

*(Convenience Translation of Consolidated Financial Report Originally Issued in  
Turkish)  
(See Note 3.I.2)*

**DENİZBANK  
ANONİM ŞİRKETİ AND ITS  
FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S  
REPORT,  
CONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
31 DECEMBER 2011**

- I. Independent Auditor's Report
- II. Publicly Disclosed Consolidated Financial Report

Convenience Translation of the Independent Auditor's Report  
Originally Prepared and Issued in Turkish

Denizbank A.Ş.  
To the Board of Directors  
İstanbul

**DENİZBANK ANONİM ŞİRKETİ  
AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR 1 JANUARY-31 DECEMBER 2011**

We have audited the accompanying consolidated balance sheet of Denizbank A.Ş. ("the Bank") and its financial subsidiaries ("the Group") as at 31 December 2011, and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette dated 1 November 2006 and numbered 26333, and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditor's Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act numbered 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting, and pronouncements made by BRSA.

**Additional paragraph for English translation**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç  
Partner  
Istanbul, 21 February 2012

**DENİZBANK A.Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2011**

Address of the Bank's Headquarters

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The consolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries, associates and jointly controlled companies included in the consolidated financial report are:

	Subsidiaries	Associates	Jointly Controlled Companies
1	DenizBank AG, Vienna		
2	Eurodeniz International Banking Unit Ltd.		
3	Ekspres Yatırım Menkul Değerler A.Ş.		
4	Deniz Yatırım Menkul Kıymetler A.Ş.		
5	CJSC Dexia Bank, Moscow		
6	Deniz Portföy Yönetimi A.Ş.		
7	Deniz Finansal Kiralama A.Ş.		
8	Deniz Faktoring A.Ş.		
9	Deniz Yatırım Ortaklığı A.Ş.		

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **Thousands of Turkish Lira**.

21 February 2012

**HAKAN ELVERDİ**

Senior Vice President  
International and Regulatory  
Financial Reporting

**SUAVİ DEMİRCİOĞLU**

Executive Vice President  
Financial Affairs

**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

Contact information for questions on this financial report:

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## **SECTION ONE**

### **GENERAL INFORMATION**

**I. Parent Bank's date of establishment, beginning statute, its history including changes in its statute**

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon obtaining a permission to operate. Bank's shares have been quoted on Istanbul Stock Exchange ("ISE") since 1 October 2004. 0.16% of the Bank's shares are publicly held as of 31 December 2011.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006. Subsequent to the transfer of shares, a tender offer was made for the publicly traded shares on the ISE, and Dexia Participation Belgique's ownership rate increased to 99.84%.

**II. Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and if exists, changes on these issues and the Group that the Parent Bank belongs to**

**Current Period**

<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share %</b>
Dexia Participation Belgique SA	714,945,285	99.84
Publicly traded	1,154,681	0.16
Others shareholders	34	-
<b>Total</b>	<b>716,100,000</b>	<b>100.00</b>

**Prior Period**

<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share %</b>
Dexia Participation Belgique SA	714,945,274	99.84
Publicly traded	1,154,681	0.16
Others shareholders	45	-
<b>Total</b>	<b>716,100,000</b>	<b>100.00</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2011**

(Currency: Thousands of TL - Turkish Lira)

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See Note 3.1.2*

**III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistants and shares of the Parent Bank they possess and their areas of responsibility**

Name	Title	Shares owned (%)
<b>President of the Board of Directors</b>		
Pierre P.F. Mariani	Chairman	--
<b>Board of Directors</b>		
Ayfer Yılmaz	Deputy Chairman	0.000002
Hakan Ateş	Member, President and CEO	0.000002
M. Cem Bodur	Member	0.000002
Wouter G.M. Van Roste	Member	--
Philippe J.E. Rucheton	Member	--
Eric P.B.A. Hermann	Member	--
Claude E.L.G. Piret	Member	--
Hasan Hüseyin Uyar	Member	--
<b>Audit Committee</b>		
Eric P.B.A. Hermann	Member	--
Ayfer Yılmaz	Member	--
Philippe J.E. Rucheton	Member	--
<b>Statutory Auditors</b>		
Cem Kadirgan	Member-Auditor	--
Mehmet Uğur Ok	Member-Auditor	--
<b>Executive Vice Presidents</b>		
Mustafa Aydın	Retail, SME and Agricultural Loan Allocation	--
Bora Böcügöz	Treasury and Private Banking	--
Suavi Demircioğlu	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Gökhan Ertürk	Retail Banking	--
Tanju Kaya	Central Operations and Foreign Subsidiaries	--
Derya Kumru	Corporate - Commercial Banking, Public Finance and Foreign Subsidiaries	--
Gökhan Sun	SME and Agricultural Banking	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Corporate Banking	--
Mehmet Aydoğdu	Commercial Banking and Public Finance	--
Saruhan Özel	Economic Research, Strategy and Project Management	--

In accordance with the resolution of the General Meeting of the Shareholders dated 24 March 2011; Pierre P.F. Mariani was appointed as the chairman of the Board of Directors instead of Dirk G.M. Bruneel, Ayfer Yılmaz was appointed as the deputy chairman of the Board of Directors instead of Hacı Ahmet Kılıçoğlu. In the same general meeting of the Shareholders, Jozef M.A. Clijsters was appointed as the member of the Board of Directors, Ayfer Yılmaz and Philippe J.E. Rucheton were appointed to the audit committee.

Stefaane L.G. Decraene who was a member of the Board of Directors and the Audit Committee has resigned as of 5 September 2011.

Jozef M.A. Clijsters who was a member of the Board of Directors has resigned as of 18 October 2011.



**IV. Explanations regarding the real person and corporate qualified shareholders at the Parent Bank**

Commercial Title	Share Amounts	Share Percentages	Paid-in Capital	Unpaid Capital
Dexia Participation Belgique SA	714,945	99.84%	714,945	--

Dexia Participation Belgique SA is the controlling party of the Parent Bank's capital having both direct and indirect qualified shares. 95% of the shares of Dexia Participation Belgique SA belongs to Dexia SA, while the remaining 5% belongs to Dexia Participation Luxembourg SA. As of 31 December 2011 the capital structure of Dexia SA is as follows:

Title	Share Percentages
Caisse des Dépôts et Consignations (*)	17.61%
Holding Communal	14.26%
Arco Group	11.97%
Belgian Federal State (via Société de Participations et d'Investissement)	5.73%
French State (via Société de Prise de Participation de l'Etat)	5.73%
Ethias Group	5.04%
Other institutional and individual investors	39.66%
<b>Total</b>	<b>100.00%</b>

(\*) French Public Sector Institution

**V. Type of services provided and the areas of operations of the Parent Bank**

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 587 domestic and 1 foreign branch as of 31 December 2011.

Activities of the Parent Bank as stated in the 4th clause of the Articles of Association are as follows:

- Accepting all kinds of deposits and performing banking activities.
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations.
- Entering into loan and intelligence agreements with domestic and international financial institutions. Participating in consortiums and syndications.
- Lending all kinds of Turkish Lira and foreign currency short, medium and long term loans, and providing guarantee facilities.
- Incorporating insurance companies, operating insurance agencies, participating in insurance companies which are existing or planned to be founded.
- Using the funds to be allocated or provided by laws, regulations or agreements for its own objectives.
- Making all kinds of agreements and legal transactions related with its operations; signing written contracts, notes and miscellaneous documents and establishing correspondences.
- Purchasing, producing, constructing, leasing or acquiring by other means all kinds of movables, immovables and rights, selling, transferring or renting all or a part of such items. Establishing or releasing all kinds of rights in such items.
- Giving all kinds of loans and obtaining borrowings as necessary for performing its activities.
- Receiving, transferring or releasing all kinds of cash or non-cash guarantees, including sureties, collaterals, mortgages, pledges, etc., relating to its operations.
- Establishing domestic and/or foreign entities and participating in existing entities.
- Performing all kinds of operations in compliance with the prevailing banking regulations.

## SECTION TWO

### CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheets
- II. Consolidated Statements of Off-Balance Sheet Items
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Accounted for Under Equity
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- VI. Consolidated Statements of Cash Flows
- VII. Consolidated Profit Distribution Tables

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEETS**  
**(STATEMENTS OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

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See Note 3.1.2*

ASSETS	Footnotes	AUDITED CURRENT PERIOD (31/12/2011)			AUDITED PRIOR PERIOD (31/12/2010)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	1,885,844	2,270,338	4,156,182	374,642	1,345,897	1,720,539
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	571,418	321,466	892,884	370,548	270,255	640,803
2.1 Financial Assets Held For Trading		571,418	321,466	892,884	370,548	270,255	640,803
2.1.1 Public Sector Debt Securities		400,738	3,272	404,010	309,136	21,090	330,226
2.1.2 Share Certificates		22,578	1,832	24,410	13,700	2,152	15,852
2.1.3 Positive Value of Trading Purpose Derivatives		147,587	316,294	463,881	47,696	246,926	294,622
2.1.4 Other Securities		515	68	583	16	87	103
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	1,130	877,573	878,703	335,195	912,324	1,247,519
<b>IV. DUE FROM MONEY MARKETS</b>		1,237,682	47,232	1,284,914	1,232,636	-	1,232,636
4.1 Interbank Money Market		250	47,232	47,482	290	-	290
4.2 Istanbul Stock Exchange		26,593	-	26,593	-	-	-
4.3 Reverse Repurchase Agreements		1,210,839	-	1,210,839	1,232,346	-	1,232,346
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(5.1.4)	3,940,807	261,935	4,202,742	2,959,145	306,883	3,266,028
5.1 Share Certificates		3,916	12	3,928	11,854	736	12,590
5.2 Public Sector Debt Securities		3,936,891	141,463	4,078,354	2,947,291	247,563	3,194,854
5.3 Other Securities		-	120,460	120,460	-	58,584	58,584
<b>VI. LOANS AND RECEIVABLES</b>	(5.1.5)	17,788,257	10,886,112	28,674,369	14,134,999	7,810,781	21,945,780
6.1 Loans and Receivables		17,518,759	10,869,945	28,388,729	13,867,086	7,754,001	21,621,087
6.1.1 Loans Utilized to the Bank's Risk Group		25	33	58	175	53,461	53,636
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		17,518,759	10,869,912	28,388,671	13,866,911	7,700,540	21,567,451
6.2 Loans under Follow-Up		865,660	28,749	894,409	964,716	118,358	1,083,074
6.3 Specific Provisions (-)		596,187	12,582	608,769	696,803	61,578	758,381
<b>VII. FACTORING RECEIVABLES</b>		937,562	41,796	979,358	851,193	25,001	876,194
<b>VIII. INVESTMENT HELD TO MATURITY (Net)</b>	(5.1.6)	787,802	124,303	912,105	720,347	111,612	831,959
8.1 Public Sector Debt Securities		787,802	79,159	866,961	720,347	66,332	786,679
8.2 Other Securities		-	45,144	45,144	-	45,280	45,280
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	7,432	-	7,432	6,029	-	6,029
9.1 Associates accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		7,432	-	7,432	6,029	-	6,029
9.2.1 Financial Associates		544	-	544	941	-	941
9.2.2 Non-Financial Associates		6,888	-	6,888	5,088	-	5,088
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	5,649	-	5,649	5,949	-	5,949
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		5,649	-	5,649	5,949	-	5,949
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(5.1.9)	2,800	-	2,800	2,800	-	2,800
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2,800	-	2,800	2,800	-	2,800
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		2,800	-	2,800	2,800	-	2,800
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	228,900	1,064,256	1,293,156	120,204	847,341	967,545
12.1 Financial Lease Receivables		286,860	1,211,079	1,497,939	151,507	961,441	1,112,948
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		57,960	146,823	204,783	31,303	114,100	145,403
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.11)	189,975	31,010	220,985	187,578	10,942	198,520
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		189,975	31,010	220,985	187,578	10,942	198,520
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	337,393	6,649	344,042	274,775	5,901	280,676
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	66,097	5,894	71,991	35,739	5,855	41,594
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		66,097	5,894	71,991	35,739	5,855	41,594
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	(5.1.14)	-	-	-	-	-	-
<b>XVII. TAX ASSETS</b>	(5.1.15)	58,541	2,283	60,824	56,177	92	56,269
17.1 Current Tax Assets		2,543	250	2,793	-	-	-
17.2 Deferred Tax Assets		55,998	2,033	58,031	56,177	92	56,269
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	447,505	320,641	768,146	398,705	133,619	532,324
<b>TOTAL ASSETS</b>		<b>28,494,794</b>	<b>16,261,488</b>	<b>44,756,282</b>	<b>22,066,661</b>	<b>11,786,503</b>	<b>33,853,164</b>

The accompanying notes are an integral part of these consolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEETS**  
**(STATEMENTS OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2011 AND 2010**  
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LIABILITIES AND EQUITY	Footnotes	AUDITED CURRENT PERIOD (31/12/2011)			AUDITED PRIOR PERIOD (31/12/2010)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	14,594,522	12,327,085	26,921,607	10,833,600	9,235,260	20,068,860
1.1 Deposits of the Bank's Risk Group		41,107	4,640	45,747	42,701	1,943	44,644
1.2 Others		14,553,415	12,322,445	26,875,860	10,790,899	9,233,317	20,024,216
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.II.2)	95,262	342,837	438,099	57,807	121,357	179,164
<b>III. FUNDS BORROWED</b>	(5.II.3)	1,293,387	6,316,314	7,609,701	1,026,391	6,020,569	7,046,960
<b>IV. DUE TO MONEY MARKETS</b>		863,351	47,233	910,584	26,348	-	26,348
4.1 Interbank Money Market		-	47,233	47,233	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		863,351	-	863,351	26,348	-	26,348
<b>V. SECURITIES ISSUED (Net)</b>	(5.II.4)	410,988	-	410,988	-	-	-
5.1 Bills		384,191	-	384,191	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		26,797	-	26,797	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		494,345	235,257	729,602	430,325	207,504	637,829
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.5)	508,965	849,983	1,358,948	380,896	289,812	670,708
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.II.6)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.7)	75,121	6,358	81,479	170,545	10,035	180,580
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		75,121	6,358	81,479	170,545	10,035	180,580
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.8)	518,542	15,555	534,097	528,336	12,439	540,775
12.1 General Provisions		291,975	-	291,975	183,074	-	183,074
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		57,608	1,437	59,045	43,481	1,115	44,596
12.4 Insurance Technical Provisions (Net)		-	-	-	65,732	345	66,077
12.5 Other Provisions		168,959	14,118	183,077	236,049	10,979	247,028
<b>XIII. TAX LIABILITIES</b>	(5.II.9)	161,470	19,291	180,761	67,134	5,457	72,591
13.1 Current Tax Liability		161,470	18,652	180,122	67,134	5,021	72,155
13.2 Deferred Tax Liability		-	639	639	-	436	436
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE AND</b>							
<b>XIV. DISCONTINUED OPERATIONS</b>	(5.II.10)	-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.II.11)	-	938,953	938,953	-	770,144	770,144
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.12)	4,305,994	335,469	4,641,463	3,470,400	188,805	3,659,205
16.1 Paid-In Capital		716,100	-	716,100	716,100	-	716,100
16.2 Supplementary Capital		109,027	(2,290)	106,737	233,678	22,639	256,317
16.2.1 Share Premium		98,411	-	98,411	98,411	-	98,411
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(15,858)	1,655	(14,203)	109,684	29,306	138,990
16.2.4 Revaluation Fund on Tangible Assets		856	-	856	-	-	-
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Properties		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		11	-	11	11	-	11
16.2.8 Hedging Funds (Effective Portion)		(163,557)	(3,945)	(167,502)	(163,592)	(6,667)	(170,259)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		189,164	-	189,164	189,164	-	189,164
16.3 Profit Reserves		2,110,209	115,106	2,225,315	1,648,181	46,762	1,694,943
16.3.1 Legal Reserves		104,739	5,018	109,757	81,862	5,018	86,880
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		1,995,392	11,171	2,006,563	1,561,584	11,171	1,572,755
16.3.4 Other Profit Reserves		10,078	98,917	108,995	4,735	30,573	35,308
16.4 Profit or Loss		1,357,141	222,653	1,579,794	856,385	119,404	975,789
16.4.1 Prior Periods' Profits / Losses		406,435	111,813	518,248	281,665	79,884	361,549
16.4.2 Current Period Profit / Loss		950,706	110,840	1,061,546	574,720	39,520	614,240
16.5 Minority Shares	(5.II.13)	13,517	-	13,517	16,056	-	16,056
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,321,947</b>	<b>21,434,335</b>	<b>44,756,282</b>	<b>16,991,782</b>	<b>16,861,382</b>	<b>33,853,164</b>

The accompanying notes are an integral part of these consolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL- Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.2*

	Footnotes	AUDITED CURRENT PERIOD (31/12/2011)			AUDITED PRIOR PERIOD (31/12/2010)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>21,713,293</b>	<b>35,850,261</b>	<b>57,563,554</b>	<b>15,184,209</b>	<b>33,142,212</b>	<b>48,326,421</b>
<b>I. GUARANTEES</b>	(5.III.1)	<b>3,942,055</b>	<b>6,169,285</b>	<b>10,111,340</b>	<b>2,931,821</b>	<b>4,703,888</b>	<b>7,635,709</b>
1.1. Letters of Guarantee		3,940,439	4,103,133	8,043,572	2,928,668	2,652,453	5,581,121
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		234,215	103,378	337,593	166,976	89,888	256,864
1.1.3. Other Letters of Guarantee		3,706,224	3,999,755	7,705,979	2,761,692	2,562,565	5,324,257
1.2. Bank Acceptances		999	274,437	275,436	-	176,448	176,448
1.2.1. Import Letter of Acceptance		999	274,437	275,436	-	176,448	176,448
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		617	1,528,689	1,529,306	3,153	1,600,151	1,603,304
1.3.1. Documentary Letters of Credit		570	1,269,903	1,270,473	3,153	1,348,418	1,351,571
1.3.2. Other Letters of Credit		47	258,786	258,833	-	251,733	251,733
1.4. Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		-	263,026	263,026	-	274,836	274,836
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>8,857,722</b>	<b>4,172,026</b>	<b>13,029,748</b>	<b>5,501,893</b>	<b>6,392,235</b>	<b>11,894,128</b>
2.1. Irrevocable Commitments		8,837,460	4,172,026	13,009,486	5,501,212	6,392,235	11,893,447
2.1.1. Asset Purchase and Sale Commitments		868,553	3,234,287	4,102,840	182,584	5,725,441	5,908,025
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		1,000	-	1,000	12,790	-	12,790
2.1.4. Loan Granting Commitments		2,748,458	129,894	2,878,352	1,496,801	392,668	1,889,469
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		990,872	-	990,872	791,430	-	791,430
2.1.8. Tax and Fund Obligations from Export Commitments		2,871	-	2,871	3,539	-	3,539
2.1.9. Commitments for Credit Card Limits		4,189,318	-	4,189,318	2,981,108	-	2,981,108
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		36,388	807,845	844,233	32,960	274,126	307,086
2.2. Revocable Commitments		20,262	-	20,262	681	-	681
2.2.1. Revocable Loan Granting Commitments		19,581	-	19,581	-	-	-
2.2.2. Other Revocable Commitments		681	-	681	681	-	681
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.5)	<b>8,913,516</b>	<b>25,508,950</b>	<b>34,422,466</b>	<b>6,750,495</b>	<b>22,046,089</b>	<b>28,796,584</b>
3.1. Hedging Purpose Derivatives		644,143	1,179,474	1,823,617	852,559	1,599,384	2,451,943
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		644,143	1,179,474	1,823,617	852,559	1,599,384	2,451,943
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		8,269,373	24,329,476	32,598,849	5,897,936	20,446,705	26,344,641
3.2.1. Forward Foreign Currency Purchases/Sales		981,442	3,689,481	4,670,923	365,555	4,019,822	4,385,377
3.2.1.1. Forward Foreign Currency Purchases		217,637	2,117,660	2,335,297	80,947	2,113,470	2,194,417
3.2.1.2. Forward Foreign Currency Sales		763,805	1,571,821	2,335,626	284,608	1,906,352	2,190,960
3.2.2. Currency and Interest Rate Swaps		3,066,586	13,418,119	16,484,705	2,909,125	12,432,958	15,342,083
3.2.2.1. Currency Swaps-Purchases		691,043	6,181,221	6,872,264	356,335	5,764,201	6,120,536
3.2.2.2. Currency Swaps-Sales		2,375,543	4,462,490	6,838,033	2,552,790	3,462,587	6,015,377
3.2.2.3. Interest Rate Swaps-Purchases		-	1,387,204	1,387,204	-	1,603,085	1,603,085
3.2.2.4. Interest Rate Swaps-Sales		-	1,387,204	1,387,204	-	1,603,085	1,603,085
3.2.3. Currency, Interest Rate and Security Options		4,070,115	7,211,501	11,281,616	2,537,767	3,922,545	6,460,312
3.2.3.1. Currency Options-Purchases		2,550,341	3,429,191	5,979,532	1,249,185	1,904,118	3,153,303
3.2.3.2. Currency Options-Sales		1,919,774	3,644,864	5,564,638	1,283,652	1,866,929	3,150,581
3.2.3.3. Interest Rate Options-Purchases		-	68,723	68,723	4,930	75,749	80,679
3.2.3.4. Interest Rate Options-Sales		-	68,723	68,723	-	75,749	75,749
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	33,137	33,137
3.2.4.1. Currency Futures-Purchases		-	-	-	-	33,137	33,137
3.2.4.2. Currency Futures-Sales		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		151,230	10,375	161,605	85,489	38,243	123,732
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>89,709,661</b>	<b>31,139,445</b>	<b>120,849,106</b>	<b>65,236,039</b>	<b>17,197,430</b>	<b>82,433,469</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>10,400,016</b>	<b>1,039,186</b>	<b>11,439,202</b>	<b>8,105,927</b>	<b>794,795</b>	<b>8,900,722</b>
4.1. Customers' Securities and Portfolios Held		852,221	-	852,221	-	-	-
4.2. Securities Held in Custody		8,395,845	322,379	8,718,224	7,243,415	228,646	7,472,061
4.3. Checks Received for Collection		557,250	595,225	1,152,475	429,459	405,571	835,030
4.4. Commercial Notes Received for Collection		594,208	121,106	715,314	411,138	113,547	524,685
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		250	476	726	21,704	47,031	68,735
4.8. Custodians		242	-	242	211	-	211
<b>V. PLEDGED ITEMS</b>		<b>79,085,294</b>	<b>29,974,887</b>	<b>109,060,181</b>	<b>56,975,326</b>	<b>16,301,309</b>	<b>73,276,635</b>
5.1. Securities		912,174	976,173	1,888,347	1,456,842	343,939	1,800,781
5.2. Guarantee Notes		53,041,037	13,470,173	66,511,210	36,561,031	6,085,125	42,646,156
5.3. Commodities		3,785,901	2,247,412	6,033,313	2,924,504	1,340,537	4,265,041
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		19,826,058	11,213,558	31,039,616	15,214,395	7,460,970	22,675,365
5.6. Other Pledged Items		1,520,124	2,067,571	3,587,695	818,554	1,070,738	1,889,292
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>224,351</b>	<b>125,372</b>	<b>349,723</b>	<b>154,786</b>	<b>101,326</b>	<b>256,112</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>111,422,954</b>	<b>66,989,706</b>	<b>178,412,660</b>	<b>80,420,248</b>	<b>50,339,642</b>	<b>130,759,890</b>

