On the other hand, the Business Continuity Program is coordinated to cover the design implementation and testing stages of these policies.

GENERAL OUTLOOK OF THE TURKISH ECONOMY AND THE BANKING SECTOR

Evaluations regarding the developments in Turkish Economy and banking sector in the first six months of 2012 have been summarized below.

Realizing one of the highest growth rates with 9.2% among developing countries in 2010, Turkey also reached a remarkable growth rate of 8.5% in 2011. However, this performance of last two years is necessary to be considered as bridging rather than rapid growth. Because the 4 years average growth rate is only 3.4% between 2008 and 2011; and it is lower than Turkey's long-term growth performance range of 5-7%. It is necessary to emphasize that this growth rate is based on domestic consumption and private sector investment similar to previous years. Public spending is under a certain discipline as we are used to in 2000s. Thus 2011 ended with a very low budget deficit as 1.2% and public debt to GDP ratio decreased below 40%. Medium Term Program also indicates the fact that this budget discipline will be continued until 2014. In coming years, parallel to this view, it will be possible that public debt to GDP declines to levels around 30%.

Maintaining the internal and external balances is important besides undersigning success regarding growth and budget discipline. On the internal balance side, inflation decreased to single-digit levels again after double-digit levels for a while. Parallel to CBT's successful policies, steady movement of TL in six months is the most important reason of this situation. Contribution of the current both foreign and domestic demand, the annual inflation rate seems to decrease much and be close to the target of 5% (±2%) at the end of the year. On the external balance side, reaching of the rate of current account deficit to GDP to 10% at the end of previous year led to a questioning of the sustainability of this increase. However, especially the decrease of non-energy current account deficit to USD 16 billion, declining by USD 17 billion between October 2011 and May 2012 is promising for the next period thanks to the effect of policies implemented. Parallel to tranquility in geopolitical risks in recent weeks, downwards trend in energy prices will influence Turkey's energy deficit in a positive way. As from the beginning of this year, start of an intensive working period about the policies that will reduce energy deficit, increase savings and encourage import substitution are the important developments that will contribute to solving of Turkey's chronical current account deficit problem in the long term.

Evaluation of the banking sector according to the June 2012 data*:

-Loan volume (excluding financial sector loans)	**TL 732 billion**
TL Loan volume (excluding financial sector loans)	**TL 535 billion**
FX Loan volume (excluding financial sector loans)	**USD 109 billion**
-Deposit Volume (excluding interbank deposits)	**TL 718 billion**
TL Deposit Volume (excluding interbank deposits)	**TL 468 billion**
FX Deposit Volume (excluding interbank deposits)	**USD 139 billion**

In the first six months of 2012, the total loan volume of the Banking sector increased by 8% compared to the end of 2011 and by 21% compared to the same period of the previous year and reached TL 732 billion. In the first half of 2012, credit card loans, commercial and corporate loans became the segments with priority impact on total loan increase. As a result of BRSA's latest regulations, the growth rate in consumer loans continued to slow down in 2012 and the increases in all subsegments realized at a level as the half of 2011 growth rates. Consumer loans increased by 6% compared to 2011 year-end rates and 15% year-on-year basis. On the other hand, while increasing by 16% in the first six months, credit card loans recorded 34% annual growth by reaching the highest rate in all segments. Commercial and corporate loans including SME loans grew by 22% on a year-on-year basis. The annual growth of SME loans was around 22% as of May 2012. The total NPL ratio which reached up to 5.8% during the crisis dropped to 2.7% at the end of June 2012.

Total deposits reached TL 718 billion by increasing 10% compared to the first six months of 2011 and only 3% according to 2011-end. The sector's total equity rose by 17% y-o-y and reached TL 167 billion. The net profit of the banking sector in the first five months was realized as TL 9.6 billion recording a 14% y-o-y increase.

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

FURTHER INFORMATION

1- To view the material disclosures made in Public Disclosure Platform, click the link below:
http://www.denizbank.com/en/investor-relations/announcements/default.aspx

2- To download DenizBank 30.06.2012 consolidated and unconsolidated financial statements and footnotes click the link below.
http://www.denizbank.com/en/investor-relations/financial-information/financial-figures.aspx

3- To download 2011 Annual Report for further information about the main activities of DenizBank click the link below:
http://www.denizbank.com/en/investor-relations/annual-reports/default.aspx