The accompanying notes are an integral part of these consolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.2*

INCOME AND EXPENSE ITEMS	Footnotes	AUDITED CURRENT PERIOD (01/01-31/12/2011)	AUDITED PRIOR PERIOD (01/01-31/12/2010)
<b>I. INTEREST INCOME</b>	(5.IV.1)	3,535,559	2,804,914
1.1 Interest from Loans		2,845,852	2,191,701
1.2 Interest from Reserve Deposits		-	16,996
1.3 Interest from Banks		30,075	32,134
1.4 Interest from Money Market Transactions		32,244	17,649
1.5 Interest from Securities Portfolio		523,123	441,089
1.5.1 Trading Securities		48,633	23,959
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		328,298	273,548
1.5.4 Held to Maturity Securities		146,192	143,582
1.6 Interest from Financial Leases		82,800	77,311
1.7 Other Interest Income		21,465	28,034
<b>II. INTEREST EXPENSE</b>	(5.IV.2)	1,655,215	1,028,102
2.1 Interest on Deposits		1,307,645	844,225
2.2 Interest on Funds Borrowed		271,209	161,110
2.3 Interest on Money Market Transactions		43,176	5,817
2.4 Interest on Securities Issued		24,707	-
2.5 Other Interest Expense		8,478	16,950
<b>III. NET INTEREST INCOME (I - II)</b>		1,880,344	1,776,812
<b>IV. NET FEES AND COMMISSION INCOME /EXPENSE</b>		425,220	328,975
4.1 Fees and Commissions Received		588,654	434,826
4.1.1 Non-Cash Loans		72,888	52,199
4.1.2 Other	(5.IV.12)	515,766	382,627
4.2 Fees and Commissions Paid		163,434	105,851
4.2.1 Non-Cash Loans		696	472
4.2.2 Other	(5.IV.12)	162,738	105,379
<b>V. DIVIDEND INCOME</b>	(5.IV.3)	2,238	355
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.4)	(105,925)	(154,330)
6.1 Profit / Loss on Securities Trading		11,733	36,456
6.2 Profit / Loss on Derivative Financial Transactions		(99,791)	(270,297)
6.3 Foreign Exchange Gains / Losses		(17,867)	79,511
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.5)	503,769	364,597
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		2,705,646	2,316,409
<b>IX. PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.6)	452,552	506,312
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	1,336,204	1,059,003
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		916,890	751,094
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII. INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		916,890	751,094
<b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	(199,534)	(157,545)
16.1 Current Tax		(165,750)	(134,616)
16.2 Deferred Tax		(33,784)	(22,929)
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.10)	717,356	593,549
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>	(5.IV.8)	381,990	42,006
18.1 Assets Held for Sale		38,357	42,006
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		343,633	-
18.3 Other		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>	(5.IV.8)	13,002	13,622
19.1 Assets Held for Sale		13,002	13,622
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other		-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		368,988	28,384
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.9)	(25,535)	(5,642)
21.1 Current Tax		(25,487)	(5,774)
21.2 Deferred Tax		(48)	132
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		343,453	22,742
<b>XXIII. NET PROFIT / LOSS (XVII+XXII)</b>	(5.IV.11)	1,060,809	616,291
23.1 Group's Profit / Loss		1,061,546	614,240
23.2 Minority Shares / Loss (-)		(737)	2,051
Earnings / Losses per Share (full TL)		1.48	0.86

The accompanying notes are an integral part of these consolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF RECOGNIZED**  
**PROFITS AND LOSSES ACCOUNTED FOR**  
**UNDER EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.2*

	AUDITED CURRENT PERIOD (01/01-31/12/2011)	AUDITED PRIOR PERIOD (01/01-31/12/2010)
I. ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	(156,459)	84,256
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	73,687	(2,720)
V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	55,123	2,621
VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(78,132)	6,691
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	-	-
IX. DEFERRED TAXES OF VALUATION DIFFERENCES	30,194	(15,029)
X. NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(75,587)	75,819
XI. CURRENT PERIOD PROFIT/LOSS	1,060,809	616,291
1.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	27,943	23,429
1.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(26,781)	(3,686)
1.3 Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-	-
1.4 Other	1,059,647	596,548
XII. TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)	985,222	692,110

The accompanying notes are an integral part of these consolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.I.2*

CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-In Capital	Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Securities Revaluation Reserve	Revaluation Fund of Tang./Intang.A.	Bonus Shares Obtained from Associates	Hedging Reserves	Val.Diff.Related to Assets Held for Sale/Disc.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
<b>REVIEWED PRIOR PERIOD (01/01-31/12/2010)</b>																			
I. Balances at the Beginning of Period		716,100	189,164	98,411	-	60,292	-	1,067,574	38,028	604,785	283,647	94,855	-	11	(184,919)	-	2,967,948	-	2,967,948
Changes in the Period																			
II. Increase / Decrease Related to Mergers	(5.V.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities		-	-	-	-	-	-	-	-	-	-	44,135	-	-	-	-	44,135	-	44,135
IV. Hedging Transactions (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	14,660	-	14,660	-	14,660
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	7,969	-	7,969	-	7,969
4.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	6,691	-	6,691	-	6,691
V. Revaluation Fund of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	(2,720)	-	-	-	-	-	-	-	(2,720)	-	(2,720)
IX. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The Effect of Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuance of Capital Stock		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	4,886	-	-	-	-	-	4,886	14,005	18,891
XVII. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	614,240	-	-	-	-	-	-	614,240	2,051	616,291
XVIII. Profit Distribution	(5.V.4)	-	-	-	-	26,588	-	505,181	-	(604,785)	73,016	-	-	-	-	-	-	-	-
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(531,769)	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves		-	-	-	-	26,588	-	505,181	-	(604,785)	604,785	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX)</b>		<b>716,100</b>	<b>189,164</b>	<b>98,411</b>	<b>-</b>	<b>86,880</b>	<b>-</b>	<b>1,572,755</b>	<b>35,308</b>	<b>614,240</b>	<b>361,549</b>	<b>138,990</b>	<b>-</b>	<b>11</b>	<b>(170,259)</b>	<b>-</b>	<b>3,643,149</b>	<b>16,056</b>	<b>3,659,205</b>
<b>REVIEWED CURRENT PERIOD (01/01-31/12/2011)</b>																			
I. Balances at the Beginning of Period		716,100	189,164	98,411	-	86,880	-	1,572,755	35,308	614,240	361,549	138,990	-	11	(170,259)	-	3,643,149	16,056	3,659,205
Changes in the Period																			
II. Increase / Decrease Related to Mergers	(5.V.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities		-	-	-	-	-	-	-	-	-	-	(153,193)	-	-	-	-	(153,193)	-	(153,193)
IV. Hedging Transactions (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	2,757	-	2,757	-	2,757
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	80,889	-	80,889	-	80,889
4.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	(78,132)	-	(78,132)	-	(78,132)
V. Revaluation Fund of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	73,687	-	-	-	-	-	-	-	73,687	-	73,687
IX. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The Effect of Capital Increase	(5.V.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuance of Capital Stock		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,802)	(1,802)
XVII. Current Period Net Profit / Loss	(5.V.4)	-	-	-	-	-	-	-	-	1,061,546	-	-	-	-	-	-	1,061,546	(737)	1,060,809
XVIII. Profit Distribution		-	-	-	-	22,877	-	433,808	-	(614,240)	156,699	-	856	-	-	-	-	-	-
18.1 Dividend Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves		-	-	-	-	22,877	-	433,808	-	(614,240)	156,699	-	856	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)</b>		<b>716,100</b>	<b>189,164</b>	<b>98,411</b>	<b>-</b>	<b>109,757</b>	<b>-</b>	<b>2,006,563</b>	<b>108,995</b>	<b>1,061,546</b>	<b>518,248</b>	<b>(14,203)</b>	<b>856</b>	<b>11</b>	<b>(167,502)</b>	<b>-</b>	<b>4,627,946</b>	<b>13,517</b>	<b>4,641,463</b>

The accompanying notes are an integral part of these consolidated financial statements



**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.2*

	Footnotes	AUDITED CURRENT PERIOD (01/01-31/12/2011)	AUDITED PRIOR PERIOD (01/01-31/12/2010)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)</b>		<b>889,299</b>	<b>1,470,882</b>
1.1.1 Interest Received (+)		3,128,372	2,841,731
1.1.2 Interest Paid (-)		1,554,295	1,007,762
1.1.3 Dividend Received (+)		2,238	355
1.1.4 Fees And Commissions Received (+)		525,361	410,866
1.1.5 Other Income (+)		168,270	300,746
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		468,413	491,219
1.1.7 Payments to Personnel and Service Suppliers (-)		578,686	473,413
1.1.8 Taxes Paid (-)		191,034	151,562
1.1.9 Other (+/-)	(5.VI.1)	(1,079,340)	(941,298)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>2,581,254</b>	<b>(1,086,362)</b>
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		(48,428)	(129,855)
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)		-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		31,517	(90,102)
1.2.4 Net (Increase) Decrease in Loans (+/-)		(7,408,144)	(6,040,178)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(1,065,504)	(615,472)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		66,272	(34,230)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		6,706,416	5,006,342
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		2,465,688	470,727
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.1)	1,833,437	346,406
<b>I. Net Cash (Used in)/Provided from Banking Operations (+/-)</b>		<b>3,470,553</b>	<b>384,520</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from / (Used in) Investing Activities (+/-)</b>		<b>(827,707)</b>	<b>(958,009)</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		1,800	2,000
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		437,404	495
2.3 Fixed Assets Purchases (-)		181,457	93,881
2.4 Fixed Assets Sales (+)		3,288	3,738
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		2,522,938	1,728,142
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		1,437,796	861,781
2.7 Cash Paid for Purchase of Investment Securities (-)		-	-
2.8 Cash Obtained from Sale of Investment Securities (+)		-	-
2.9 Other (+/-)	(5.VI.1)	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from / (Used in) Financing Activities (+/-)</b>		<b>(1,511,831)</b>	<b>1,284,160</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		3,645,673	2,230,754
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		5,157,504	946,594
3.3 Capital Increase (+)		-	-
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>	(5.VI.1)	<b>250,836</b>	<b>(15,412)</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>1,381,851</b>	<b>695,259</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period (+)</b>	(5.VI.2)	<b>3,406,475</b>	<b>2,711,216</b>
<b>VII. Cash and Cash Equivalents at the End of Period</b>	(5.VI.3)	<b>4,788,326</b>	<b>3,406,475</b>

The accompanying notes are an integral part of these consolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED PROFIT DISTRIBUTION TABLES**  
**FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.2*

	AUDITED CURRENT PERIOD (01/01-31/12/2011)	AUDITED PRIOR PERIOD (01/01-31/12/2010)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2) (*)</b>	-	-
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

According to Turkish Commercial Code, profit distribution is based on unconsolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

## **SECTION THREE**

### **ACCOUNTING POLICIES**

#### **I. Basis of presentation**

##### **1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents**

The Turkish Banking Law No. 5411 is published in the Official Gazette No. 25983 dated 1 November 2005. The Parent Bank prepared the accompanying consolidated financial statements and the related disclosures and footnotes 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, "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 10 February 2007 which is published in the Official Gazette No. 26430, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA).

##### **2. Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

##### **3. Disclosures related to the changes in accounting policies and financial statement presentation**

##### **3.1 Disclosure related to reclassifications made in line with the change in Turkish Accounting Standard No. 39**

Due to the change in Turkish Accounting Standard no. 39 and Turkish Financial Reporting Standard No. 7, as published in the Official Gazette No. 27040, dated 31 October 2008, a portion of debt securities amounting to TL 292,553 which had been originally classified in "Trading securities", have been reclassified to "Investment securities available-for-sale", effective from 1 September 2008 and in October for the Bank, 1 July 2008 for CJSC Dexia Bank, and 3 October 2008 for Deniz Yatırım. As a result of exceptional volatility in the financial markets, such reclassified financial assets have been chosen among securities which have incurred significant losses and those that are not planned to be sold in the near term. The table below summarizes the effects of the aforementioned reclassification on the financial statements:

<b>Financial Assets Subject to Reclassification</b>	<b>Amounts at the Date of Reclassification</b>	<b>Amounts at the Balance Sheet Date</b>	<b>Amounts If Reclassification Was Not Made</b>
Cost	292,553	295,239	292,553
Disposal	--	(255,204)	(248,790)
Cost after Disposal		40,035	43,763
Fair Value	295,239	44,241	44,241
Current Year Profit / (Loss)	--	222	(3,411)
Prior Periods' Profits / (Losses)	(1,082)	1,196	3,889
Effect on Shareholders' Equity	--	2,788	--

**3.2 Disclosures related to other reclassifications**

Sale process of Deniz Emeklilik ve Hayat A.Ş. and Deniz Türev Menkul Değerler A.Ş. were completed as of 31 December 2011; therefore their income and expenses are presented as profit/loss from discontinued operations in the consolidated statement of income. Accordingly, certain changes were also made in the presentation of the prior period's consolidated statement of income.

Certain reclassifications have been made in the prior period's consolidated statement of cash flows and off- balance sheet items to comply with the current period presentation.

**4. Accounting policies and valuation principles used in the preparation of the financial statements**

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied in accordance with the requirements of TAS, TFRS, "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 and "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 10 February 2007 which is published in the Official Gazette No. 26430, and other regulations, Communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency. Those policies and principles are explained by footnotes II through XXIII below.

**II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies**

**1. Strategy for the use of financial instruments**

Denizbank Financial Services Group's ("DFS Group") external sources of funds are comprised of deposits with various maturity periods, and short-term borrowings. These funds are fixed rate in general and are utilized in high yield financial assets. The majority of the funds are allocated to high yield, floating rate instruments, such as Turkish Lira and foreign currency government securities and Eurobonds, and to loans provided to customers on a selective basis in order to increase revenue and support liquidity. The liquidity structure, insures meeting all liabilities falling due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of placements at market conditions and adopts a high yield policy in long-term placements.

DFS Group assumes risks within the pre-determined risk limits short-term currency, interest and price movements in money and capital markets and market conditions.

These positions are closely monitored by the Risk Management System of the Parent Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment.

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration. The Parent Bank hedges a portion of its floating rate liabilities by interest rate swaps for cash flow risk.

The asset-liability balance is monitored on a daily basis in accordance with their maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

No risks are taken on foreign currencies other than US Dollar and Euro. If the position taken because of customer based activities exceeds 0.004% of the balance sheet size, counter transactions are made to cover the position.

Net foreign currency position of DFS Group in foreign enterprises is considered along with the position of the Parent Bank and the specific position is evaluated within the risk limits.

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**2. Transactions denominated in foreign currencies**

**2.1 Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements**

DFS Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of the balance sheet date are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities are translated into TL by using foreign currency exchange rates of the Parent Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Parent Bank's foreign currency exchange rates are as follows.

	<u>31 December 2011</u>	<u>31 December 2010</u>
US Dollar	TL 1.8889	TL 1.5376
Euro	TL 2.4438	TL 2.0551

**2.2 Foreign exchange gains and losses included in the income statement**

Net foreign exchange loss included in the income statement amounts to TL 17,867 (1 January - 31 December 2010: net foreign exchange gain of TL 79,511).

**2.3 Total amount of valuation fund arising from foreign currency exchange rate differences**

The assets and liabilities of foreign operations are translated to TL at foreign exchange rates of the Parent Bank ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to TL at twelve monthly average foreign exchange rates of the Parent Bank. The foreign exchange differences derived from translation of income statements of consolidated subsidiaries, and arising from the difference between TL equivalent of their equities and the Parent Bank's share in their net assets are recorded in "other profit reserves". As of 31 December 2011, total foreign exchange differences in equity amount to TL 98,917 (31 December 2010 TL 30,573).

The foreign exchange difference of TL 10,078 (31 December 2010: TL 4,735) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to TL is recorded in "other profit reserves".

DFS Group hedges its foreign currency exchange rate risk from retranslation of its foreign operations by net investment hedge accounting, through recognizing the effective portion of foreign exchange rate changes of a portion of its foreign currency denominated liabilities under shareholders' equity.

**III. Information regarding the consolidated subsidiaries**

The accompanying consolidated financial statements are prepared in accordance with TAS 27 "Consolidated and Separate Financial Statements".

The Parent Bank owns, directly or indirectly, the shares of Deniz Yatırım Menkul Kıymetler A.Ş. (Deniz Yatırım), Ekspres Yatırım Menkul Değerler A.Ş. (Ekspres Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, CJSC Dexia Bank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), and Deniz Yatırım Ortaklığı A.Ş. (Deniz Yatırım Ortaklığı), and these subsidiaries are consolidated as explained in detail in footnote 5.1.8.

The subsidiaries of the Parent Bank; Deniz Emeklilik ve Hayat A.Ş. (Deniz Emeklilik) and Deniz Türev Menkul Değerler A.Ş. (Deniz Türev); which were consolidated in the prior period financial statements; have been disposed of through the sales transactions occurred in the current period.

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Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. and Denizbank Kültür Sanat Ticaret A.Ş. which are also the subsidiaries of the Parent Bank, Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. a jointly controlled entity of the Bank, and Pupa Gayrimenkul Kiralama ve Yönetim Hizmetleri A.Ş.(Pupa) a subsidiary of Deniz Leasing are not consolidated since they are non-financial subsidiaries.

The Parent Bank and its consolidated subsidiaries are referred to as “DFS Group” in the disclosures and footnotes related to the consolidated financial statements.

**1. Consolidation method**

“Full Consolidation” method has been applied in consolidating the financial statements of the Parent Bank with the financial statements of its subsidiaries. According to this method, the financial statements of the Parent Bank and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, income, expenses and off-balance sheet items, in preparing consolidated financial statements. Minority interests are presented separately in the consolidated balance sheet and consolidated income statement.

Financial results of the subsidiaries those were disposed of in the current period are included in consolidated statement of income until the date of disposal.

**The major principles of consolidation of subsidiaries**

- 1.1** The carrying amount of the Parent Bank’s investment in each subsidiary and the Parent Bank’s portion of equity of each subsidiary are eliminated.
- 1.2** All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Parent Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 31 December 2011 and appropriate adjustments are made to financial statements to use uniform accounting policies for transactions and events alike in similar circumstances, in accordance with the principal of materiality.

**2. Associates**

There are no financial associates included in the consolidation.

**3. Entities under common control (Joint Vent.)**

There are no financial entities under common control which are consolidated.

**IV. Explanations on forward transactions, options and derivative instruments**

DFS Group’s derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts. DFS Group does not have any embedded derivatives separated from the host contract.

In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, forward foreign currency purchase/sale contracts, swaps, options and futures that are classified as “hedging-purpose” and “trading purpose” transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts.

The derivative transactions are valued at fair value using market prices or pricing models subsequent to initial recognition and are presented in the “Positive Value of Trading / Hedging Purpose Derivatives” and “Negative Value of Trading / Hedging Purpose Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value are recognized in the income statement for trading purpose derivatives. The effective portion of the fair value changes are recognized in the shareholders’ equity, while the ineffective portion is accounted for in the income statement for hedging purpose derivatives.

**V. Explanations on interest income and expenses**

Interest income and expenses are recognized as they are accrued taking into account the internal rate of return method. Interest accrual does not start until non-performing loans become performing and are classified as performing loans or until collection in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside”, published in the Official Gazette No. 26333 dated 1 November 2006, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

**VI. Explanations on fees and commissions**

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are either recognized on an accrual basis over the period the service is provided or received or recognized as income or expense when collected or paid depending on their nature.

**VII. Explanations on financial assets**

Financial assets include cash; acquisition right of cash or acquisition right of other financial asset or bilateral exchange right of financial assets or equity instrument transactions with the counterpart. Financial assets are classified in four categories; as financial assets at fair value through profit or loss, financial assets available-for-sale, investment held-to-maturity, and loans and receivables.

**1. Financial assets at fair value through profit or loss**

**1.1 Financial assets held for trading**

Trading securities are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, trading securities are measured at fair value and gains and losses arising from a change in the fair value are recognized in the income statement. Differences between the fair value and cost of trading securities are also recorded in “financial assets held for trading” line on the balance sheet.

DFS Group recognized the gains and losses arising from the valuation of share certificates and derivative instruments; which are classified within financial assets held for trading; within “net trading income/loss” line on the statement of income.

Interest earned whilst holding trading securities is reported as interest income.

As of the balance sheet date, the fair values of the Turkish Lira government securities are calculated using the Istanbul Stock Exchange (ISE) last day’s weighted average prices for those securities traded on ISE; and for those securities not traded on ISE, the prices announced by the Central Bank of the Republic of Turkey are used. Eurobonds and foreign currency government bonds are initially recognized at cost including transaction costs and subsequent to initial recognition, Eurobonds and foreign currency government bonds are measured at market prices. However, those securities not traded in an active market and whose fair values cannot be reliably measured are valued using amortized cost method based on internal rate of return. For equity securities, closing prices that are listed at the balance sheet date are used. Fair values of derivative instruments are determined by using market prices or pricing models.

**1.2 Financial assets at fair value through profit or loss**

DFS Group does not have any securities designated as “financial assets at fair value through profit or loss”.

**2. Investment securities available-for-sale**

Available-for-sale assets are financial assets that are not loans and receivables, held to maturity investments and financial assets at fair value through profit or loss.

Premiums and discounts on investments securities available-for-sale are taken into account in computing the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available-for-sale is recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity under “Securities revaluation reserve” (Unrealized Gains/Losses on Securities). When investment securities available-for-sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity is transferred to the income statement.

**3. Investment securities held-to-maturity**

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that DFS Group has the intent and ability to hold until maturity, excluding loans and receivables. These securities are identified by the Parent Bank management at their initial recognition and are classified as held-to-maturity securities in financial statements.

Investment securities held-to-maturity, loans and receivables are initially recognized at cost, and subsequently carried at “amortized cost” using the “internal rate of return method”; and provision is made for impairment if any.

Interest earned on held-to-maturity securities are recognized as interest income and are presented in the line of “interest received from securities portfolio - investment securities held-to-maturity” in the consolidated statement of income.

There are no financial assets that are banned from being classified as investment securities held-to-maturity for two years due to the violation of the tainting rule.

Purchases/sales of held-to-maturity securities are recognized and accounted for on a settlement date basis.



**4. Loans and specific provisions**

Loans and receivables represent financial assets which have been recognized through supply of money, commodity or service to the debtor.

Cash loans are accounted for in accordance with the principles in TAS 39 “Financial Instruments: Recognition and Measurement”.

Foreign currency loans are re-measured to reflect the changes in the currency exchange rates. Currency exchange differences arising from such re-measurements are reflected in “Foreign Exchange Gains/Losses” account in the consolidated income statement. Foreign currency-indexed loans are initially recognized in their Turkish Lira equivalents.

Specific allowances are made against the carrying amount of loans under follow-up in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside” published in the Official Gazette numbered 26333 dated 1 November 2006, and which was amended with the communiqué published in the Official Gazette numbered 27513 dated 6 March 2010.

When collections are made on loans that have been provided for, they are credited to the income statement accounts “Provision for Loan Losses or Other Receivables” if the provision was made in the current year, otherwise such collections are credited to “Other Operating Income” account with respect to allowances made in prior years. The interest income recovered is booked in “Other Interest Income” account.

**VIII. Explanations on impairment of financial assets**

If the amount computed by discounting expected future cash flows of a financial asset using the effective interest rate method or (if any) its fair value is lower than its carrying value that financial asset is considered to be impaired; in that case provision is provided for the impairment of the financial asset and it is recognized as expense.

**IX. Explanations on offsetting financial instruments**

When the fair values of the listed equity instruments that are classified as “trading purpose” fall below their costs, impairment provision is booked for them which is offset against their book values in the consolidated financial statements.

In accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside”, the Bank provides specific provisions for its loans under follow-up. Those provisions are deducted from the balance of the loans under follow-up in the assets of the consolidated balance sheet.

Other than those expressed above, financial assets and liabilities are offset when there is legally enforceable right to set off, the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made.

**X. Explanations on sale and repurchase agreements and transactions related to the lending of securities**

Government bonds and treasury bills sold to customers under repurchase agreements are presented on the assets side of the accompanying consolidated balance sheet within “Financial Assets Held for Trading”, “Investment Securities Available for Sale” and “Investment Securities Held to Maturity”. The funds received on such transactions and the accrued interest expenses are presented within “Funds Provided under Repurchase Agreements” on the liability side of the accompanying consolidated balance sheet.

**XI. Explanations on assets held for sale and discontinued operations**

A non-current asset shall be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single balance.

A discontinued operation is a division of a bank that is either disposed or held for sale and represents a separate major line of business or geographical area of operations; or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

As 31 December 2011, DFS Group does not have non-current assets held for sale and a discontinued operation (31 December 2010: None).

**XII. Explanations on goodwill and other intangible assets**

There is no goodwill in the accompanying consolidated financial statements as of the balance sheet dates.

All intangible assets are initially recognized at cost in accordance with TAS 38 "Intangible Assets".

The Group's intangible assets consist of software and license rights.

Intangible assets purchased before 1 January 2003 and after 31 December 2006 are amortized on a straight-line basis; and those purchased between the aforementioned dates are amortized by using the double-declining method.

Useful life of an asset is estimated by assessment of the expected life span of the asset, technical, technological wear outs, of the asset. The amortization rates used approximate the useful lives of the assets.

Costs associated with the computer software that are in use are expensed at the period of occurrence.

**XIII. Explanations on tangible assets**

All tangible assets are initially recognized at their acquisition cost in accordance with TAS 16 "Tangible Assets".

Tangible assets are carried at their historical cost, less any currency difference and financing expenses capitalized.

Tangible assets purchased before 2003 and in 2007 are depreciated on a straight-line basis and those purchased in 2003, 2004, 2005 and 2006 are depreciated using the double-declining method. The depreciation rates used are 2% for properties and 2% - 50% for tangible assets owned or held under financial leasing.

As of 31 December 2011 the Parent Bank has an impairment provision of TL 4,402, which had been recorded in the prior years for its buildings.

Expenditures for maintenance and repairs that are routinely made on tangible assets are charged as expense. Expenditures that extend the capacity of the tangible assets or those that extend the useful life and service capacity of the asset, or enhance the quality of the service, or decrease the cost of services are capitalized.

There are no restrictions such as pledges and mortgages on tangible assets or no purchase commitments.

**XIV. Explanations on leasing activities**

The maximum period of the lease contracts is mostly 4 years. Fixed assets acquired through financial leasing are recognized in tangible assets and depreciated in line with fixed assets group they relate to. The obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement.

In the event that the lease contracts are terminated before the lease period expires, penalty required to be paid to the lessor is expensed in the period in which the lease is terminated. There are no lease contracts that were terminated before the end of the lease period.

DFS Group has finance lease transactions as "lessor" via its subsidiary, Deniz Leasing. The lease receivables related to leased assets are recorded as finance lease receivables. Periodical financial leasing revenues, total financial leasing investments, unearned finance lease revenues and lease revenues are accounted for during the whole leasing period using the net investment method.

Specific provisions for non-performing financial lease receivables of DFS Group are provided for in accordance with the "Communiqué On Procedures and Principles For The Provisions To Be Set Aside By Financial Leasing, Factoring and Financing Companies For Their Receivables" published in the Official Gazette numbered 26588 dated 20 July 2007; specific provisions are also provided for the financial lease receivables deemed doubtful but not yet due.

**XV. Explanations on provisions and contingent liabilities**

Provisions other than specific and general provisions for loans and other receivables and free provisions for probable risks, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by DFS Group management. Whenever the amount of such obligations cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured reliably, a provision is recognized. If the amount of the obligation cannot be measured reliably or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the footnotes.

Based on the representations of the Parent Bank's attorneys, there are 895 lawsuits against DFS Group with total risks amounting to TL 78,972, US Dollar 5,179,946 and Euro 3,677,369 as of 31 December 2011. There are also 5,602 follow-up cases amounting to TL 67,490, US Dollar 149,493 and Euro 1,142,046 in total that are filed by DFS Group and are at courts. DFS Group booked a provision amounting to TL 5,577 for the continuing lawsuits (31 December 2010: TL 5,044).

**XVI. Explanations on obligations for employee benefits**

Provision for employee benefits has been accounted for in accordance with TAS 19 “Employee Benefits”.

In accordance with existing legislation in Turkey, DFS Group is required to make certain payments to each employee whose employment is terminated due to retirement or due to reasons other than resignation or misconduct. The retirement pay is calculated on the basis of 30 days’ pay per year of employment within the Group or the official retirement pay ceiling and the notice pay is calculated for the relevant notice period as determined based on year of employment.

Employee termination benefits calculated by an independent actuary have been recognized in the consolidated financial statements.

There are no employees with definite employment term contract whose contracts will terminate within more than twelve months from the balance sheet date.

Vacation accruals have been calculated upon employees’ unused vacation days and recognized in the consolidated financial statements.

There are no foundations, pensions or similar associations which DFS Group’s employees are members of.

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**XVII. Explanations on taxation**

**1. Current taxes**

In accordance with the Corporate Tax Law No: 5520 published in the Official Gazette numbered 26205 dated 21 June 2006, the corporate tax rate is levied at 20% beginning from 1 January 2006.

Companies file their corporate tax returns between the 1st and 25th days of the following four months period after to which they relate and the payments are made until the end of that month.

The provision for corporate tax for the period is reflected as the “Current Tax Liability” in the liabilities and “Current Tax Provision” in the income statement.

In accordance with the Corporate Tax Law, tax losses can be carried forward for five years. The tax authorities can inspect tax returns and the related accounting records back to a maximum period of five years.

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the institutions residing in Turkey is 15%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The foreign subsidiaries of DFS Group that operate in Austria, the Russian Federation and Cyprus are subject to corporate tax rates of 25%, 20% and 2%, respectively.

**2. Deferred taxes**

In accordance with TAS 12 “Income Taxes”, DFS Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Individual deferred tax assets and liabilities of the consolidated entities have been offset in their separate financial statements, but have not been offset in the consolidated balance sheet. As a result of offsetting, deferred tax assets of TL 58,031 (31 December 2010: TL 56,269) and deferred tax liabilities of TL 639 (31 December 2010: TL 436) have been recognized in the accompanying financial statements.

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

**XVIII. Additional explanations on borrowings**

Instruments representing the borrowings are initially recognized at cost and measured at amortized cost based on the internal rate of return. Foreign currency borrowings have been translated using the foreign currency buying rates of the Parent Bank at the balance sheet date. Interest expense incurred for the period has been recognized in the accompanying financial statements.

General hedging techniques are used for borrowings against liquidity and currency risks. The Parent Bank applies cash flow hedge accounting to maintain protection for a portion of its floating rate liabilities by interest rate swaps.

The Parent Bank, if required, borrows funds from domestic and foreign institutions. The Parent Bank can also borrow funds in the forms of syndication loans and securitization loans from foreign institutions. Financial instruments representing borrowings are measured at amortised cost based on the internal rate of return subsequent to recognition.

On 6 May 2011, The Parent Bank issued discounted bank bills with 176 days maturity and 8.43 % simple interest rate amounting to TL 350,000 and 351 days maturity and 9.15 % simple interest rate amounting to TL 150,000.

On 2 November 2011, The Parent Bank issued bank bills and bonds of 300,000 TL with, respectively, 175 days maturity and 10.81 % simple interest rate amounting to TL 270,458; and 399 days maturity and 11.03 % simple interest rate amounting to TL 29,542.

Bonds amounting to TL 350,000, issued on 6 May 2011 with 176 days maturity, bearing 8.43% simple interest rate were repaid on 2 November 2011.

Funds maintained via financial instruments representing borrowings issued by special purpose entity (SPE) are disclosed under "Funds Borrowed".

**XIX. Explanations on shares and share issue**

Transactions related to issuance of share certificates are explained in footnote 5.II.12.8. No dividends have been declared subsequent to the balance sheet date.

**XX. Explanations on acceptances**

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

As of the balance sheet date, there are no acceptances recorded as liability in return for assets.

**XXI. Explanations on government grants**

As of the balance sheet date, DFS Group does not have any government grants.

**XXII. Explanations on segment reporting**

Segment reporting is presented in Section Four, Footnote X.

**XXIII. Explanations on other matters**

None.

## **SECTION FOUR**

### **CONSOLIDATED FINANCIAL POSITION**

#### **I. Explanations related to the consolidated capital adequacy standard ratio**

The consolidated capital adequacy ratio is 14.72% as of 31 December 2011 (31 December 2010: 15.70%). This ratio is higher than the stipulated minimum prudential ratio in the related legislation.

#### **1. Risk measurement methods in the calculation of consolidated capital adequacy ratio**

Consolidated capital adequacy ratio is calculated in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks” published in the Official Gazette No.26333, dated 1 November 2006. According to the requirements of the Regulation, starting from 30 June 2007, operational risk is included in the computation of capital adequacy ratio. For the calculation of the consolidated capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Moreover, market risk value is calculated in accordance with the “Regulation on Banks’ Internal Control and Risk Management Systems” and factored into capital adequacy ratio.

The items deducted from the capital base are not included in the calculation of risk weighted assets, non-cash loans and liabilities. For the calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deductions from related assets.

For the calculation of their risk-based values, non-cash loans are weighted and classified according to related risk groups after being multiplied by the rates stated in the Article 5 of “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

For the calculation of their risk based values, derivative financial instruments are re-weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

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**2. Consolidated and unconsolidated capital adequacy ratios**

	Risk Weighted Assets						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base</b>							
<b>Balance Sheet Items (Net)</b>	<b>8,701,644</b>	--	<b>979,691</b>	<b>5,289,625</b>	<b>22,864,552</b>	<b>601,729</b>	<b>876,767</b>
Cash in Vault	607,952	--	25	--	--	--	--
Due Dated Financial Assets	--	--	--	--	--	--	--
Central Bank of the Republic of Turkey	1,957,797	--	--	--	--	--	--
Domestic and Foreign Banks, Foreign Branches	216,565	--	651,865	--	10,102	--	--
Interbank Money Market	74,075	--	--	--	--	--	--
Receivables from Reverse Repos	1,210,091	--	--	--	--	--	--
Reserve Deposits	1,590,408	--	--	--	--	--	--
Loans	1,871,787	--	28,135	5,117,763	19,190,710	601,729	876,767
Non-performing Loans (Net)	--	--	--	--	285,640	--	--
Receivables from Leasing Operations	--	--	--	--	1,263,906	--	--
Investments Available-for-Sale	--	--	--	--	3,928	--	--
Investments Held-to-Maturity	657,867	--	44,558	--	--	--	--
Receivables from Forward Sale of Assets	--	--	--	--	--	--	--
Miscellaneous Receivables	--	--	160,250	--	1,093,635	--	--
Accrued Interest and Other Income	245,040	--	2,277	171,862	529,148	--	--
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	--	15,881	--	--
Tangible Assets	--	--	--	--	249,623	--	--
Other Assets	270,062	--	92,581	--	221,979	--	--
<b>Off-Balance Sheet Items</b>	<b>124,669</b>	--	<b>739,040</b>	<b>306,765</b>	<b>6,818,435</b>	--	--
Non-Cash Loans and Commitments	124,669	--	178,352	306,765	6,617,169	--	--
Derivatives	--	--	560,688	--	201,266	--	--
<b>Accounts Not Risk Weighted</b>	--	--	--	--	--	--	--
<b>Total Risk Weighted Assets</b>	<b>8,826,313</b>	--	<b>1,718,731</b>	<b>5,596,390</b>	<b>29,682,987</b>	<b>601,729</b>	<b>876,767</b>



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Risk Weighted Assets							
The Parent Bank							
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base</b>							
<b>Balance Sheet Items (Net)</b>	<b>6,947,997</b>	--	<b>690,963</b>	<b>5,236,968</b>	<b>16,344,809</b>	<b>601,206</b>	<b>869,770</b>
Cash in Vault	585,340	--	25	--	--	--	--
Due Dated Financial Assets	--	--	--	--	--	--	--
Central Bank of the Republic of Turkey	1,957,797	--	--	--	--	--	--
Domestic and Foreign Banks, Foreign Branches	851	--	400,298	--	9,870	--	--
Interbank Money Market	47,223	--	--	--	--	--	--
Receivables from Reverse Repos	1,200,000	--	--	--	--	--	--
Reserve Deposits	1,583,070	--	--	--	--	--	--
Loans	586,230	--	28,135	5,065,344	14,417,202	601,206	869,770
Non-performing Loans (Net)	--	--	--	--	225,514	--	--
Receivables from Leasing Operations	--	--	--	--	--	--	--
Investments Available-for-Sale	--	--	--	--	3,916	--	--
Investments Held-to-Maturity	580,124	--	7,940	--	--	--	--
Receivables from Forward Sale of Assets	--	--	--	--	--	--	--
Miscellaneous Receivables	--	--	160,250	--	97,214	--	--
Accrued Interest and Other Income	217,309	--	1,734	171,624	442,126	--	--
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	--	718,916	--	--
Tangible Assets	--	--	--	--	246,629	--	--
Other Assets	190,053	--	92,581	--	183,422	--	--
<b>Off-Balance Sheet Items</b>	<b>122,147</b>	--	<b>703,796</b>	<b>306,766</b>	<b>6,629,237</b>	--	--
Non-Cash Loans and Commitments	122,147	--	178,352	306,766	6,438,056	--	--
Derivatives	--	--	525,444	--	191,181	--	--
<b>Accounts Not Risk Weighted</b>	--	--	--	--	--	--	--
<b>Total Risk Weighted Assets</b>	<b>7,070,144</b>	--	<b>1,394,759</b>	<b>5,543,734</b>	<b>22,974,046</b>	<b>601,206</b>	<b>869,770</b>

**3. Summary information related to consolidated and unconsolidated capital adequacy ratio**

	Consolidated		The Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets	35,481,057	25,891,350	28,666,214	21,350,082
Value at Market Risk	982,075	600,038	760,213	628,363
Value at Operational Risk	3,611,761	3,034,474	3,044,814	2,504,466
Shareholders' Equity	5,901,020	4,634,319	5,081,032	4,023,374
Shareholders' Equity / (RWA+VAMR+VAOR)*100	14.72%	15.70%	15.65%	16.43%

RWA: Risk Weighted Assets

VAMR: Value at Market Risk

VAOR: Value at Operational Risk

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**4. Components of consolidated shareholders' equity**

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	716,100	716,100
Nominal Capital	716,100	716,100
Capital Commitments (-)	--	--
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	189,164	189,164
Share Premium	98,411	98,411
Share Cancellation Profit	--	--
Legal Reserves	109,757	86,880
I. Legal Reserve (Turkish Commercial Code 466/1)	109,757	86,880
II. Legal Reserve (Turkish Commercial Code 466/2)	--	--
Other Legal Reserve per Special Legislation	--	--
Status Reserves	--	--
Extraordinary Reserves	2,115,558	1,608,063
Reserve Appropriated at the General Assembly	2,006,563	1,572,755
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Translation Differences	108,995	35,308
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	--	--
Profit	1,579,794	975,789
Current Period Profit	1,061,546	614,240
Prior Periods' Profits	518,248	361,549
Free Provisions Booked for Possible Losses (Up to 25% of the Core Capital)	94,298	165,277
Gain on Sale of Real Estate and Investments in Associates and Subsidiaries to be Added to the Paid-in capital	856	--
Primary Subordinated Loans (Up to 15% of the Core Capital)	--	--
Minority Interest	13,517	16,056
Loss that is not covered with reserves (-)	--	--
Net Current Period Loss	--	--
Prior Periods' Losses	--	--
Leasehold Improvements (-)	94,419	72,387
Prepaid Expenses (-)	--	41,998
Intangible Assets (-)	71,991	41,594
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	--	--
Amount Excess of Article 56/3 of the Law (-)	--	--
Consolidation Goodwill (Net) (-)	--	--
<b>Total Core Capital</b>	<b>4,751,045</b>	<b>3,699,761</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Reserves	291,975	183,074
45% of Increase in Revaluation Fund of Movable Fixed Assets	--	--
45% of Increase in Revaluation Fund of Properties	--	--
Bonus Shares of Associates, Subsidiaries and Entities Under Common Control	11	11
Primary Subordinated Loans Excluded from the Core Capital	--	--
Secondary Subordinated Loans	887,063	701,528
45% of Securities Revaluation Reserve (100% If Negative)	(14,203)	62,546
Associates and Subsidiaries	--	--
Investments Available-for-Sale	(14,203)	62,546
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits (except adjustment to legal, status and extraordinary reserves)	--	--
Minority Interest	--	--
<b>Total Supplementary Capital</b>	<b>1,164,846</b>	<b>947,159</b>
<b>TIER III CAPITAL (Including Minority Interest, If Any)</b>	<b>--</b>	<b>--</b>

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<b>CAPITAL</b>	<b>5,915,891</b>	<b>4,646,920</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>14,871</b>	<b>12,601</b>
Shares in Unconsolidated Banks and Financial Institutions	--	--
Secondary Subordinated Loans Granted to Banks, Financial Institutions (Foreign and Domestic), or Preferred Shareholders, and Primary/Secondary Subordinated Loans Obtained from Them	--	--
Shares in Banks and Financial Institutions Accounted for under the Equity Method	--	--
Loans Granted in Violation of the Articles 50 and 51 of the Law	--	--
Amount in Excess of 50% of the Equities of the Net Book Value of the Properties of the Banks, and Net Book Value of the Assets Held for Resale that Should Be Disposed of According to the Article 57 of the Law which is not Disposed of in Five Years after Foreclosure	11,976	12,601
Others	2,895	--
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,901,020</b>	<b>4,634,319</b>

## **II. Explanations related to the consolidated credit risk**

### **1. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals**

Credit risk is the risk that the counterparties of the Parent Bank and consolidated subsidiaries and associates may be unable to meet in full or part their commitments arising from contracts and cause to incur losses.

Credit risk limits of the customers are determined based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice president responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a weekly basis.

#### **Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis:**

Risk limits and allocations relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are monitored by on-site and off-site investigations.

#### **Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables:**

The Group targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

Care is given to obtain collaterals against loans. It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities, bills of exchange and sureties of the persons and companies.

### **2. Information on the control limits of the Group for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Group has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

### **3. Information on whether the Group decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not**

Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

**4. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not**

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are renewed and rescheduled are included in a new rating group as determined by the risk management system, other than the follow-up plan defined in the banking regulations.

Long term commitments are accepted as having more risk than short term commitments which results in a diversification of risk and are monitored periodically.

**5. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities**

There is no significant credit risk since the Parent Bank's foreign operations and credit transactions are conducted in OECD and EU member countries in considering their economic climate.

**Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market**

Being an active participant in the international banking transactions market, the Parent Bank does not have significant credit risk as compared to other financial institutions.

**6. DFS Group's**

**a) The share of the top 100 cash loan customers in the total cash loans portfolio**

The share of the top 100 cash loan customers comprises 20% of the total cash loans portfolio (31 December 2010: 23%).

**b) The share of the top 100 non-cash loan customers in the total loan non-cash loans portfolio**

The share of the top 100 non-cash loan customers comprises 44% of the total non-cash loans portfolio (31 December 2010: 48%).

**c) The share of the total cash and non-cash loan balance of the top 100 loan customers in the total assets and off-balance sheet items**

The Bank's total cash and non-cash loans from its top 100 loan customers comprise 14% of the total assets and off-balance sheet items (31 December 2010: 17%).

**7. DFS Group's general loan provision for its loans**

As at 31 December 2011, DFS Group's general loan provision amounts to TL 291,975 (31 December 2010: TL 183,074).

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**8. Information on concentration of credit risk up to beneficiaries and geographical regions**

	Real persons and Institutions (loans)		Banks and Other Financial Institutions (loans)		Securities*		Other Loans**	
	Current	Prior	Current	Prior	Current	Prior	Current	Prior
	Period	Period	Period	Period	Period	Period	Period	Period
<b>Loan Concentration by beneficiaries</b>								
Private Sector	21,802,869	17,176,815	--	--	63,963	32,203	6,374,566	4,643,264
Public Sector	413,873	481,855	--	--	5,349,325	4,302,351	87,932	29,048
Banks	24,659	39,118	5,704,484	3,705,445	102,224	71,764	1,083,403	982,615
Retail	8,705,482	6,091,728	--	--	--	--	1,390,164	1,035,810
Share Certificates	--	--	--	--	28,338	16,121	15,881	14,778
<b>Total</b>	<b>30,946,883</b>	<b>23,789,516</b>	<b>5,704,484</b>	<b>3,705,445</b>	<b>5,543,850</b>	<b>4,422,439</b>	<b>8,951,946</b>	<b>6,705,515</b>
<b>Loan Concentration by Geographical Regions</b>								
Domestic	29,654,102	23,143,186	5,155,697	2,788,676	5,222,464	4,249,026	7,677,935	5,561,217
European Union Countries	636,090	270,155	353,532	487,890	212,134	136,898	876,876	838,917
OECD Countries***	6,071	21,447	6,573	26,426	--	--	84,193	59,953
Off Shore Regions	9,733	--	148	297,329	--	--	735	613
USA, Canada	45,744	28,681	146,159	71,612	20,608	18,292	135,014	111,933
Other Countries	595,143	326,047	42,375	33,512	88,644	18,223	177,193	132,882
<b>Total</b>	<b>30,946,883</b>	<b>23,789,516</b>	<b>5,704,484</b>	<b>3,705,445</b>	<b>5,543,850</b>	<b>4,422,439</b>	<b>8,951,946</b>	<b>6,705,515</b>

\*Consists of Securities at Fair Value through Profit/Loss, Available For Securities, Held to Maturity

\*\*Consists of classifications other than first three columns in Uniform Chart of Accounts and loan definitions in article 48 of 5411 Numbered legislation. Guarantees and commitments are taken into account by using their credit conversion rates.

\*\*\* Consists of OECD countries other than EU Countries, USA and Canada

**9. Information on geographical concentration**

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	42,141,779	28,571,444	9,502,660	15,881	865,163
European Union Countries	1,539,998	12,005,238	207,675	--	124,130
OECD Countries	18,179	215,204	36,472	--	--
Off-Shore Banking Regions	11,595	93,857	1,284	--	52,375
USA, Canada	286,536	576,646	4,039	--	--
Other Countries	742,314	2,232,347	359,210	--	19,878
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--
<b>Total</b>	<b>44,740,401</b>	<b>43,694,736</b>	<b>10,111,340</b>	<b>15,881</b>	<b>1,061,546</b>

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Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	31,682,566	21,193,809	7,150,238	14,778	541,775
European Union Countries	1,196,101	11,229,835	141,811	--	42,363
OECD Countries	54,365	157,996	74,334	--	--
Off-Shore Banking Regions	297,329	134,158	1,215	--	19,763
USA, Canada	167,843	307,351	30,629	--	--
Other Countries	440,182	215,775	237,482	--	10,339
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--
<b>Total</b>	<b>33,838,386</b>	<b>33,238,924</b>	<b>7,635,709</b>	<b>14,778</b>	<b>614,240</b>

**10. Information on cash loans concentration up to sector**

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>1,864,874</b>	<b>10.65</b>	<b>273,442</b>	<b>2.51</b>	<b>1,385,280</b>	<b>9.98</b>	<b>356,569</b>	<b>4.60</b>
Farming and Raising Livestock	1,858,714	10.61	183,740	1.69	1,380,260	9.95	253,717	3.27
Forestry	2,919	0.02	82,819	0.76	1,737	0.01	96,550	1.25
Fishing	3,241	0.02	6,883	0.06	3,283	0.02	6,302	0.08
<b>Manufacturing</b>	<b>1,214,875</b>	<b>6.93</b>	<b>3,493,079</b>	<b>32.13</b>	<b>1,012,939</b>	<b>7.30</b>	<b>2,297,717</b>	<b>29.63</b>
Mining	339,643	1.94	375,424	3.45	287,704	2.07	450,723	5.81
Production	853,793	4.87	2,111,018	19.42	663,830	4.79	1,449,623	18.70
Electric, gas and water	21,439	0.12	1,006,637	9.26	61,405	0.44	397,371	5.12
<b>Construction</b>	<b>1,034,090</b>	<b>5.90</b>	<b>1,222,194</b>	<b>11.24</b>	<b>760,125</b>	<b>5.48</b>	<b>1,076,235</b>	<b>13.88</b>
<b>Services</b>	<b>3,324,384</b>	<b>18.98</b>	<b>4,757,372</b>	<b>43.77</b>	<b>3,123,576</b>	<b>22.54</b>	<b>2,944,791</b>	<b>37.98</b>
Wholesale and retail trade	1,866,599	10.66	787,585	7.25	1,662,795	11.99	721,880	9.31
Hotel, food and beverage Services	347,228	1.98	1,601,570	14.73	323,489	2.33	910,252	11.74
Transportation and telecommunication	594,836	3.40	1,107,968	10.19	369,659	2.67	815,710	10.52
Financial institutions	191,877	1.10	534,978	4.92	323,739	2.33	69,349	0.89
Real estate and renting services	24,899	0.14	266,346	2.45	16,501	0.13	183,381	2.36
Self-employment services	--	0.00	--	0.00	--	--	--	--
Education services	158,109	0.90	201,699	1.86	179,832	1.30	62,027	0.81
Health and social services	140,836	0.80	257,226	2.37	247,561	1.79	182,192	2.35
<b>Other</b>	<b>10,080,561</b>	<b>57.55</b>	<b>1,123,858</b>	<b>10.35</b>	<b>7,585,166</b>	<b>54.70</b>	<b>1,078,689</b>	<b>13.91</b>

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**11. Maximum credit risk sensitivity of financial statement items**

The table below demonstrates maximum credit sensitivity of financial statement items required by TFRS 7.

	Current Period	Prior Period
Central Bank of the Republic of Turkey	3,548,205	1,237,465
Financial Assets at Fair Value through Profit or Loss	892,884	640,803
Banks	878,703	1,247,519
Due From Money Markets	1,284,914	1,232,636
Investment Securities Available for Sale	4,202,742	3,266,028
Loans	30,946,883	23,789,519
Investment Securities Held to Maturity	912,105	831,959
Hedging Purposes Derivatives	220,985	198,520
<b>Total</b>	<b>42,887,421</b>	<b>32,444,449</b>
Guarantee and Sureties	10,111,340	7,635,709
Commitments	13,008,805	11,893,447
<b>Total</b>	<b>23,120,145</b>	<b>19,529,156</b>
<b>Total Credit Risk Sensitivity</b>	<b>66,007,565</b>	<b>51,973,605</b>

**12. Distribution of credit risk according to the operational segments**

Current Period	Commercial Loans (*)	Consumer Loans	Credit Cards	Other	Total
Standard Loans	21,011,406	6,779,498	1,530,535	14,062	29,335,501
Closely Monitored Loans	918,055	360,482	47,205	--	1,325,742
Non-performing Loans	590,743	219,332	84,062	272	894,409
Specific Provision (-)	401,539	144,403	62,557	270	608,769
<b>Total</b>	<b>22,118,665</b>	<b>7,214,909</b>	<b>1,599,245</b>	<b>14,064</b>	<b>30,946,883</b>

(\*) Commercial loans include commercial, corporate and SME loans.

Prior Period	Commercial Loans (*)	Consumer Loans	Credit Cards	Other	Total
Standard Loans	16,381,840	4,897,669	1,015,689	17,833	22,313,031
Closely Monitored Loans	893,175	220,321	38,299	--	1,151,795
Non-performing Loans	680,610	289,771	112,156	537	1,083,074
Specific Provision (-)	439,409	226,241	92,196	535	758,381
<b>Total</b>	<b>17,516,216</b>	<b>5,181,520</b>	<b>1,073,948</b>	<b>17,835</b>	<b>23,789,519</b>

(\*) Commercial loans include commercial, corporate and SME loans.

The loans of DFS Group amounting to TL 18,410,190 (31 December 2010: TL 13,719,549) are collateralized by cash, mortgage, cheques and notes obtained from customers.



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**13. Credit quality per class of financial assets as of 31 December 2011 and 31 December 2010**

Current Period	Neither past due nor impaired	Past due or impaired (*)	Total
Loans and advances to customers			
Commercial Loans	21,632,856	485,809	22,118,665
Consumer Loans	7,100,982	113,927	7,214,909
Credit Cards	1,433,711	165,534	1,599,245
Other	14,062	2	14,064
<b>Total</b>	<b>30,181,611</b>	<b>765,272</b>	<b>30,946,883</b>

(\*) Past due or impaired amounts include only the overdue installments.

Prior Period	Neither past due nor impaired	Past due or impaired (*)	Total
Loans and advances to customers			
Commercial Loans	17,033,812	482,404	17,516,216
Consumer Loans	5,075,784	105,736	5,181,520
Credit Cards	971,207	102,741	1,073,948
Other	17,833	2	17,835
<b>Total</b>	<b>23,098,636</b>	<b>690,883</b>	<b>23,789,519</b>

(\*) Past due or impaired amounts include only the overdue installments.

**14. Carrying amount per class of financial assets whose terms have been renegotiated**

	Current Period	Prior Period
Loans and advances to customers		
Commercial Loans	231,912	156,413
Consumer Loans	105,012	110,612
<b>Total</b>	<b>336,924</b>	<b>267,025</b>

**15. Credit rating system**

Corporate and commercial credit risks are evaluated according to the Group's internal rating / scoring system that is formed by taking into account Dexia Basel II criteria and classified according to their probability of default.

Classification and rating/scoring of commercial and corporate loans is as follows:

Rating Grades	Current Period	Prior Period
Above Average	51%	41%
Average	34%	40%
Below Average	10%	14%
Unrated	5%	5%

A different rating system ("scoring") is applied for consumer and SME credit risks at the Group.

As 31 December 2011 ratings compatible with Basel II criteria is shown as below:

Rating Grades	Current Period
Above Average	38%
Average	30%
Below Average	32%

### III. Explanations related to the consolidated market risk

Whether the group within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk

The Parent Bank has defined its risk management procedures and has taken necessary precautions in order to avoid market risks, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks”. As the main precaution against being exposed to market risk, the Parent Bank’s Board of Directors identifies risk limits determined in the context of economic capital.

Standard method and the internal risk measurement model are used in calculating the market risk. The criteria for the standard method have been set by the BRSA and are reported on a monthly basis. Internal risk measurement model is applied on a daily basis.

#### 1. Market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	40,760
(II) Capital Obligation against Specific Risk - Standard Method	8,614
(III) Capital Obligation against Currency Risk - Standard Method	29,187
(IV) Capital Obligation against Commodity Risk - Standard Method	--
(V) Capital Obligation against Clearing Risk - Standard Method	--
(VI) Capital Obligation against Options Subject to Market Risk - Standard Method	5
(VII) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	--
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	78,566
(IX) Value-At-Market-Risk (12,5 x VIII) or (12,5 x VII)	982,075

#### 2. Average market risk

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	48,927	52,001	45,793	27,399	31,255	24,505
Share Certificate Risk	5,718	10,279	1,882	2,142	2,659	1,811
Currency Risk	23,984	28,631	16,517	12,294	14,670	8,779
Commodity Risk	--	--	--	--	--	--
Clearing Risk	--	--	--	--	--	--
Option Risk	348	561	64	148	265	19
<b>Total Value-At-Risk</b>	<b>987,197</b>	<b>1,092,638</b>	<b>931,100</b>	<b>524,784</b>	<b>600,038</b>	<b>483,850</b>

### IV. Explanations related to the consolidated operational risk

DFS Group used the “Basic Indicators Approach” in computation of its operational risk. In accordance with the 4th section (Computation of the Operational Risk) which is valid after 1 June 2007, of the “Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks”, published in the Official Gazette dated 1 November 2006 and numbered 26333, operational risk is computed using the gross income of DFS Group for the years ended 2010, 2009 and 2008. As explained in detail in footnote I of this section, value at operational risk within the context of “Capital Adequacy Ratio” and operational risk capital liabilities are TL 3,611,761 and TL 288,941, respectively. Market risk measurements are performed monthly.

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**V. Explanations related to the consolidated foreign currency exchange rate risk**

**1. Foreign exchange risk the Group is exposed to, related estimations, and the limits set by the Board of Directors of the Parent Bank for positions which are monitored daily**

Foreign currency exchange and parity risks are taken by DFS Group within defined value at risk limits. Measurable and manageable risks are taken within legal limits.

Foreign currency exchange rate risk is monitored along with potential evaluation differences in foreign currency transactions in accordance with "Regulation on Bank's Internal Control and Risk Management Systems". Value at Risk approach is used to measure the exchange rate risk and calculations are made on a daily basis.

Based on general economic environment and market conditions the Parent Bank's Board of Directors reviews the risk limits daily and makes changes where necessary.

**2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives**

In accordance with TAS 39, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments in its consolidated financial statements.

**3. Foreign exchange risk management strategy**

Foreign currency exchange and parity risks are taken by DFS Group within defined value at risk limits. Measurable and manageable risks are taken within legal limits.

**4. The Parent Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date**

US Dollar purchase rate as at the balance sheet date TL 1.8889  
Euro purchase rate as at the balance sheet date TL 2.4438

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
26 December 2011	1.8833	2.4613
27 December 2011	1.8847	2.4633
28 December 2011	1.8897	2.4702
29 December 2011	1.9065	2.4592
30 December 2011	1.8889	2.4438

**5. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days prior to the balance sheet date**

The arithmetical average US Dollar and Euro purchase rates for December 2011 are TL 1.8593 and TL 2.4512, respectively.

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**6. Information on currency risk**

Current Period	EUR	USD	JPY	Other	Total
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,880,670	154,294	774	234,600	2,270,338
Due from Banks and Other Financial Institutions	437,189	333,487	652	106,245	877,573
Financial Assets at Fair Value Through Profit or Loss	20,528	300,402	156	380	321,466
Interbank Money Market Placements	--	47,232	--	--	47,232
Investment Securities Available-for-Sale	106,334	69,146	--	86,455	261,935
Loans (*)	3,836,527	8,450,967	77,774	236,681	12,601,949
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity	116,130	8,173	--	--	124,303
Hedging Purpose Financial Derivatives	--	31,010	--	--	31,010
Tangible Assets	5,984	29	--	636	6,649
Intangible Assets	2,677	175	--	3,042	5,894
Other Assets (**)	775,277	745,946	289	100,041	1,621,553
<b>Total Assets</b>	<b>7,181,316</b>	<b>10,140,861</b>	<b>79,645</b>	<b>768,080</b>	<b>18,169,902</b>
<b>Liabilities</b>					
Bank Deposits	108,531	48,911	1	102,494	259,937
Foreign Currency Deposits	7,253,876	4,337,787	1,639	473,846	12,067,148
Interbank Money Markets	--	47,233	--	--	47,233
Funds Borrowed from Other Financial Institutions	3,097,903	4,155,736	670	958	7,255,267
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	81,959	117,634	1,402	34,262	235,257
Hedging Purpose Financial Derivatives	--	6,358	--	--	6,358
Other Liabilities (***)	96,831	1,128,847	157	1,831	1,227,666
<b>Total Liabilities</b>	<b>10,639,100</b>	<b>9,842,506</b>	<b>3,869</b>	<b>613,391</b>	<b>21,098,866</b>
<b>Net "On Balance Sheet Position"</b>	<b>(3,457,784)</b>	<b>298,355</b>	<b>75,776</b>	<b>154,689</b>	<b>(2,928,964)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>3,542,844</b>	<b>(350,423)</b>	<b>(76,748)</b>	<b>(84,220)</b>	<b>3,031,453</b>
Financial Derivatives (Assets)	6,588,746	8,378,359	305,271	614,969	15,887,345
Financial Derivatives (Liabilities)	3,045,902	8,728,782	382,019	699,189	12,855,892
Non-Cash Loans	1,831,208	4,249,749	8,509	79,819	6,169,285
<b>Prior Period</b>					
Total Assets	5,457,283	7,425,194	103,106	330,334	13,315,917
Total Liabilities	7,991,074	8,467,029	4,841	209,633	16,672,577
<b>Net "On Balance Sheet Position"</b>	<b>(2,533,791)</b>	<b>(1,041,835)</b>	<b>98,265</b>	<b>120,701</b>	<b>(3,356,660)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>2,588,143</b>	<b>1,211,902</b>	<b>(110,786)</b>	<b>(88,237)</b>	<b>3,601,022</b>
Financial Derivatives (Assets)	5,174,266	8,579,994	592,716	1,339,300	15,686,276
Financial Derivatives (Liabilities)	2,586,123	7,368,092	703,502	1,427,537	12,085,254
Non-Cash Loans	1,317,872	3,241,688	9,256	135,072	4,703,888

(\*) : Foreign currency indexed loans amounting to TL 1,715,837 are included.

(\*\*) : Foreign currency indexed factoring receivables amounting to TL 192,577 are included.

(\*\*\*) : Equity in foreign currencies, amounting to TL 335,469 is excluded.

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**6.1 Currency risk exposure**

The table below demonstrates prospective increase and decrease in equities and the statement of income as of 31 December 2011 and 2010 (excluding tax effect) on condition that 10 per cent devaluation of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit Loss	Equity (*)	Period Profit Loss	Equity (*)
US Dollar	(15,594)	(16,831)	2,949	5,885
Euro	25,416	25,190	7,063	7,045
<b>Total (Net)</b>	<b>9,822</b>	<b>8,359</b>	<b>10,012</b>	<b>12,930</b>

(\*) Equity effect in the table also includes income statement effect of 10 per cent devaluation of TL against other currencies.

**VI. Explanations related to the consolidated interest rate risk**

**1. Interest rate sensitivity of the assets, liabilities and off-balance sheet items**

Standard method is used in measuring the interest rate risk of assets, liabilities and off-balance sheet items.

**2. The expected effects of the fluctuations of market interest rates on the Group's financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates**

The Parent Bank relies on sensitivity in determining limits against negative market conditions and monitors the risk within this context. Sensitivity calculations are made and limits are monitored on a weekly basis.

Market interest rates are monitored daily and interest rates are revised where necessary.

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**3. The precautions taken for the interest rate risk the Group was exposed to during the current year and their expected effects on net income and shareholders' equity in the future periods**

The Group uses sensitivity analysis, historical stress-testing and value at risk methods to analyze and take precautions against interest rate risk faced during current period. Interest sensitivity limits have been defined and limits are being monitored on a weekly basis.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	--	--	--	--	--	4,156,182	4,156,182
Due from Banks and Other Fin. Inst.	432,552	13,316	--	--	--	432,835	878,703
Financial Assets at Fair Value Through Profit or Loss	85,385	366,839	324,622	76,955	14,174	24,909	892,884
Interbank Money Market Placements	1,284,914	--	--	--	--	--	1,284,914
Investment Securities Av.-for-Sale	166,287	1,022,221	1,753,679	1,242,171	14,456	3,928	4,202,742
Loans	4,758,956	3,618,099	5,340,611	10,157,420	4,513,643	285,640	28,674,369
Investment Securities Held-to-Mat.	50,276	837,013	24,816	--	--	--	912,105
Other Assets (*)	179,263	394,753	916,994	898,324	115,378	1,249,671	3,754,383
<b>Total Assets</b>	<b>6,957,633</b>	<b>6,252,241</b>	<b>8,360,722</b>	<b>12,374,870</b>	<b>4,657,651</b>	<b>6,153,165</b>	<b>44,756,282</b>
<b>Liabilities</b>							
Bank Deposits	117,943	4,214	34,063	92,871	--	173,538	422,629
Other Deposits	12,932,881	4,799,418	3,418,839	1,196,595	9,571	4,141,674	26,498,978
Interbank Money Market Placements	910,584	--	--	--	--	--	910,584
Miscellaneous Payables	2,991	263	33,197	15,056	--	678,095	729,602
Marketable Securities Issued	--	--	410,988	--	--	--	410,988
Funds Borrowed from Other Fin. Inst.	979,246	1,512,291	4,359,193	886,357	811,567	--	8,548,654
Other Liabilities (**)	250,117	264,852	573,575	235,782	12,667	5,897,854	7,234,847
<b>Total Liabilities</b>	<b>15,193,762</b>	<b>6,581,038</b>	<b>8,829,855</b>	<b>2,426,661</b>	<b>833,805</b>	<b>10,891,161</b>	<b>44,756,282</b>
On Balance Sheet Long Position	--	--	--	9,948,209	3,823,846	--	13,772,055
On Balance Sheet Short Position	(8,236,129)	(328,797)	(469,133)	--	--	(4,737,996)	(13,772,055)
Off-Balance Sheet Long Position	759,488	1,194,158	--	--	--	--	1,953,646
Off-Balance Sheet Short Position	--	--	(593,862)	(1,105,819)	--	--	(1,699,681)
<b>Total Interest Sensitivity Gap</b>	<b>(7,476,641)</b>	<b>865,361</b>	<b>(1,062,995)</b>	<b>8,842,390</b>	<b>3,823,846</b>	<b>(4,737,996)</b>	<b>253,965</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates and Joint Ventures, Tax Assets, Investments in Subsidiaries, Assets Held for Resale and Other Assets with balances of TL 344,042, TL 71,991, TL 10,232, TL 60,824, TL 5,649, TL 48,219, and TL 708,714 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TL 4,641,463, TL 180,761, TL 534,097, and TL 541,533 respectively.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	780,010	--	--	--	--	940,529	1,720,539
Due from Banks and Other Fin. Inst.	673,181	297,576	78,837	27,599	111	170,215	1,247,519
Financial Assets at Fair Value Through Profit or Loss	139,285	187,419	175,549	89,858	32,840	15,852	640,803
Interbank Money Market Placements	1,232,636	--	--	--	--	--	1,232,636
Investment Securities Av.-for-Sale	286,890	1,143,470	804,683	829,738	188,657	12,590	3,266,028
Loans	4,405,021	3,141,166	4,097,147	7,227,945	2,749,808	324,693	21,945,780
Investment Securities Held-to-Mat.	43,149	761,601	27,209	--	--	--	831,959
Other Assets (*)	267,616	355,216	760,831	698,325	42,342	843,570	2,967,900
<b>Total Assets</b>	<b>7,827,788</b>	<b>5,886,448</b>	<b>5,944,256</b>	<b>8,873,465</b>	<b>3,013,758</b>	<b>2,307,449</b>	<b>33,853,164</b>
<b>Liabilities</b>							
Bank Deposits	85,883	71,513	45,253	1	--	152,964	355,614
Other Deposits	9,778,286	3,338,425	1,477,588	1,388,282	1,131	3,729,534	19,713,246
Interbank Money Market Placements	26,348	--	--	--	--	--	26,348
Miscellaneous Payables	32,098	855	345	42	--	604,489	637,829
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Fin. Inst.	2,236,670	3,228,486	1,820,078	525,714	6,156	--	7,817,104
Other Liabilities (**)	33,831	27,659	121,123	205,285	44,521	4,870,604	5,303,023
<b>Total Liabilities</b>	<b>12,193,116</b>	<b>6,666,938</b>	<b>3,464,387</b>	<b>2,119,324</b>	<b>51,808</b>	<b>9,357,591</b>	<b>33,853,164</b>
On Balance Sheet Long Position	--	--	2,479,869	6,754,141	2,961,950	--	12,195,960
On Balance Sheet Short Position	(4,365,328)	(780,490)	--	--	--	(7,050,142)	(12,195,960)
Off-Balance Sheet Long Position	697,659	1,433,939	--	--	--	--	2,131,598
Off-Balance Sheet Short Position	--	--	(1,003,485)	(1,309,209)	(290,712)	--	(2,603,406)
<b>Total Interest Sensitivity Gap</b>	<b>(3,667,669)</b>	<b>653,449</b>	<b>1,476,384</b>	<b>5,444,932</b>	<b>2,671,238</b>	<b>(7,050,142)</b>	<b>(471,808)</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates and Joint Ventures, Tax Assets, Investments in Subsidiaries, Assets Held for Resale and other assets with balances of TL 280,676, TL41,594, TL 8,829, TL 56,269, TL 5,949, TL 27,312, and TL 422,941 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions and other liabilities with balances of TL 3,659,205, TL 72,591, TL 540,775, and TL 598,033 respectively.

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**4. Average interest rates applied to monetary financial instruments**

<b>Current Period</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	--	--	--	--
Due from Banks and Other Financial Institutions	1.29	0.09	--	12.18
Financial Assets at Fair Value Through Profit or Loss	4.81	6.97	--	10.34
Interbank Money Market Placements	--	3.50	--	11.38
Investment Securities Available-for-Sale	3.27	4.55	--	10.53
Loans	5.67	5.26	5.40	16.69
Investment Securities Held-to-Maturity	4.12	8.56	--	17.65
<b>Liabilities</b>				
Bank Deposits	1.33	2.38	--	10.59
Other Deposits	3.09	4.45	0.77	11.22
Interbank Money Market Placements	--	4.00	--	6.13
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	10.52
Funds Borrowed from Other Financial Institutions	2.15	1.82	2.81	7.48
<b>Prior Period</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	--	--	--	--
Due from Banks and Other Financial Institutions	2.97	3.19	--	9.84
Financial Assets at Fair Value Through Profit or Loss	4.51	3.71	--	7.32
Interbank Money Market Placements	--	--	--	6.92
Investment Securities Available-for-Sale	4.28	3.77	--	12.26
Loans	4.70	4.44	5.13	14.34
Investment Securities Held-to-Maturity	4.51	7.98	--	18.69
<b>Liabilities</b>				
Bank Deposits	--	0.83	--	8.05
Other Deposits	2.75	2.87	0.20	8.60
Interbank Money Market Placements	--	--	--	6.81
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	2.16	1.40	2.69	6.31

**5. Possible effects of the sensitivity to interest rates of the Group's financial assets and liabilities on net income and equity in the future**

The interest rate sensitivity of the income statement expresses the effects of probable changes in the interest rates on the value of interest bearing financial assets held for trading and on the net interest income on other interest sensitive assets and liabilities as at 31 December 2011. The sensitivity of the equity is calculated by the revaluation of the available for sale securities portfolio and hedging purpose transactions as of 31 December 2011 based on possible interest rate changes.

The effect of increasing TL and FC interest rates by 100 basis point as of 31 December 2011 on next period's income statement is TL (40,674)(31 December 2010: TL (32,174)).

The effect of increasing TL and FC interest rates on equity is TL (22,995) (31 December 2010: TL (13,338)).



## **VII. Explanations related to the consolidated liquidity risk**

- 1. The sources of the current liquidity risk of DFS Group; whether the necessary precautions have been taken, whether the Board of Directors of the Parent Bank sets limits on the funds available to meet the urgent liquidity requirements and the liabilities which are due**

Liquidity risk arises from maturity mismatch between assets and liabilities. Maturity mismatch between assets and liabilities is kept under control based on certain criteria set by DFS Group. DFS Group maintains liquid assets to guarantee sufficient liquidity during market fluctuations. In order to meet any urgent liquidity needs, approximately 11% of the balance sheet is allocated to cash and balances with banks, 9% to investment securities which are easily convertible into cash and the available borrowing limits are not used intensively. DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

- 2. Matching of the interest rates of the payments with assets and liabilities and probable effects of any mismatch on profitability**

DFS Group's payments, assets and liabilities match with the interest rates.

- 3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**

Approximately 11% of balance sheet is allocated to cash balances, 9% to investment securities which are easily convertible into cash in order to meet any urgent liquidity needs. The available borrowing limits (such as Central Bank of the Republic of Turkey and ISE repurchase market) are not used. DFS Group's short-term liquidity needs are mainly met with deposits and short-term funds borrowed from foreign banks.

- 4. Evaluation of DFS Group's cash flows and their resources**

Cash flows of DFS Group are mainly in terms of Turkish Lira, US Dollar and Euro.

In the short and long run, liquidity needs or surplus funds are utilized in interbank money market placements, deposits and loans.

- 5. Liquidity Ratios of the Group**

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks" 26333 numbered official gazette dated on 1 November 2006, liquidity ratio is required to be 80 % for foreign currency assets/liabilities and 100 % for total assets/liabilities in the calculation of the banks weekly and monthly reporting. Liquidity ratios, prepared based on non-consolidated financial statements of the Bank, for 2011 are as below:

	First Maturity Slice (Weekly)		Second Maturity Slice (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	124.11	157.67	118.63	121.08
Max. (%)	150.77	196.48	139.74	145.17
Min. (%)	104.79	136.65	98.21	108.44

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**6. Presentation of assets and liabilities according to their residual maturities**

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Undist. (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2,565,774	1,590,408	--	--	--	--	--	4,156,182
Due from Banks and Other Fin.Inst.	432,835	371,219	25	74,614	10	--	--	878,703
Financial Assets at Fair Value Through Profit or Loss	--	85,360	358,604	283,641	95,143	45,227	24,909	892,884
Interbank Money Market Placements	--	1,284,914	--	--	--	--	--	1,284,914
Investment Securities Av.-for-Sale	--	21,889	682,765	947,658	2,152,910	393,592	3,928	4,202,742
Loans	285,640	3,697,245	1,626,192	5,881,601	11,262,701	5,920,990	--	28,674,369
Investment Securities Held-to-Mat.	--	--	655,740	--	152,603	103,762	--	912,105
Other Assets	685,243	193,387	394,753	916,994	898,324	115,378	550,304	3,754,383
<b>Total Assets</b>	<b>3,969,492</b>	<b>7,244,422</b>	<b>3,718,079</b>	<b>8,104,508</b>	<b>14,561,691</b>	<b>6,578,949</b>	<b>579,141</b>	<b>44,756,282</b>
<b>Liabilities</b>								
Bank Deposits	173,538	117,943	4,214	34,063	92,871	--	--	422,629
Other Deposits	4,141,674	12,932,550	4,799,749	3,409,731	1,205,703	9,571	--	26,498,978
Funds Borrowed from Other Fin.Inst.	--	803,535	446,599	3,464,743	1,840,440	1,993,337	--	8,548,654
Interbank Money Market Placements	--	910,584	--	--	--	--	--	910,584
Marketable Securities Issued	--	--	--	410,988	--	--	--	410,988
Miscellaneous Payables	678,095	2,991	263	33,197	15,056	--	--	729,602
Other Liabilities	533,802	331,397	350,981	577,076	228,737	12,667	5,200,187	7,234,847
<b>Total Liabilities</b>	<b>5,527,109</b>	<b>15,099,000</b>	<b>5,601,806</b>	<b>7,929,798</b>	<b>3,382,807</b>	<b>2,015,575</b>	<b>5,200,187</b>	<b>44,756,282</b>
<b>Net Liquidity Gap</b>	<b>(1,557,617)</b>	<b>(7,854,578)</b>	<b>(1,883,727)</b>	<b>174,710</b>	<b>11,178,884</b>	<b>4,563,374</b>	<b>(4,621,046)</b>	<b>--</b>
<b>Prior Period</b>								
Total Assets	1,807,221	6,687,278	2,316,173	5,562,747	13,044,958	3,934,559	500,228	33,853,164
Total Liabilities	5,136,179	10,524,018	3,800,492	3,699,020	5,268,558	1,245,345	4,179,552	33,853,164
<b>Net Liquidity Gap</b>	<b>(3,328,958)</b>	<b>(3,836,740)</b>	<b>(1,484,319)</b>	<b>1,863,727</b>	<b>7,776,400</b>	<b>2,689,214</b>	<b>(3,679,324)</b>	<b>--</b>

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short run such as tangible assets, investments in associates, joint ventures and subsidiaries, stationary supplies and prepaid expenses are included in this column.

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**VIII. Presentation of financial assets and liabilities at their fair value**

**1. Calculation of financial assets and liabilities at their fair value**

The fair value of held-to-maturity assets are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The expected fair value of the demand deposits represents the amount to be paid upon request. The fair value of the overnight deposits and floating rate placements represent their carrying value. The expected fair value of the fixed rate deposits are determined by calculating the discounted cash flows using the market interest rates of similar instruments.

The expected fair value of fixed rate loans and receivables are determined by calculating the discounted cash flows using the current market interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>38,225,347</b>	<b>30,367,661</b>	<b>37,585,563</b>	<b>30,567,500</b>
Interbank money market placements	1,284,914	1,232,636	1,284,904	1,232,636
Due from banks	878,703	1,247,519	878,432	1,245,997
Investment securities available-for-sale	4,202,742	3,266,028	4,202,742	3,266,028
Investment securities held-to-maturity	912,105	831,959	936,105	933,229
Loans and Other Receivables	30,946,883	23,789,519	30,283,380	23,889,610
<b>Financial Liabilities</b>	<b>37,521,435</b>	<b>28,550,141</b>	<b>37,360,539</b>	<b>28,475,770</b>
Bank deposits	422,629	355,614	421,504	354,968
Other deposits	26,498,978	19,713,246	26,522,833	19,662,261
Funds borrowed from other financial institutions	8,548,654	7,817,104	8,365,302	7,794,364
Interbank money market borrowings	910,584	26,348	910,587	26,348
Securities Issued	410,988	--	410,711	--
Miscellaneous payables	729,602	637,829	729,602	637,829

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**2. Classification of fair value**

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in DFS Group's financial statements are given below:

Current Period-31 December 2011	Level 1	Level 2	Level 3	Total
<i>Financial Assets at Fair Value Through Profit or Loss</i>	429,003	463,881	--	892,884
<i>Public Sector Debt Securities</i>	404,010	--	--	404,010
<i>Share Certificates</i>	24,410	--	--	24,410
<i>Trading Purpose Derivatives</i>		463,881	--	463,881
<i>Other Securities</i>	583	--	--	583
<i>Financial Assets Available for Sale(*)</i>	4,198,814	--	--	4,198,814
<i>Public Sector Debt Securities</i>	4,078,354	--	--	4,078,354
<i>Other Securities</i>	120,460	--	--	120,460
<i>Hedging Purpose Derivatives</i>	--	220,985	--	220,985
<b>Total Assets</b>	<b>4,627,817</b>	<b>684,866</b>	<b>--</b>	<b>5,312,683</b>
 <i>Derivative Financial Liabilities Held for Trading</i>	 --	 438,099	 --	 438,099
<i>Hedging Purpose Derivatives</i>	--	81,479	--	81,479
<b>Total Liabilities</b>	<b>--</b>	<b>519,578</b>	<b>--</b>	<b>519,578</b>

Current Period-31 December 2010	Level 1	Level 2	Level 3	Total
<i>Financial Assets at Fair Value Through Profit or Loss</i>	346,181	294,622	--	640,803
<i>Public Sector Debt Securities</i>	330,226	--	--	330,226
<i>Share Certificates</i>	15,852	--	--	15,852
<i>Trading Purpose Derivatives</i>	--	294,622	--	294,622
<i>Other Securities</i>	103	--	--	103
<i>Financial Assets Available for Sale(*)</i>	3,253,438	--	--	3,253,438
<i>Public Sector Debt Securities</i>	3,194,854	--	--	3,194,854
<i>Other Securities</i>	58,584	--	--	58,584
<i>Hedging Purpose Derivatives</i>	--	198,520	--	198,520
<b>Total Assets</b>	<b>3,599,619</b>	<b>493,142</b>	<b>--</b>	<b>4,092,761</b>
 <i>Derivative Financial Liabilities Held for Trading</i>	 --	 179,164	 --	 179,164
<i>Hedging Purpose Derivatives</i>	--	180,580	--	180,580
<b>Total Liabilities</b>	<b>--</b>	<b>359,744</b>	<b>--</b>	<b>359,744</b>

**Level 1** : Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2** : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3**: Unobservable inputs

(\*) Share certificates amounting TL 3,928 , classified in financial assets available for sale that do not have quoted market prices in an active market or whose fair value cannot be measured, are carried at cost.

No transition has been made between Level 1 and Level 2 during the year.

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**IX. Transactions carried out on behalf and account of other parties and fiduciary transactions**

**1. Information on whether the Group performs sales, purchase, management, consultancy and custody services on behalf and account of others, or not**

DFS Group performs sales, purchase, management, consultancy and custody services on behalf and account of others.

**2. Transactions directly realized with other financial institutions depending on fiduciary contracts and probability of material effect of such transactions on the financial position of the Bank.**

None.

**X. Explanations related to the consolidated segment reporting**

DFS Group is active in three areas, namely, retail banking, corporate banking, treasury and investment banking.

In retail banking, it offers loan products (consumer loans, mortgage, and vehicle loans), distinctive credit cards, investment products (mutual funds, shares, government bonds/treasury bills, and repos), deposit products (time, demand, protected), insurance products, SME loans as well as agricultural loans. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, checkbooks and rental safes.

Corporate banking offers financial and banking solutions to large-scale local and international corporate and commercial customers. In order to meet customer needs related to projects, investment and working capital, corporate banking offers short and long-term working capital loans, investment loans, non-cash loans, foreign exchange transactions, export finance, project finance, structured finance, corporate finance, deposit products and cash management services.

Within treasury and investment banking, sales, prop-trading and private banking departments offer spot and forward TL and foreign exchange transactions, trading of treasury bills, bonds and other local and international securities and derivative products. Servicing the upper segment of wealthy and high income retail customers who require sophisticated banking and investment services falls within the scope of private banking.

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Segment information of the Group as of 31 December 2011 is presented in the following table:

Current Period (01.01.2011-31.12.2011)	Corporate Banking	Commercial Banking &Public Finance	Agriculture &Sme Banking	Retail Banking	Treasury and Investment Banking	Total
Net interest income	222,850	302,991	524,404	425,320	404,779	1,880,344
Net fee and commission income	41,900	49,681	133,784	209,062	(9,207)	425,220
Other income/expense, net	27,195	83,008	209,011	205,095	(124,227)	400,082
<b>Total segment income</b>	<b>291,945</b>	<b>435,680</b>	<b>867,199</b>	<b>839,477</b>	<b>271,345</b>	<b>2,705,646</b>
Other operating expenses	(102,900)	(199,760)	(490,640)	(516,965)	(25,939)	(1,336,204)
Provision for loan losses and other receivables	(11,082)	(66,278)	(122,537)	(238,625)	(14,030)	(452,552)
Tax charge						(199,534)
<b>Net profit from continuing operations</b>	<b>177,963</b>	<b>169,642</b>	<b>254,022</b>	<b>83,887</b>	<b>231,376</b>	<b>717,356</b>
Net profit from discontinued operations	--	164	5,858	14,239	323,192	343,453
<b>Net profit</b>	<b>177,963</b>	<b>169,806</b>	<b>259,880</b>	<b>98,126</b>	<b>554,568</b>	<b>1,060,809</b>
<b>Current Period (31.12.2011)</b>						
Segment assets	6,903,690	9,591,484	6,305,752	8,145,957	12,548,515	43,495,398
Subsidiaries and associates						15,881
Undistributed assets						1,245,003
<b>Total assets</b>						<b>44,756,282</b>
Segment liabilities	3,746,422	6,036,310	3,827,832	13,422,714	10,812,230	37,845,508
Undistributed liabilities						2,269,311
Shareholders' equity						4,641,463
<b>Total liabilities</b>						<b>44,756,282</b>

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Prior Period (01.01.2010-31.12.2010)	Corporate Banking	Commercial Banking &Public Finance	Agriculture &Sme Banking	Retail Banking	Treasury and Investment Banking	Total
Net interest income	163,458	237,789	507,145	427,782	440,638	1,776,812
Net fee and commission income	28,887	36,094	102,841	161,073	80	328,975
Other income/expense, net	12,545	47,728	179,350	235,595	(264,596)	210,622
<b>Total segment income</b>	<b>204,890</b>	<b>321,611</b>	<b>789,336</b>	<b>824,450</b>	<b>176,122</b>	<b>2,316,409</b>
Other operating expenses	(79,056)	(160,973)	(387,636)	(410,550)	(20,788)	(1,059,003)
Provision for loan losses and other Receivables	(61,641)	(76,576)	(165,147)	(193,448)	(9,500)	(506,312)
Tax charge						(157,545)
<b>Net profit from continuing operations</b>	<b>64,193</b>	<b>84,062</b>	<b>236,553</b>	<b>220,452</b>	<b>145,834</b>	<b>593,549</b>
Net profit from discontinued operations	--	227	8,869	13,646	--	22,742
<b>Net profit</b>	<b>64,193</b>	<b>84,289</b>	<b>245,422</b>	<b>234,098</b>	<b>145,834</b>	<b>616,291</b>
Prior Period (31.12.2010)						
Segment assets	6,238,990	6,976,302	4,742,506	5,831,720	9,138,005	32,927,523
Subsidiaries and associates						14,778
Undistributed assets						910,863
<b>Total assets</b>						<b>33,853,164</b>
Segment liabilities	2,673,180	4,170,309	3,472,277	9,938,262	8,558,803	28,812,831
Undistributed liabilities						1,381,128
Shareholders' equity						3,659,205
<b>Total liabilities</b>						<b>33,853,164</b>

## **SECTION FIVE**

### **DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

#### **I. Explanations and disclosures related to consolidated assets**

##### **1. Information on cash and balances with the Central Bank of the Republic of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	279,517	328,435	195,813	287,237
Central Bank of the Republic of Turkey	1,606,327	1,941,878	178,829	1,058,636
Other (*)	--	25	--	24
<b>Total</b>	<b>1,885,844</b>	<b>2,270,338</b>	<b>374,642</b>	<b>1,345,897</b>

(\*) Includes TL 25 of cheques purchased (31 December 2010: TL 24).

##### **1.1 Information on balances with the Central Bank of the Republic of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,606,327	351,470	178,829	279,536
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	1,590,408	--	779,100
<b>Total</b>	<b>1,606,327</b>	<b>1,941,878</b>	<b>178,829</b>	<b>1,058,636</b>

##### **1.2 Information on Central Bank of the Republic of Turkey**

As of 31 December 2011, all banks operating in Turkey should provide a reserve in a range of 5% to 11% depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 6% to 11% in US Dollars and Euro for their liabilities in foreign currencies.

#### **2. Information on financial assets at fair value through profit or loss**

##### **2.1 Information on trading securities given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	9,677	208	11,662	17,616
Other	--	--	--	--
<b>Total</b>	<b>9,677</b>	<b>208</b>	<b>11,662</b>	<b>17,616</b>

Trading securities given as collateral represent those collaterals given to the Central Bank of the Republic of Turkey, and ISE Clearing and Custody Bank (Takasbank) for liquidity, interbank money market, foreign exchange market and other transactions.

##### **2.2 Trading securities subject to repurchase agreements**

None.



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**2.3 Positive value of trading purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,622	68,440	544	27,872
Swap Transactions	141,923	58,220	45,347	162,662
Futures Transactions	--	--	--	--
Options	4,042	189,634	1,805	56,392
Other	--	--	--	--
<b>Total</b>	<b>147,587</b>	<b>316,294</b>	<b>47,696</b>	<b>246,926</b>

**3. Information on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	868	329,048	132,332	198,419
Foreign	262	548,525	202,863	713,905
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>1,130</b>	<b>877,573</b>	<b>335,195</b>	<b>912,324</b>

**3.1 Foreign banks**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	353,532	487,890	--	--
USA, Canada	146,159	71,612	--	--
OECD Countries (*)	6,573	26,427	--	--
Off shore zones	148	297,329	--	--
Other	42,375	33,510	--	--
<b>Total</b>	<b>548,787</b>	<b>916,768</b>	<b>--</b>	<b>--</b>

(\*) OECD countries except for EU countries, USA and Canada

**4. Information on investment securities available-for-sale**

**4.1 Major types of investment securities available-for-sale**

Investment securities available-for-sale consist of share certificates, debt securities representing government bonds, Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign private sector debt securities.

**4.2 Investment securities available-for-sale given as collateral**

Investment securities available-for-sale given as collateral are government bonds and Eurobonds with carrying value of TL 49,657 (31 December 2010: TL 466,459).

**4.3 Investment securities available-for-sale given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	--	--	--	--
T-bills, Bonds and Similar Securities	15,017	34,640	255,918	210,541
Other	--	--	--	--
<b>Total</b>	<b>15,017</b>	<b>34,640</b>	<b>255,918</b>	<b>210,541</b>

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**4.4 Investment securities available-for-sale subject to repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	638,892	--	22,208	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>638,892</b>	<b>--</b>	<b>22,208</b>	<b>--</b>

**4.5 Information on available-for-sale securities**

	Current Period	Prior Period
<b>Debt instruments</b>	<b>4,234,259</b>	<b>3,260,719</b>
Quoted on Stock Exchange	4,234,259	3,260,719
Unquoted on Stock Exchange	--	--
<b>Share certificates</b>	<b>3,928</b>	<b>12,590</b>
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	3,928	12,590
<b>Impairment provision (-)</b>	<b>35,445</b>	<b>7,281</b>
<b>Total</b>	<b>4,202,742</b>	<b>3,266,028</b>

**5. Information related to loans**

**5.1 Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>39</b>
<b>Loans Granted to Employees</b>	<b>39,600</b>	<b>16</b>	<b>34,233</b>	<b>16</b>
<b>Total</b>	<b>39,600</b>	<b>16</b>	<b>34,233</b>	<b>55</b>

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**5.2 Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
Cash Loans	Loans and Other Receivables	Restructured or Rescheduled (*)	Loans and Other Receivables	Restructured or Rescheduled (**)
<b>Non-specialized Loans</b>	<b>25,572,473</b>	<b>120,378</b>	<b>855,474</b>	<b>203,906</b>
Discount Notes	136,912	--	1,102	--
Export Loans	644,047	--	119,468	--
Import Loans	1,513	--	--	--
Loans Given to Financial Sector	212,696	--	--	--
Foreign Loans	1,135,516	1,871	136,496	524
Consumer Loans	6,704,777	74,721	330,191	30,291
Credit Cards	1,530,535	--	47,205	--
Precious Metal Loans	45,495	--	--	--
Other	15,160,982	43,786	221,012	173,091
<b>Specialization Loans</b>	<b>1,528,201</b>	<b>5,749</b>	<b>81,595</b>	<b>6,891</b>
<b>Other Receivables</b>	<b>14,062</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>27,114,736</b>	<b>126,127</b>	<b>937,069</b>	<b>210,797</b>

(\*) TL 103,873 of the loans were restructured or rescheduled while they were already classified as standard loans and other receivables.

(\*\*) TL 197,940 of the loans were restructured or rescheduled while they were classified as loans and other receivables under close monitoring.

In accordance with the Clause 4 of the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside", the amount of loans those have been restructured or rescheduled after 28 May 2011 is TL 126,635, and the term extensions provided in respect of the loan groups are as follows:

	Up to 1 Years	Up to 3 Years	Over 3 Years	Total
First Group Loans	5,222	7,360	31,504	44,086
Second Group Loans	1,100	5,214	76,235	82,549
<b>Total</b>	<b>6,322</b>	<b>12,574</b>	<b>107,739</b>	<b>126,635</b>

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**5.3 Information on loans according to maturity structure concentration**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Short-term loans and other receivables</b>	<b>13,343,462</b>	<b>6,912</b>	<b>270,697</b>	<b>1,639</b>
Non-specialized loans	12,418,186	6,727	225,089	1,370
Specialized loans	911,214	185	45,608	269
Other receivables	14,062	--	--	--
<b>Medium and Long-term loans and other receivables</b>	<b>13,771,274</b>	<b>119,215</b>	<b>666,372</b>	<b>209,158</b>
Non-specialized loans	13,154,287	113,651	630,385	202,536
Specialized loans	616,987	5,564	35,987	6,622
Other receivables	--	--	--	--
<b>Total</b>	<b>27,114,736</b>	<b>126,127</b>	<b>937,069</b>	<b>210,797</b>

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**5.4 Information on consumer loans, individual credit cards and personnel credit cards**

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>154,950</b>	<b>6,483,948</b>	<b>6,638,898</b>
Real estate Loans	2,152	2,777,047	2,779,199
Vehicle Loans	3,400	377,709	381,109
General Purpose Loans	128,313	3,329,192	3,457,505
Other	21,085	--	21,085
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>235,167</b>	<b>235,167</b>
Real estate Loans	--	228,902	228,902
Vehicle Loans	--	708	708
General Purpose Loans	--	5,557	5,557
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>765</b>	<b>21,251</b>	<b>22,016</b>
Real estate Loans	--	7,305	7,305
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	765	13,946	14,711
<b>Individual Credit Cards-TL</b>	<b>1,408,890</b>	<b>82,664</b>	<b>1,491,554</b>
Installment	529,333	82,664	611,997
Non installment	879,557	--	879,557
<b>Individual Credit Cards-FC</b>	<b>758</b>	<b>--</b>	<b>758</b>
Installment	6	--	6
Non installment	752	--	752
<b>Loans Given to Employees-TL</b>	<b>1,860</b>	<b>21,028</b>	<b>22,888</b>
Real estate Loans	--	2,964	2,964
Vehicle Loans	--	152	152
General Purpose Loans	1,860	17,912	19,772
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>101</b>	<b>102</b>	<b>203</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	101	102	203
<b>Personnel Credit Cards - TL</b>	<b>14,902</b>	<b>304</b>	<b>15,206</b>
Installment	6,335	304	6,639
Non installment	8,567	--	8,567
<b>Personnel Credit Cards - FC</b>	<b>33</b>	<b>--</b>	<b>33</b>
Installment	--	--	--
Non installment	33	--	33
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>220,691</b>	<b>--</b>	<b>220,691</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>117</b>	<b>--</b>	<b>117</b>
<b>Total</b>	<b>1,803,067</b>	<b>6,844,464</b>	<b>8,647,531</b>

(\*) Overdrafts used by the personnel of the Parent Bank are TL 1,371 (31 December 2010: TL 1,068).

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**5.5 Information on installment commercial loans and corporate credit cards**

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>103,304</b>	<b>1,906,872</b>	<b>2,010,176</b>
Real estate Loans	117	144,329	144,446
Vehicle Loans	5,232	265,506	270,738
General Purpose Loans	97,935	1,374,431	1,472,366
Other	20	122,606	122,626
<b>Installment Commercial Loans - Indexed to FC</b>	<b>19,078</b>	<b>539,437</b>	<b>558,515</b>
Real estate Loans	99	21,723	21,822
Vehicle Loans	903	51,726	52,629
General Purpose Loans	18,076	450,515	468,591
Other	--	15,473	15,473
<b>Installment Commercial Loans - FC</b>	<b>--</b>	<b>27,640</b>	<b>27,640</b>
Real estate Loans	--	4,237	4,237
Vehicle Loans	--	--	--
General Purpose Loans	--	62	62
Other	--	23,341	23,341
<b>Corporate Credit Cards - TL</b>	<b>69,881</b>	<b>80</b>	<b>69,961</b>
Installment	22,654	80	22,734
Non installment	47,227	--	47,227
<b>Corporate Credit Cards - FC</b>	<b>228</b>	<b>--</b>	<b>228</b>
Installment	--	--	--
Non installment	228	--	228
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>233,613</b>	<b>--</b>	<b>233,613</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>558</b>	<b>--</b>	<b>558</b>
<b>Total</b>	<b>426,662</b>	<b>2,474,029</b>	<b>2,900,691</b>

**5.6 Loan concentration according to counterparty**

	Current Period	Prior Period
Public	413,873	481,855
Private	27,974,856	21,139,232
<b>Total</b>	<b>28,388,729</b>	<b>21,621,087</b>

**5.7 Domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	27,114,322	20,987,108
Foreign Loans	1,274,407	633,979
<b>Total</b>	<b>28,388,729</b>	<b>21,621,087</b>

**5.8 Loans granted to subsidiaries and associates**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	--	--
Indirect loans granted to subsidiaries and associates	--	--
<b>Total</b>	<b>--</b>	<b>--</b>

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**5.9 Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	57,684	30,648
Loans and Receivables with Doubtful Collectability	81,577	90,645
Uncollectible Loans and Receivables	469,508	637,088
<b>Total</b>	<b>608,769</b>	<b>758,381</b>

**5.10 Information on non-performing loans (Net)**

**5.10.1 Information on loans under follow-up, loans and other receivables those are restructured /rescheduled**

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
<b>Current Period</b>	<b>4,255</b>	<b>1,697</b>	<b>7,466</b>
(Gross Amounts Before Specific Reserves)			
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	4,255	1,697	7,466
<b>Prior Period</b>	<b>834</b>	<b>1,169</b>	<b>16,026</b>
(Gross Amounts Before Specific Reserves)			
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	834	1,169	16,026

**5.10.2 Movement of non-performing loans**

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>97,498</b>	<b>201,993</b>	<b>783,583</b>
Additions (+)	412,322	46,977	56,139
Transfers from Other Categories of Non-Performing Loans (+)	--	270,677	228,519
Transfers to Other Categories of Non-Performing Loans (-)	270,935	228,525	--
Collections (-)	99,927	130,221	212,589
Write-offs (-) (*)	4	4,747	256,351
<i>Corporate and Commercial Loans</i>	4	1,301	77,359
<i>Retail Loans</i>	--	2,070	117,886
<i>Credit Cards</i>	--	1,376	61,106
<i>Other</i>	--	--	--
<b>Balances at End of the Period</b>	<b>138,954</b>	<b>156,154</b>	<b>599,301</b>
Specific Provisions (-)	57,684	81,577	469,508
<b>Net Balance on Balance Sheet</b>	<b>81,270</b>	<b>74,577</b>	<b>129,793</b>

(\*)The Parent Bank sold TL 116,189 of its credit cards, retail and corporate loans portfolio; which were not collateralized, overdue for more than a year and fully provided against; to Girişim Varlık Yönetimi A.Ş. for TL 10,573 with the sales agreement dated 31 March 2011. The Parent Bank sold TL 142,472 of its credit cards, retail and corporate loans portfolio which were under legal follow up to Standart Varlık Yönetimi A.Ş. and Efes Varlık Yönetimi A.Ş. for TL 16,792 with the sales agreement dated 27 September 2011.

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**5.10.3 Information on specific provision movements**

	Commercial Loans (*)	Consumer Loans	Credit Cards	Other	Total
Prior Period Closing	439,409	226,241	92,196	535	758,381
Additions (+)	153,439	111,283	48,163	--	312,885
Collections (-)	(113,202)	(74,450)	(15,862)	--	(203,514)
FX Difference	604	871	--	--	1,475
Write off(-)	(78,711)	(119,542)	(61,940)	(265)	(260,458)
<b>Current Period Closing</b>	<b>401,539</b>	<b>144,403</b>	<b>62,557</b>	<b>270</b>	<b>608,769</b>

(\*) Commercial loans contain commercial, corporate and operating loans.

Fair value of the collaterals received against non-performing loans, capped with the outstanding balances of those loans, is TL 183,842 as of 31 December 2011 (31 December 2010: TL 182,281).

**5.10.4 Information on non-performing loans and other receivables in foreign currencies**

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
<b>Current Period</b>			
Balance as of the Period End	5,780	9,036	13,933
Specific Provisions (-)	643	8,096	3,843
<b>Net Balance on Balance Sheet</b>	<b>5,137</b>	<b>940</b>	<b>10,090</b>
<b>Prior Period</b>			
Balance as of the Period End	3,416	18,974	95,968
Specific Provisions (-)	177	11,186	50,215
<b>Net Balance on Balance Sheet</b>	<b>3,239</b>	<b>7,788</b>	<b>45,753</b>



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**5.10.5 Information on non-performing loans according to beneficiary group**

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>81,270</b>	<b>74,577</b>	<b>129,793</b>
Loans Granted to Real Persons and Legal Entities (Gross)	138,954	144,419	599,301
Specific provisions (-)	57,684	69,842	469,508
Loans Granted to Real Persons and Legal Entities (Net)	81,270	74,577	129,793
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	11,735	--
Specific provisions (-)	--	11,735	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net)</b>	<b>66,850</b>	<b>111,348</b>	<b>146,495</b>
Loans Granted to Real Persons and Legal Entities (Gross)	97,241	192,636	781,414
Specific provisions (-)	30,391	81,288	634,919
Loans Granted to Real Persons and Legal Entities (Net)	66,850	111,348	146,495
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	257	9,357	2,169
Specific provisions (-)	257	9,357	2,169
Other Loan and Receivables (Net)	--	--	--

**5.11 Aging analysis of past due but not impaired financial assets**

	Less than			
Loans	1-30 days	31-60 Days	61-90 Days	Total
Current Period	332,918	91,467	55,248	479,632
Prior Period	236,259	85,089	44,842	366,190

The table includes only past due installments.

**5.12 Liquidation policy for uncollectible loans and receivables**

For uncollectible loans and receivables, the Bank tries to solve the issue with the customer. If no result is obtained, all legal actions are taken. Such actions are completed when the insufficiency of collaterals is documented or a certificate of insolvency is obtained.

**5.13 Information on write-off from assets policy**

Unrecoverable non-performing loans are written off with the decision of the Board of Directors on condition that receivable of the Group is not material compared to the costs to be incurred for the preparation of necessary documentation. The amount written-off is TL 2,441 in 2011 (31 December 2010: TL 9,854).

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**6. Information on investment securities held-to-maturity**

**6.1 Information on securities subject to repurchase agreement and given as collateral or blocked**

**6.1.1 Information on securities subject to repurchase agreement**

Held-to-maturity investments subject to repurchase agreement are government bonds with a book value amounting to TL 367,088 (31 December 2010: TL 9,144).

**6.1.2 Information on securities subject to given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	--	--	--	--
Bonds and Similar Marketable Securities	269,519	--	201,009	22
Other	--	--	--	--
<b>Total</b>	<b>269,519</b>	<b>--</b>	<b>201,009</b>	<b>22</b>

**6.2 Information on government securities held-to-maturity**

	Current Period	Prior Period
Government Bonds	866,961	786,679
Treasury Bills	--	--
Other Government Debt Securities	--	--
<b>Total</b>	<b>866,961</b>	<b>786,679</b>

**6.3 Information on investment securities held-to-maturity**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>912,105</b>	<b>831,959</b>
Quoted on Stock Exchange	787,802	720,347
Unquoted on Stock Exchange	124,303	111,612
Impairment (-)	--	--
<b>Total</b>	<b>912,105</b>	<b>831,959</b>

**6.4 Information on the movement of investment securities held-to-maturity during the period**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>831,959</b>	<b>789,692</b>
Foreign exchange differences (*)	88,896	64,676
Purchases	--	--
Disposals/Redemptions	(8,750)	(22,409)
Impairment losses (-)	--	--
<b>Balance at the end of the period</b>	<b>912,105</b>	<b>831,959</b>

(\*) Accruals of investment securities held-to-maturity are included in "foreign exchange differences".

The Parent Bank transferred a portion of its securities from "investment securities available-for-sale" portfolio, with a notional amount of TL 552,934, to the "investment securities held-to-maturity" portfolio due to change in the intention of holding, effective from 1 October 2008. The negative valuation differences amounting to TL 39,455 under equity accrued until the date of transfer will be amortized and recycled to profit/loss until the maturities of these securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 3,764.

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**7. Investments in associates**

**7.1 Investments in unconsolidated associates**

Title	Address (City/Country)	The Parent Bank's share percentage (%)	The Parent Bank's risk group share percentage (%)
1-Kredi Kayıt Bürosu A.Ş. (*)	İstanbul/Turkey	9	--
2-Gelişen Bilgi Teknolojileri A.Ş. (**)	İstanbul/Turkey	5	5
3-Kredi Garanti Fonu A.Ş. (*)	Ankara/Turkey	2	--
4-Ege Tarım Ürünleri lisanslı Dep. A.Ş. (**)	İzmir/ Turkey	10	--

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	41,622	36,856	2,476	2,558	--	13,630	9,289	--
2	427	425	--	32	--	(5)	356	--
3	207,899	201,048	3,017	3,979	--	7,672	5,439	--
4	8,430	8,032	4,809	378	--	152	--	--

(\*) Information on the financial statements is presented as of the period ended 30 September 2011.

(\*\*) Information on the financial statements is presented as of the period ended 31 December 2011.

**7.2 Investments in consolidated associates**

There are no investments in consolidated associates.

**8. Investments in subsidiaries**

On 6 July 2011 and 28 November 2011, Denizbank AG raised its capital by Euro 20 million (TL 51,370) and Euro 95 million (TL 232,456) totally paid by the Parent Bank in cash, respectively.

As of 31 December 2011, 87.78 % of Denizbank AG's capital belongs to the Parent Bank and 12.22 % belongs to Deniz Leasing.

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**8.1 Information on non-consolidated subsidiaries**

	Title	Address (City/Country)	The Parent Bank's share percentage-If different voting percentage (%)	The Parent Bank's risk group share percentage (%)
1	İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	İstanbul/Turkey	100	--
2	Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	İstanbul/Turkey	100	--
3	Pupa Gayrimenkul Kiralama ve Yönetim Hizmetleri A.Ş.	İstanbul/Turkey	--	100

  

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	11,406	2,587	3,211	52	--	(100)	880	--
2	1,310	1,307	252	--	--	--	(12)	--
3	133,424	(69,382)	122,335	474	--	(38,460)	(5,101)	--

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**8.2 Information on consolidated subsidiaries**

	Title	Address (City/Country)	The Parent Bank's share percentage (%)	Other shareholders' share percentage (%)	Consolidation Method
1	Denizbank AG	Vienna / Austria	88	12	Full consolidation
2	Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--	Full consolidation
3	Deniz Yatırım Menkul Kıymetler A.Ş.	İstanbul / Turkey	100	--	Full consolidation
4	Ekspres Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	71	29	Full consolidation
5	CJSC Dexia Bank	Moscow / Russia	49	51	Full consolidation
6	Deniz Portföy Yönetimi A.Ş.	İstanbul / Turkey	--	100	Full consolidation
7	Deniz Finansal Kiralama A.Ş.	İstanbul / Turkey	84	16	Full consolidation
8	Deniz Faktoring A.Ş.	İstanbul / Turkey	100	--	Full consolidation
9	Deniz Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	--	56	Full consolidation

  

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	7,819,907	718,581	8,662	273,039	3,456	50,375	29,957	--
2	1,690,770	7,513	100	72,484	--	2,419	1,152	--
3	68,048	58,159	307	5,558	714	7,745	11,696	--
4	49,034	46,199	120	3,754	1,409	3,587	1,757	--
5	544,049	96,789	3,678	26,139	5,565	12,632	8,197	--
6	3,322	2,288	66	188	6	148	(221)	--
7	1,588,424	391,129	520	112,366	--	48,533	41,559	--
8	1,007,849	175,186	397	110,093	--	35,418	31,072	--
9	27,070	26,981	--	1,004	(2,428)	(1,692)	4,103	--

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**8.2.1** *Movement of consolidated subsidiaries*

	Current Period	Prior Period
Balance at the Beginning of the Period	567,353	519,798
Movements during the Period	271,336	47,555
Purchases (*)	283,826	38,358
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (**)	(17,799)	--
Revaluation Increase, Effect of Inflation and F/X Difference	5,309	(1,442)
Other (***)	--	10,639
Allowance for impairment	--	--
Balance at the End of the Period	838,689	567,353
Capital Commitments	--	9,990
Share Percentage at the end of Period (%)	--	--

(\*) Explained in note 8.

(\*\*) Explained in note 8.2.4.

(\*\*\*) Consists of the investment in Deniz Yatırım Ortaklığı; which has been consolidated for the first-time as of 31 December 2010.

**8.2.2** *Sectorial information on the consolidated subsidiaries and the related carrying amounts*

	Current Period	Prior Period
Banks	542,211	251,988
Insurance Companies	--	13,819
Factoring Companies	26,107	26,107
Leasing Companies	226,929	226,929
Finance Companies	--	--
Other Subsidiaries	43,442	48,510
<b>Total</b>	<b>838,689</b>	<b>567,353</b>

Balances of the consolidated subsidiaries above have been eliminated in the accompanying financial statements.

**8.2.3** *Quoted subsidiaries within the consolidation scope*

	Current Period	Prior Period
Quoted on domestic markets	9,551	10,639
Quoted on foreign markets	--	--

Deniz Yatırım Ortaklığı was established on 5 May 1995 by registering at the Trade Registry and announced in the Turkish Trade Registry Gazette dated 16 May 1995 and numbered 3786 to operate in capital markets in accordance with Capital Market Law numbered 2499 and related regulations.

Shares of Deniz Yatırım Ortaklığı have been quoted on Istanbul Stock Exchange ("ISE") since 30 October 1995.

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**8.2.4 Consolidated subsidiaries disposed during the current period**

The shares of Deniz Türev, which is directly and indirectly 100% owned by the Parent Bank were sold to Endeks Gayrimenkul ve Madencilik Enerji Sanayi ve Tic. A.Ş. for TL 9,023 and US Dollars 1,500,000 according to share purchase agreement accepted at the meeting of the Board of Directors dated 18 July 2011. The capital gain of TL 2,337 recognized from the sale is presented as "Profit on Sale of Subsidiary" which is included in "Profit from Discontinued Operations" in the accompanying financial statements.

At the meeting of the Board of Directors on 24 June 2011, the Parent Bank decided to sell its 99.86% shares of Deniz Emeklilik to American Life Hayat Sigorta A.Ş. (MetLife) for EUR 170,032,196 and the share transfer occurred on 3 October 2011. The gross gain on sale amounting to TL 341,296 is presented as "Profit on Sale of Subsidiary" which is included in "Profit from Discontinued Operations" in the accompanying financial statements.

**8.2.5 Consolidated subsidiaries acquired during the current period**

None.

**9. Entities Under Common Control (Joint Ventures)**

**9.1 Information on non-consolidated entities under common control**

Title	The Parent Bank's share percentage (%)	The Group's share percentage (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	8,400	6,626	945	7,470	(5,699)

Information on the financial statements is presented as of the period ended 31 December 2011.

**9.2 Information on consolidated entities under common control (Joint Ventures)**

There are no entities under common control which are consolidated.

**10. Information on lease receivables**

**10.1 Maturity analysis of finance lease receivables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	469,568	381,579	408,426	336,703
Between 1-4 years	869,936	808,292	625,462	560,395
Over 4 years	158,435	103,285	79,060	70,447
<b>Total</b>	<b>1,497,939</b>	<b>1,293,156</b>	<b>1,112,948</b>	<b>967,545</b>

**10.2 Information on net investments in finance lease receivables**

	Current Period	Prior Period
Gross finance lease receivable	1,497,939	1,112,948
Unearned finance income (-)	204,783	145,403
Cancelled leasing agreements (-)	--	--
<b>Net investment on finance leases</b>	<b>1,293,156</b>	<b>967,545</b>

**10.3 Information on finance lease agreements of the Parent Bank**

None.

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**11. Information on hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	--	--	--	--
Cash Flow Hedge	189,975	31,010	187,578	10,942
Hedging of a Net Investment in Foreign Subsidiaries	--	--	--	--
<b>Total</b>	<b>189,975</b>	<b>31,010</b>	<b>187,578</b>	<b>10,942</b>

**12. Information on tangible assets**

	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
<b>Current Period End:</b>					
Net book value at the beginning of the period	48,791	183,895	1,499	321,634	555,819
Additions	708	11,719	37	126,475	138,939
Disposals	--	(1,494)	(424)	(8,422)	(10,340)
Net FX difference from foreign subsidiaries	--	--	73	2,511	2,584
Net book value at the end of the period	49,499	194,120	1,185	442,198	687,002
Accumulated depreciation at the beginning of the period (-)	9,614	120,993	941	143,595	275,143
Disposals	--	(1,379)	(421)	(6,472)	(8,272)
Net FX difference from foreign subsidiaries	--	--	36	1,529	1,565
Depreciation	882	17,623	137	55,882	74,524
Current period accumulated depreciation (-)	10,496	137,237	693	194,534	342,960
Closing net book value	39,003	56,883	492	247,664	344,042
<b>Prior Period End:</b>					
Net book value at the beginning of the period	49,800	164,950	1,625	238,544	454,919
Additions	44	18,945	421	93,416	112,826
Disposals	(1,053)	--	(539)	(9,853)	(11,445)
Net FX difference from foreign subsidiaries	--	--	(8)	(473)	(481)
Net book value at the end of the period	48,791	183,895	1,499	321,634	555,819
Accumulated depreciation at the beginning of the period (-)	9,197	104,087	1,340	101,073	215,697
Disposals	(461)	--	(526)	(7,043)	(8,030)
Inter-account transfer	--	2	--	163	165
Net FX difference from foreign subsidiaries	--	--	(2)	(205)	(207)
Depreciation	878	16,904	129	49,607	67,518
Prior period accumulated depreciation (-)	9,614	120,993	941	143,595	275,143
Closing net book value	39,177	62,902	558	178,039	280,676

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**12.1** *If the amount of an allowance for the decrease in the value of a specific asset or the reversal from an allowance for the decrease in the value of a specific asset is significant in the financial statements*

**12.1.1** *Events and conditions that resulted in an allowance or the reversal of an allowance for the decrease in the value of the asset*

Value of the buildings has decreased due to fluctuations in the real estate market in prior years.

**12.1.2** *Amount recorded or reversed in the financial statements*

The Parent Bank has booked an impairment loss provision of TL 4,402 for three of its buildings in prior years.

**12.2** *Current year charge recorded in the financial statements as an allowance for the decrease in the value of a group of assets or income from the reversal of an allowance for the decrease in the value of a group of assets and events and conditions that resulted in them*

None.

**13.** **Information on intangible assets**

**13.1** *Useful lives and amortization rates*

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of obsolescence, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

**13.2** *Amortization methods*

The Parent Bank uses straight line amortization method for intangibles purchased before 1 January 2003 and after 31 December 2006. Assets purchased in other periods are amortized using declining amortization method.



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**13.3 Movement of intangible assets**

Current Period End:	Rights	Other	Total
Net book value at the beginning of the period	124,213	2,650	126,863
Additions	54,237	--	54,237
Inter-account transfer	36	--	36
Disposals	(3,490)	--	(3,490)
Net FX difference from foreign subsidiaries	3,399	--	3,399
Net book value at the end of the period	178,395	2,650	181,045
Accumulated depreciation at the beginning of the period (-)	82,619	2,650	85,269
Disposals	(2,234)	--	(2,234)
Net FX difference from foreign subsidiaries	2,443	--	2,443
Depreciation	23,576	--	23,576
Current period accumulated depreciation (-)	106,404	2,650	109,054
Closing net book value	71,991	--	71,991
Prior Period End:			
Net book value at the beginning of the period	102,856	2,650	105,506
Additions	22,536	--	22,536
Disposals	(924)	--	(924)
Net FX difference from foreign subsidiaries	(255)	--	(255)
Net book value at the end of the period	124,213	2,650	126,863
Accumulated depreciation at the beginning of the period (-)	65,552	2,650	68,202
Disposals	(440)	--	(440)
Inter-account transfer	714	--	714
Net FX difference from foreign subsidiaries	(164)	--	(164)
Depreciation	16,957	--	16,957
Prior period accumulated depreciation (-)	82,619	2,650	85,269
Closing net book value	41,594	--	41,594

- 13.4 The carrying value, description and remaining useful life of significant intangible assets, if any**  
None.
- 13.5 Information on intangible assets that have been purchased by government grants and originally have been accounted for by using the fair value principle**  
None.
- 13.6 Subsequent periods' valuation methodology for intangible assets that have been purchased by government grants in the past and originally have been accounted for by using the fair value principle**  
None.
- 13.7 Carrying value of intangible assets that are pledged or restricted in usage**  
None.
- 13.8 Amount of any commitments granted for the purchase of intangible assets**  
None.
- 13.9 In case of a revaluation, information on an asset by asset basis for intangible assets**  
None.

**13.10** *Total amount charged to income statement as research and development expense, if any*  
None.

**13.11** *Goodwill or negative goodwill arising from consolidated investments*  
None.

**14.** *Information on investment properties*  
None.

**15.** *Information on deferred tax asset*

**15.1** *Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits*

Deferred tax asset calculated on the basis of related regulation is TL 58,031 (31 December 2010: TL 56,269) and deferred tax liability is TL 639 (31 December 2010: TL 436). These balances are the net of deductible and taxable temporary differences calculated as of the balance sheet date.

The following table presents the deferred tax bases:

	Current Period	Prior Period
<b>Deferred Tax Assets:</b>		
Miscellaneous Provisions	33,932	47,552
Valuation Differences of Financial Assets	6,334	16,042
Provision for Employee Benefits	11,232	8,373
Unearned Income	13,913	2,101
Other	22,897	14,897
	<b>88,308</b>	<b>88,965</b>
<b>Deferred Tax Liabilities:</b>		
Valuation Differences of Tangible Assets	(292)	(4,406)
Valuation Differences of Derivatives	(25,463)	(28,726)
Valuation Differences of Financial Assets	(5,161)	--
	<b>(30,916)</b>	<b>(33,132)</b>
<b>Net Deferred Tax Assets</b>	<b>57,392</b>	<b>55,833</b>

**15.2** *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*  
None.

**15.3** *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes*  
None.

**16.** *Information on assets held for sale and non-current assets related to discontinued operations*  
DFS Group has no assets held for sale or discontinued operations during the current period.

**17.** *Information on other assets*

**17.1** *Information on prepaid expense, taxes and similar items*

DFS Group's total prepaid expenses are TL 63,915 (31 December 2010: TL 41,998).

**17.2** *Other assets do not exceed 10% of total assets excluding the off-balance sheet items.*

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**II. Explanations and disclosures related to consolidated liabilities**

**1. Information on maturity structure of deposits**

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	641,595	--	625,219	6,644,917	298,930	51,629	48,427	8,726	8,319,443
Foreign Currency Deposits	2,169,081	--	918,256	3,236,373	656,680	2,195,179	2,576,547	382	11,752,498
Residents in Turkey	1,157,923	--	850,004	3,040,462	444,629	170,667	353,299	353	6,017,337
Residents Abroad	1,011,158	--	68,252	195,911	212,051	2,024,512	2,223,248	29	5,735,161
Public Sector Deposits	77,189	--	32,975	171,423	131,790	225	283	--	413,885
Commercial Deposits	966,052	--	790,367	2,357,335	787,002	124,720	217,128	--	5,242,604
Other Ins. Deposits	31,667	--	49,695	345,295	13,087	79	16,075	--	455,898
Precious Metal Deposits	256,090	--	5,605	47,913	4,931	--	111	--	314,650
Bank Deposits	173,538	--	88,242	31,313	346	35,222	93,968	--	422,629
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	98,068	--	110	945	--	--	1,078	--	100,201
Foreign Banks	14,984	--	88,132	30,368	346	35,222	92,890	--	261,942
Special Finan. Inst.	60,486	--	--	--	--	--	--	--	60,486
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>4,315,212</b>	<b>--</b>	<b>2,510,359</b>	<b>12,834,569</b>	<b>1,892,766</b>	<b>2,407,054</b>	<b>2,952,539</b>	<b>9,108</b>	<b>26,921,607</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	628,320	--	1,066,362	4,666,595	109,470	23,260	9,937	--	6,503,944
Foreign Currency Deposits	2,022,733	--	1,256,461	2,621,887	275,022	1,059,382	1,941,140	--	9,176,625
Residents in Turkey	1,174,859	--	1,143,477	2,350,093	188,197	78,647	214,127	--	5,149,400
Residents Abroad	847,874	--	112,984	271,794	86,825	980,735	1,727,013	--	4,027,225
Public Sector Deposits	139,036	--	1,717	12,355	20,374	34	441	--	173,957
Commercial Deposits	884,092	--	835,126	1,599,104	131,326	5,413	193,105	--	3,648,166
Other Ins. Deposits	25,394	--	30,521	122,972	739	46	923	--	180,595
Precious Metal Deposits	29,959	--	--	--	--	--	--	--	29,959
Bank Deposits	152,964	--	58,223	111,183	29,640	3,604	--	--	355,614
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	5,777	--	50,903	1,002	2,019	--	--	--	59,701
Foreign Banks	38,968	--	7,320	110,181	27,621	3,604	--	--	187,694
Special Finan. Inst.	108,219	--	--	--	--	--	--	--	108,219
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>3,882,498</b>	<b>--</b>	<b>3,248,410</b>	<b>9,134,096</b>	<b>566,571</b>	<b>1,091,739</b>	<b>2,145,546</b>	<b>--</b>	<b>20,068,860</b>

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**1.1 Information on saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit**

	Covered by Deposits Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	2,984,884	2,593,363	5,215,703	3,839,039
Foreign Currency Saving Deposits	783,326	669,408	2,336,772	2,177,628
Other Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
<b>Total</b>	<b>3,768,210</b>	<b>3,262,771</b>	<b>7,552,475</b>	<b>6,016,667</b>

**1.2** Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad.

**1.3 Saving deposits that are not under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	63,378	77,142
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	11,818	12,916
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks who are established in Turkey	81,334	34,120
<b>Total</b>	<b>156,530</b>	<b>124,178</b>

**2. Information on trading purpose derivatives**

**2.1 Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2,565	50,222	4,014	22,412
Swap Transactions	88,780	100,668	52,122	41,319
Futures Transactions	--	--	--	2,072
Options	3,917	191,947	1,671	55,554
Other	--	--	--	--
<b>Total</b>	<b>95,262</b>	<b>342,837</b>	<b>57,807</b>	<b>121,357</b>

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**3. Information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Bank and Institutions	530,879	114,383	473,543	136,909
Foreign Bank, Institutions and Funds	762,508	6,201,931	552,848	5,883,660
<b>Total</b>	<b>1,293,387</b>	<b>6,316,314</b>	<b>1,026,391</b>	<b>6,020,569</b>

The Parent Bank, via a special purpose entity (SPE), obtained a securitization loan with three year grace period for the principal payment, 7 year maturity and quarterly fixed interest payments, amounting to USD 80 million on 30 June 2005 by the resolution of the Board of Directors dated 28 June 2005 and numbered 2005/33. As of 31 December 2011, the outstanding balance amounts to USD 5 million.

The Parent Bank, via a special purpose entity (SPE), obtained a securitization loan with three year grace period for the principal payment, 8 year maturity and quarterly floating interest payments, amounting to USD 350 million on 28 June 2007 by the resolution of the Board of Directors dated 25 June 2007 and numbered 2007/27. As of 31 December 2011, the outstanding balance of the loan is USD Dollar 227.5 million.

In accordance with the resolution of the Board of Directors dated 6 April 2011 and numbered 2011/17, the Parent Bank obtained a securitization loan amounting to EUR 300 million via a special purpose entity (SPE) from a consortium of lenders led by West LB and participated by EBRD, EIB, IFC and DEG on 27 April 2011. Securitization consists of five different loans having 5-12 years final maturity and 2-3 years grace period for the principal payment.

**3.1 Maturity information of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	918,379	3,250,261	852,079	2,203,433
Medium and Long-Term	375,008	3,066,053	174,312	3,817,136
<b>Total</b>	<b>1,293,387</b>	<b>6,316,314</b>	<b>1,026,391</b>	<b>6,020,569</b>

**3.2 Additional information on concentrations of the Bank's liabilities**

As at 31 December 2011, the Bank's liabilities comprise; 60% deposits, 22% funds borrowed, due to money markets, securities issued and subordinated loans (31 December 2010: 59%, 23%, respectively).

**4. Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bill and Bond	410,988	--	--	--
<b>Total</b>	<b>410,988</b>	<b>--</b>	<b>--</b>	<b>--</b>

On 6 May 2011, The Parent Bank issued discounted bank bill with 351 days maturity and 9.15 % simple interest rate and amounting to TL 150,000.

On 2 November 2011, The Parent Bank issued bank bills and bonds of TL 300,000 with, respectively, 175 days maturity and 10.81 % simple interest rate amounting to TL 270,458; 399 days maturity and 11.03 % simple interest rate amounting to TL 29,542.

5. If other liabilities line of the balance sheet exceeds 10% of the balance sheet total; excluding the off balance sheet commitments; information on components making up at least 20% of the other liabilities

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet items.

6. Criteria used in the determination of lease installments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

None.

- 6.1 *Changes in agreements and further commitments arising*

None.

- 6.2 *Obligations under finance leases*

None.

- 6.3 *Information on operational leases*

DFS Group has operational lease agreements for its bank branches, motor vehicles and ATM locations. Rental payments for the majority of these agreements are made and expensed on a monthly basis. The unexpired portion of prepayments made for rent agreements on a yearly basis are accounted for under prepaid expenses in "other assets".

- 6.4 *Information on "Sell-and-lease back" agreements*

There is no sale and lease back transactions in the current period.

7. Information on liabilities arising from hedging purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	--	--	--	--
Cash Flow Hedge	75,121	6,358	170,545	10,035
Hedging of a Net Investment in Foreign Subsidiaries	--	--	--	--
<b>Total</b>	<b>75,121</b>	<b>6,358</b>	<b>170,545</b>	<b>10,035</b>

8. Information on provisions

- 8.1 *Information on general provisions*

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	233,329	142,727
Provisions for Loans and Receivables in Group II	27,668	20,042
Provisions for Non Cash Loans	30,978	20,305
Other	--	--
<b>Total</b>	<b>291,975</b>	<b>183,074</b>

**8.2 Provision for currency exchange gain/loss on foreign currency indexed loans**

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans	1,708	6,763

Foreign exchange differences of foreign currency indexed loans are offset against "Loans and receivables" in assets.

**8.3 Information on provision for employee benefits**

DFS Group calculated the provision for employee benefits recognized in its consolidated financial statements using the actuarial methods referred to in TAS 19 "Employee Benefits".

As of 31 December 2011, TL 34,127 of provision for employment termination benefits (31 December 2010: TL 25,219) and TL 24,918 of unused vacation accruals (31 December 2010: TL 19,377) were reflected to the consolidated financial statements.

	Current Period	Prior Period
Discount rate	4.66%	4.66%
Interest Rate	10.00%	10.00%
Expected rate of salary/limit increase	5.1%	5.1%

**8.4 Information on other provisions**

**8.4.1 Information on free provisions provided for probable risks**

	Current Period	Prior Period
Free Provisions Provided for Probable Risks	135,028	201,979

Free provisions for probable risks were provided for probable risks related to the loan portfolio.

**8.4.2 Information on other provisions exceeding 10% of total provisions**

TL 39,694 (31 December 2010: TL 33,439) of other provisions consists of provisions for non-cash loans that are not indemnified and converted into cash. TL 5,577 (31 December 2010: TL 5,044) consists of provisions for lawsuits pending against DFS Group and TL 2,778 (31 December 2010: TL 6,566) consists of other provisions.

**9. Information on taxation**

**9.1 Information on current taxes**

**9.1.1 Information on current tax liability**

As of 31 December 2011, the current tax liability of DFS Group is TL 187,905 (31 December 2010: TL 140,495), and it has been offset with advance taxes amounting to TL 80,147 (31 December 2010: TL 117,146). (31 December 2010: it has been offset with "deductible withholding tax paid in foreign countries" amounting to TL 17.)

As of 31 December 2011, DFS Group's total liability related to taxes and premiums is TL 180,122 (31 December 2010: TL 72,155).

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**9.1.2 Information on taxes payable**

	Current Period	Prior Period
Corporate taxes payable	107,758	23,349
Taxation on securities	19,358	13,220
Capital gains taxes on property	1,070	930
Banking Insurance Transaction Tax (BITT)	20,463	15,989
Taxes on foreign exchange transactions	--	--
Value added taxes payable	919	694
Other	10,507	10,117
<b>Total</b>	<b>160,075</b>	<b>64,299</b>

**9.1.3 Information on premiums**

	Current Period	Prior Period
Social security premiums- employee share	9,011	3,551
Social security premiums- employer share	9,195	3,505
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	--	--
Pension fund membership fees and provisions- employer share	--	--
Unemployment insurance- employee share	645	258
Unemployment insurance- employer share	1,188	449
Other	8	93
<b>Total</b>	<b>20,047</b>	<b>7,856</b>

**9.2 Information on deferred tax liabilities**

Deferred tax liability calculated on the basis of related regulation is TL 639 (31 December 2010: TL 436). Information on deferred taxes is disclosed in footnote 15 of "explanations and disclosures related to consolidated assets".

**10. Information on payables related to assets held for sale**

None.

**11. Information on subordinated loans**

On 28 December 2006, the Parent Bank obtained a EUR 90 million subordinated loan from Dexia Bank Belgium SA. The loan has a maturity of 10 years which is repayable after 5 years.

On 28 June 2007, the Parent Bank obtained a USD 50 million subordinated loan from Dexia Bank Belgium SA. The loan has a maturity of 10 years which is repayable after 5 years.

On 27 September 2007, the Parent Bank obtained a USD 130 million subordinated loan from Dexia Bank Belgium SA. The loan has a maturity of 10 years which is repayable after 5 years.

On 27 February 2008, the Parent Bank obtained a USD 200 million subordinated loan from Dexia Credit Local. The loan has a maturity of 10 years which is repayable after 5 years.

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic banks	--	--	--	--
Other domestic institutions	--	--	--	--
Foreign banks	--	938,953	--	770,144
Other foreign institutions	--	--	--	--
<b>Total</b>	<b>--</b>	<b>938,953</b>	<b>--</b>	<b>770,144</b>



**12. Information on shareholders' equity**

**12.1 Paid-in capital**

	Current Period	Prior Period
Common Stock	716,100	716,100
Preferred Stock	--	--

The Parent Bank's paid-in capital is presented above in nominal values. As of 31 December 2011, the Parent Bank has "other capital reserves" amounting to TL 189,164 (31 December 2010: TL 189,164) arising from the effect of inflation restatement of the paid-in capital.

**12.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital**

Registered paid-in capital system is not applied.

**12.3 Information on share capital increases and their sources; other information on any increase in capital shares during the current period**

None.

**12.4 Information on share capital increases from revaluation funds**

None.

**12.5 Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments**

The capital is totally paid in and there are no capital commitments.

**12.6 Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**

Balance sheets of the entities under DFS Group are managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of DFS Group's profitability with a steady increasing trend.

**12.7 Information on the privileges given to stocks representing the capital**

The Parent Bank does not have any preferred stocks.

**12.8 Common stock issue premiums, shares and equity instruments**

	Current Period	Prior Period
Number of Shares (*)	50,368,526	50,368,526
Preferred Stock	--	--
Common Stock Issue Premium (**)	98,411	98,411
Common Stock Cancellation Profits	--	--
Other Equity Instruments	--	--
Total Common Stock Issued (*)	50,369	50,369

\* Related to the Bank's paid-in capital increase on 27 September 2004. At that date, the paid-in capital was increased from TL 202,000 to TL 290,000; and TL 50,369 of this TL 88,000 increase was received in cash through issuance of new shares to the public.

\*\* The share price for the above mentioned public issuance was "twothousandeighthundredandseventyfive" Turkish Liras and a total issuance premium of TL 94,440 was realized. The inflation restatement effect of TL 3,911 was also recognized over the original balance until December 2004. A total issuance premium of TL 60 was realized through the Bank's paid-in capital increase amounting TL 400,000 on 28 August 2008.

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**12.9 Securities revaluation reserve**

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	--	--	--	--
Valuation Difference	(15,858)	1,655	109,684	29,306
Foreign Exchange Difference	--	--	--	--
<b>Total</b>	<b>(15,858)</b>	<b>1,655</b>	<b>109,684</b>	<b>29,306</b>

**12.10 Information on hedging funds**

**12.10.1 Information on cash flow hedge items**

The Parent Bank hedges a portion of its floating rate liabilities by interest rate swaps. The effective portion of the fair value losses of those swaps, amounting to TL 29,047 (31 December 2010: TL 109,936), has been disclosed in hedging reserves under equity.

**12.10.2 Information on hedging foreign net investment risk**

DFS Group hedges its foreign currency exchange rate risk from retranslation of its foreign operations by net investment hedge accounting, through recognizing the effective portion of foreign exchange rate changes of a portion of its foreign currency denominated liabilities under equity. The related loss under hedging reserve amounts to TL 138,455 as of 31 December 2011 (31 December 2010: TL 60,323).

**13. Information on minority shares**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>16,056</b>	<b>--</b>
Minority interest in net income of consolidated subsidiaries	(737)	2,051
Increase/(decrease) in minority interest due to disposals	--	--
Other	(1,802)	(*) 14,005
<b>Balance at the End of the Period</b>	<b>13,517</b>	<b>16,056</b>

(\*) Represents the minority shares of Deniz Yatırım Ortaklığı which has been consolidated for the first time as of 31 December 2010.

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**III. Explanations and disclosures related to consolidated off-balance sheet items**

**1. Information related to off-balance sheet commitments**

**1.1 Type and amount of irrevocable commitments**

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2011, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 10,111,340, TL 4,189,318 and TL 990,872, respectively (31 December 2010: TL 7,635,709, TL 2,981,108 and TL 791,430, respectively). These items are detailed in the off-balance sheet accounts.

**1.2 Type and amount of possible losses from off-balance sheet items referred to below**

**1.2.1 Guarantees, bills of exchange and acceptances and other letters of credit which can be considered as financial collateral**

As of 31 December 2011, DFS Group has letters of guarantee amounting to TL 8,043,572, bills of exchange and acceptances amounting to TL 275,436, and guarantees and sureties on letters of credit amounting to TL 1,529,306. There are also other guarantees and sureties amounting to TL 263,026.

As of 31 December 2010 DFS Group has letters of guarantee amounting to TL 5,581,121, bills of exchange and acceptances amounting to TL 176,448, and guarantees and sureties on letter of credit amounting to TL 1,603,304. There are also other guarantees and sureties amounting to TL 274,836.

**1.2.2 Final guarantees, provisional guarantees, sureties and similar transactions**

	Current Period	Prior Period
Provisional Letters of Guarantee	488,475	588,487
Final Letters of Guarantee	6,164,219	3,905,033
Letters of Guarantee for Advances	952,005	774,393
Letters of Guarantee given to Customs Offices	337,593	256,863
Other Letters of Guarantee	101,280	56,345
<b>Total</b>	<b>8,043,572</b>	<b>5,581,121</b>

**2. Total amount of non-cash loans**

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	648,854	476,614
With Original Maturity of 1 Year or Less	246,685	228,139
With Original Maturity of More Than 1 Year	402,169	248,475
Other Non-Cash Loans	9,462,486	7,159,095
<b>Total</b>	<b>10,111,340</b>	<b>7,635,709</b>

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**3. Sectorial risk concentrations of non-cash loans**

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>102,040</b>	<b>2.59</b>	<b>90,867</b>	<b>1.47</b>	<b>53,358</b>	<b>1.82</b>	<b>39,684</b>	<b>0.84</b>
Farming and Raising Livestock	101,639	2.58	90,835	1.47	52,794	1.80	39,658	0.84
Forestry	283	0.01	32	--	334	0.01	26	--
Fishing	118	--	--	--	230	0.01	--	--
<b>Manufacturing</b>	<b>605,951</b>	<b>15.37</b>	<b>2,229,477</b>	<b>36.14</b>	<b>430,915</b>	<b>14.70</b>	<b>1,822,321</b>	<b>38.74</b>
Mining	130,479	3.31	738,705	11.97	91,970	3.14	451,607	9.60
Production	380,446	9.65	1,020,893	16.55	268,896	9.17	1,185,277	25.20
Electric, gas and water	95,026	2.41	469,879	7.62	70,049	2.39	185,437	3.94
<b>Construction</b>	<b>1,367,795</b>	<b>34.70</b>	<b>2,022,293</b>	<b>32.78</b>	<b>1,013,639</b>	<b>34.57</b>	<b>1,339,697</b>	<b>28.48</b>
<b>Services</b>	<b>1,483,291</b>	<b>37.62</b>	<b>1,452,016</b>	<b>23.53</b>	<b>1,143,319</b>	<b>39.00</b>	<b>1,204,904</b>	<b>25.61</b>
Wholesale and retail trade	942,639	23.91	655,176	10.62	684,362	23.34	447,424	9.51
Hotel, food and beverage Services	103,831	2.63	227,815	3.69	81,268	2.77	227,857	4.84
Transportation and telecommunication	213,569	5.42	327,499	5.31	171,215	5.84	256,974	5.46
Financial institutions	103,011	2.61	196,191	3.18	98,096	3.35	262,454	5.58
Real estate and renting Services	6,776	0.17	5,693	0.09	10,151	0.35	1,648	0.04
Self-employment services	--	--	81	--	--	--	68	--
Education services	12,608	0.32	15,973	0.26	7,403	0.25	1,660	0.04
Health and social services	100,857	2.56	23,588	0.38	90,824	3.10	6,819	0.14
<b>Other</b>	<b>382,978</b>	<b>9.72</b>	<b>374,632</b>	<b>6.08</b>	<b>290,590</b>	<b>9.91</b>	<b>297,282</b>	<b>6.32</b>
<b>Total</b>	<b>3,942,055</b>	<b>100.00</b>	<b>6,169,285</b>	<b>100.00</b>	<b>2,931,821</b>	<b>100.00</b>	<b>4,703,888</b>	<b>100.00</b>

**4. Information about the first and second group of non-cash loans**

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of guarantee	3,911,040	4,082,213	29,399	20,920
Bank acceptances	999	274,437	--	--
Letters of credit	617	1,525,828	--	2,861
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	262,850	--	176
<b>Total</b>	<b>3,912,656</b>	<b>6,145,328</b>	<b>29,399</b>	<b>23,957</b>

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**5. Information related to derivative financial instruments**

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 year	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total hedging Purpose Derivative Transactions</b>	--	56,140	815,170	952,307	--	1,823,617
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	56,140	815,170	952,307	--	1,823,617
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of trading transactions</b>						
<b>Foreign currency related derivative transactions (I)</b>	12,519,885	7,390,292	8,953,035	589,634	72,544	29,525,390
Forward FC Call transactions	707,999	1,104,864	511,100	11,334	--	2,335,297
Forward FC Put transactions	701,953	1,111,443	510,136	12,094	--	2,335,626
Swap FC Call transactions	4,561,294	1,501,218	490,377	283,103	36,272	6,872,264
Swap FC Put transactions	4,571,963	1,462,218	484,477	283,103	36,272	6,838,033
Options FC Call transactions	993,312	1,105,328	3,480,892	--	--	5,579,532
Options FC Put transactions	983,364	1,105,221	3,476,053	--	--	5,564,638
Futures FC Call transactions	--	--	--	--	--	--
Futures FC Put transactions	--	--	--	--	--	--
<b>Total of interest derivative transactions (II)</b>	9,444	29,692	52,304	2,018,600	801,814	2,911,854
Swap Interest Call transactions	4,722	14,846	8,966	957,763	400,907	1,387,204
Swap Interest Put transactions	4,722	14,846	8,966	957,763	400,907	1,387,204
Options Interest Call transactions	--	--	17,186	51,537	--	68,723
Options Interest Put transactions	--	--	17,186	51,537	--	68,723
Securities Interest Call transactions	--	--	--	--	--	--
Securities Interest Put transactions	--	--	--	--	--	--
Futures Interest Call transactions	--	--	--	--	--	--
Futures Interest Put transactions	--	--	--	--	--	--
<b>Other types of trading transactions (III)</b>	126,893	13,343	21,369	--	--	161,605
<b>B. Total types of trading transactions (I+II+III)</b>	12,656,222	7,433,327	9,026,708	2,608,234	874,358	32,598,849
<b>Total Derivative Transactions (A+B)</b>	12,656,222	7,489,467	9,841,878	3,560,541	874,358	34,422,466

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 year	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total hedging Purpose Derivative Transactions</b>	<b>21,543</b>	<b>96,081</b>	<b>839,529</b>	<b>1,330,881</b>	<b>163,909</b>	<b>2,451,943</b>
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	21,543	96,081	839,529	1,330,881	163,909	2,451,943
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of trading transactions</b>						
<b>Foreign currency related derivative transactions (I)</b>	<b>8,515,358</b>	<b>7,761,652</b>	<b>5,984,431</b>	<b>332,448</b>	<b>264,422</b>	<b>22,858,311</b>
Forward FC Call transactions	514,895	1,311,686	367,836	--	--	2,194,417
Forward FC Put transactions	513,704	1,309,660	367,596	--	--	2,190,960
Swap FC Call transactions	3,138,150	2,188,447	499,904	161,824	132,211	6,120,536
Swap FC Put transactions	3,081,098	2,151,467	500,294	150,307	132,211	6,015,377
Options FC Call transactions	633,906	388,167	2,121,076	10,154	--	3,153,303
Options FC Put transactions	633,605	385,224	2,121,589	10,163	--	3,150,581
Futures FC Call transactions	--	27,001	6,136	--	--	33,137
Futures FC Put transactions	--	--	--	--	--	--
<b>Total of interest derivative transactions (II)</b>	<b>--</b>	<b>33,226</b>	<b>338,892</b>	<b>1,920,716</b>	<b>1,069,764</b>	<b>3,362,598</b>
Swap Interest Call transactions	--	14,148	169,446	884,609	534,882	1,603,085
Swap Interest Put transactions	--	14,148	169,446	884,609	534,882	1,603,085
Options Interest Call transactions	--	4,930	--	75,749	--	80,679
Options Interest Put transactions	--	--	--	75,749	--	75,749
Securities Interest Call transactions	--	--	--	--	--	--
Securities Interest Put transactions	--	--	--	--	--	--
Futures Interest Call transactions	--	--	--	--	--	--
Futures Interest Put transactions	--	--	--	--	--	--
<b>Other types of trading transactions (III)</b>	<b>80,271</b>	<b>36,307</b>	<b>7,154</b>	<b>--</b>	<b>--</b>	<b>123,732</b>
<b>B. Total types of trading transactions (I+II+III)</b>	<b>8,595,629</b>	<b>7,831,185</b>	<b>6,330,477</b>	<b>2,253,164</b>	<b>1,334,186</b>	<b>26,344,641</b>
<b>Total Derivative Transactions (A+B)</b>	<b>8,617,172</b>	<b>7,927,266</b>	<b>7,170,006</b>	<b>3,584,045</b>	<b>1,498,095</b>	<b>28,796,584</b>

**6. Contingent assets and liabilities**

None.

**7. Activities carried out on behalf and account of other persons**

The Bank provides trading, custody, management and consultancy services to its customers.

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**IV. Explanations and disclosures related to consolidated statement of income**

**1. Interest income**

**1.1 Information on interest income received from loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	1,066,657	72,324	840,115	48,640
Medium and Long Term Loans	1,218,242	432,100	957,567	291,490
Loans Under Follow-Up	56,525	4	53,889	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>2,341,424</b>	<b>504,428</b>	<b>1,851,571</b>	<b>340,130</b>

Also includes fees and commissions from cash loans granted.

**1.2 Information on interest income received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	--	--	--	--
Domestic Banks	8,328	11,145	10,179	1,037
Foreign Banks	2,731	7,871	16,377	4,541
Foreign Head Offices and Branches	--	--	--	--
<b>Total</b>	<b>11,059</b>	<b>19,016</b>	<b>26,556</b>	<b>5,578</b>

**1.3 Information on interest income received from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	47,775	858	22,321	1,638
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	313,044	15,254	250,735	22,813
Investment Securities Held-to-Maturity	141,697	4,495	136,414	7,168
<b>Total</b>	<b>502,516</b>	<b>20,607</b>	<b>409,470</b>	<b>31,619</b>

**1.4 Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	9,832	5,852

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**2. Interest expense**

**2.1 Information on interest expense related to funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>112,432</b>	<b>158,777</b>	<b>58,183</b>	<b>102,927</b>
Central Bank of the Republic of Turkey	30	--	527	--
Domestic Banks	35,086	3,035	15,208	2,145
Foreign Banks	77,316	155,742	42,448	100,782
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
<b>Total</b>	<b>112,432</b>	<b>158,777</b>	<b>58,183</b>	<b>102,927</b>

Also includes fees and commissions related to funds borrowed.

**2.2 Information on interest expense paid to associates and subsidiaries**

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	1,248	2,421

**2.3 Information on interest expense paid to securities issued**

	Current Period	Prior Period
Interest Paid to Securities Issued	24,707	-

**2.4 Maturity structure of the interest expense on deposits**

Account Name	Time Deposits							Total
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 year and over	Accum. Deposits	
<b>TL</b>								
Bank Deposits	11	18,517	--	--	--	--	--	18,528
Saving Deposits	252	58,538	531,776	21,040	3,748	2,814	--	618,168
Public Sector Deposits	--	2,392	2,379	582	14	27	--	5,394
Commercial Deposits	121	69,959	180,777	21,458	58,167	17,508	--	347,990
Other Deposits	1	2,717	24,418	2,379	7	8	--	29,530
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
<b>Total Turkish Lira</b>	<b>385</b>	<b>152,123</b>	<b>739,350</b>	<b>45,459</b>	<b>61,936</b>	<b>20,357</b>	<b>--</b>	<b>1,019,610</b>
<b>FC</b>								
Foreign Currency Deposits	106	155,432	105,915	13,641	3,383	7,230	--	285,707
Bank Deposits	168	1,954	--	--	--	--	--	2,122
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	25	140	41	--	--	--	206
<b>Total Foreign Currency</b>	<b>274</b>	<b>157,411</b>	<b>106,055</b>	<b>13,682</b>	<b>3,383</b>	<b>7,230</b>	<b>--</b>	<b>288,035</b>
<b>Total</b>	<b>659</b>	<b>309,534</b>	<b>845,405</b>	<b>59,141</b>	<b>65,319</b>	<b>27,587</b>	<b>--</b>	<b>1,307,645</b>



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**3. Dividend income**

	Current Period	Prior Period
Trading Securities	257	16
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-for-Sale	47	171
Other (from Subsidiaries and Associates)	1,934	168
<b>Total</b>	<b>2,238</b>	<b>355</b>

**4. Information on trading income / loss**

	Current Period	Prior Period
<b>Income</b>	<b>29,598,813</b>	<b>19,482,176</b>
Capital Market Transactions	82,618	51,880
Derivative Financial Instruments	1,441,051	960,257
Foreign Exchange Gains	28,075,144	18,470,039
<b>Loss (-)</b>	<b>29,704,738</b>	<b>19,636,506</b>
Capital Market Transactions	70,885	15,424
Derivative Financial Instruments	1,540,842	1,230,554
Foreign Exchange Losses	28,093,011	18,390,528
<b>Net Trading Income / Loss</b>	<b>(105,925)</b>	<b>(154,330)</b>

Net income from foreign exchange translation differences related to derivative financial instruments is TL 125,770 (net loss for the period 1 January - 31 December 2010: TL 29,534).

**5. Information on other operating income**

	Current Period	Prior Period
Reversal of prior periods' provisions	287,224	233,987
Filing fees	101,396	78,959
Communication income	10,061	9,210
Cheque book fees	4,462	3,485
Other	100,626	38,956
<b>Total</b>	<b>503,769</b>	<b>364,597</b>

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**6. Impairment on loans and other receivables**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	312,885	391,305
<i>Loans and Receivables in Group III</i>	--	--
<i>Loans and Receivables in Group IV</i>	--	--
<i>Loans and Receivables in Group V</i>	312,885	391,305
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	108,902	47,605
Free Provision for Probable Risks	691	34,228
Impairment Losses on Securities:	14,044	12,619
<i>Financial Assets at Fair Value Through Profit or Loss</i>	8,923	77
<i>Investment Securities Available-for-Sale</i>	5,121	12,542
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	--	--
Other	16,030	20,555
<b>Total</b>	<b>452,552</b>	<b>506,312</b>

**7. Information related to other operational expenses**

	Current Period	Prior Period
Personnel Expenses	670,082	522,237
Reserve for Employee Termination Benefits	9,064	13,730
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	74,524	67,518
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	23,576	16,957
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	1,132	762
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	424,731	343,041
<i>Operational Leases Expenses</i>	98,137	73,314
<i>Repair and Maintenance Expenses</i>	14,980	10,815
<i>Advertisement Expenses</i>	61,730	56,838
<i>Other Expenses (*)</i>	249,884	202,074
Losses on Sale of Assets	1,517	2,699
Other	131,578	92,059
<b>Total</b>	<b>1,336,204</b>	<b>1,059,003</b>

(\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationery, entertainment and representation, heating and lighting, credit card service fee and others amounting to TL 51,388, TL 36,915, TL 18,015, TL 5,740, TL 15,849, TL 33,878, and TL 88,099, respectively (1 January - 31 December 2010: TL 39,611, TL 28,861, TL 11,824, TL 6,694, TL 13,406, TL 32,563 and TL 69,115, respectively).

**8. Information on profit / loss before tax from continuing operations and discontinued operations**

As explained in note 8.2.4 of Section Five, the Group's subsidiaries Deniz Emeklilik and Deniz Türev were sold in the current period. Income and expenses of these subsidiaries for the current period until the date of disposal were classified as "Profit/loss from assets held for sale" which is included in profit/loss from discontinued operations in the consolidated statement of income.

Income and expenses from discontinued operations as of 31 December 2011 and 2010 are as below:

	Current Period	Prior Period
<b>Income and Expenses from Discontinued Operations</b>		
Net interest income	9,408	10,683
Net fee and commission income	2,859	3,711
Trading profit/loss (net)	190	1,558
Other operating income	25,900	26,054
<b>Total operating income/ expense</b>	<b>38,357</b>	<b>42,006</b>
Provision for loan losses and other receivables	(223)	(119)
Other operating expense	(12,779)	(13,503)
<b>Profit/ loss before tax from discontinued operation</b>	<b>25,355</b>	<b>28,384</b>
Tax expense from discontinued operation	(5,088)	(5,642)
<b>Net profit/ loss from discontinued operations</b>	<b>20,267</b>	<b>22,742</b>
Associates, Subsidiaries and Joint Ventures profits on sale	343,633	--
Tax expense from profit on sales of discontinued operations	(20,447)	--
<b>Net profit/ loss from discontinued operations</b>	<b>343,453</b>	<b>22,742</b>

**9. Information on tax provision for continued and discontinued operations**

**9.1 Current period taxation benefit or charge and deferred tax benefit or charge**

As 31 December 2011 the current period taxation charge on continuing operations is TL 165,750 (1 January - 31 December 2010: TL 134,616) while deferred tax charge is TL 33,784 (1 January - 31 December 2010: TL 22,929). The current period taxation charge on discontinued operations is TL 25,487 (1 January - 31 December 2010: TL 5,774) while deferred tax charge is TL 48 (1 January - 31 December 2010: TL 132 deferred tax benefit).

**9.2 Deferred tax benefit / (charge) arising from origination or reversal of temporary differences**

Deferred tax benefit/charge arising from temporary differences	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	62,558	23,140
Arising from Reversal of Deductible Temporary Differences (-)	(62,314)	(16,078)
Arising from Origination of Taxable Temporary Differences (-)	(40,130)	(38,375)
Arising from Reversal of Taxable Temporary Differences (+)	6,054	8,516
<b>Total</b>	<b>(33,832)</b>	<b>(22,797)</b>

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**9.3** *Deferred tax benefit / (charge) arising from temporary differences, tax losses or unused tax credits*

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	244	7,062
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(34,076)	(29,859)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>(33,832)</b>	<b>(22,797)</b>

**10.** Information on continuing and discontinued operations net profit/loss

	Current Period	Prior Period
Profit before tax from continuing operations	916,890	751,094
Tax provisions for continuing operations	(199,534)	(157,545)
<b>Continuing operations profit/loss</b>	<b>717,356</b>	<b>593,549</b>

**11.** Information on net profit and loss

**11.1** *The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period*

Income generated from DFS Group's ordinary banking transactions during the current and prior period are mainly consisted of interest income from loans and marketable securities and income from other banking services. Main expense items are the interest expenses related to deposits and borrowings which are the main funding sources of marketable securities and loans.

**11.2** Changes in estimations made by DFS Group with respect to the financial statement items do not have a material effect on profit/loss.

**11.3** Profit or loss attributable to minority interests

	Current Period	Prior Period
Profit/(loss) attributable to minority interests	(737)	2,051

**11.4** No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.

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12. If “other” lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of “other” items

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card clearing and other commissions	142,983	89,933
Contracted merchant / POS commissions	110,822	78,091
Intermediary services	75,514	76,278
Insurance services	32,696	22,575
Account management fees	32,219	25,901
Remittance commissions	19,062	17,746
Expertise fees	13,156	9,276
Other	89,314	62,827
<b>Total</b>	<b>515,766</b>	<b>382,627</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card / POS commissions	121,999	78,182
EFT fees and commissions	2,503	2,437
Other	38,236	24,760
<b>Total</b>	<b>162,738</b>	<b>105,379</b>

- V. Explanations and disclosures related to consolidated statement of changes in shareholders' equity**
- 1. Changes due to valuation of investments available-for-sale**
- The amount of net increases/decreases from revaluation of investments available-for-sale of DFS Group has been TL (153,193) as of 31 December 2011 (31 December 2010: TL 44,135). This amount has been reflected to "Valuation Differences of Securities" in the balance sheet.
- As of 31 December 2011, an additional valuation increase of TL 27,943 has been realized from redemption/sale of other item in "investments available-for-sale" portfolio (31 December 2010: TL 23,429)
- 2. Reconciliation of the beginning and end of the year balances of foreign exchange differences**
- Foreign exchange differences resulting from the Bahrain branch of the Bank and from the translation of the financial statements of the consolidated foreign subsidiaries amounted to TL 108,995 (31 December 2010: TL 35,308) and included in shareholders' equity as "other profit reserves".
- 3. Dividend information**
- 3.1 Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statements**
- None.
- 3.2 Net profit per share decided to be distributed after the balance sheet date**
- None.
- 4. Amounts transferred to legal reserves**
- The Parent Bank transferred TL 22,877 (31 December 2010: TL 26,588) to legal reserves and TL 433,808 (31 December 2010: TL 505,181) to extraordinary reserves from prior period profits in 2011.
- 5. Information on issuance of common stock**
- 5.1 Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital**
- None.
- 6. Explanations for other increases in consolidated statements of changes in shareholders' equity**
- None.

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**VI. Explanations and disclosures related to consolidated cash flow statement**

**1. Disclosures for “other” items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents**

“Other” item amounting to TL (1,079,340) (31 December 2010: TL (941,298)) before “changes in operating assets and liabilities” comprise other operating expenses, fees and commissions paid and net trading loss. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from TL 3,406,475 (31 December 2010: TL 2,711,216) to TL 4,788,326 in 2011 (31 December 2010: TL 3,406,475).

“Other liabilities” item included in “change in assets and liabilities arising from banking activities”, amounting to TL 1,833,437 (31 December 2010: TL 346,406) comprise changes in sundry creditors, taxes and duties payable, and other external resources.

The effect of foreign currency exchange rates on cash and cash equivalents is reflected in foreign exchange gains and losses, which is presented as a separate line item as “effect of change in foreign currency exchange rates on cash and cash equivalents”.

**2. Information on cash and cash equivalents at the beginning of the period**

	Current Period 01.01.2011	Prior Period 01.01.2010
Cash	483,074	345,630
Interbank Money Market Placements	1,232,636	700,426
Trading Securities (Net)	98,886	14,835
Banks	1,591,879	1,650,325
<b>Cash Equivalents</b>	<b>3,406,475</b>	<b>2,711,216</b>

**3. Information on cash and cash equivalents at the end of the period**

	Current Period 31.12.2011	Prior Period 31.12.2010
Cash	607,951	483,074
Interbank Money Market Placements	1,284,157	1,232,636
Trading Securities (Net)	140,503	98,886
Banks	2,755,715	1,591,879
<b>Cash Equivalents</b>	<b>4,788,326</b>	<b>3,406,475</b>

**4. Information on cash and cash equivalent assets of DFS Group that are not available for free use due to legal restrictions or other reasons**

None (31 December 2010: None).

**5. Additional information**

**5.1 Restrictions on the line of unused credit facilities to be used in banking operations and in fulfilling capital commitments, if any**

None.

## **VII. Explanations and disclosures related to DFS Group's risk group**

### **1. Information on the volume of transactions with the DFS Group's risk group, lending and deposits outstanding at period end and income and expenses in the current period**

As of 31 December 2011, DFS Group's own risk group balances are:

Cash loans, finance lease receivables, placements, other asset, deposits, funds borrowed, subordinated loans, other liabilities and non-cash loans amounting to TL 58, TL 201,779, TL 2,401, TL 2, TL 45,747, TL 960, TL 378,819, TL 2,323 and TL 111, respectively.

As a result of the transactions with the risk group, the DFS Group has recorded net interest and commission expense, and derivative transaction profit amounting to TL 39,962 and TL 8,796 respectively.

#### **1.1 Information on loans and other receivables to DFS Group's risk group**

##### **Current Period**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	163,341	9	82,293	700	54,062	304
Balance at the End of the Period	201,779	107	2,401	--	60	4
<b>Interest and Commission Income Received</b>	9,832	--	1,694	45	2,900	5

##### **Prior Period**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	161,431	415	36,860	453	46	8
Balance at the End of the Period	163,341	9	82,293	700	54,062	304
<b>Interest and Commission Income Received</b>	5,852	--	709	74	3,110	16

(\*) As described in the Article 49 of Banking Law no.5411.

#### **1.2 Information on deposits held by and funds borrowed from DFS Group's risk group**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	14,553	12,959	4,304,425	4,850,931	10,316	9,464
Balance at the End of the Period	17,982	14,553	405,738	4,304,425	4,129	10,316
Interest and Commission Expenses	1,248	2,421	52,210	74,829	980	678

(\*) As described in the Article 49 of Banking Law no.5411.



**1.3 Information on forward and option agreements and similar agreements made with DFS Group's risk group**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	--	--	4,646,499	2,611,143	62,875	--
Balance at the End of the Period	--	--	3,420	4,646,499	3,778	62,875
Total Income/Loss	--	--	264	(6,541)	(422)	(21)
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	276,768	267,714	--	--
Balance at the End of the Period	--	--	--	276,768	--	--
Total Income/Loss	--	--	8,954	(5,581)	--	--

(\*) As described in the Article 49 of Banking Law no.5411.

**2. Information on transactions with DFS Group's risk group**

**2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

DFS Group performs banking transactions with the risk group on an arms-length basis within the market conditions and in compliance with the Banking Law.

**2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other**

The pricing policy and other terms of transactions with the risk group entities are set in compliance with the market prices. As of 31 December 2011, cash loans and other receivables of the risk group represent 0.6% of DFS Group's total cash loans and bank deposits granted, the deposits and borrowings represent 1.2% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0.001% of the total balance.

**2.3 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts**

The risk group, which DFS Group belongs to, has finance lease contracts with Deniz Leasing. The Parent Bank gives brokerage services through its branches for Deniz Yatırım. As part of the consolidation adjustments, these balances and transactions have been eliminated from the accompanying financial statements.

**VIII. Domestic, foreign and off-shore banking branches and foreign representatives of the Parent Bank**

**1. Information relating to the Parent Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic branch	587	9,767			
			Country of Incorporations		
Foreign representation	--	--	--		
				Total Assets	Statutory Share Capital
Foreign branch	--	--	--	--	--
Off shore banking region branches	1	5	1-Bahrain	4,707,459	--

**2. Explanations on the Parent Bank's branch and agency openings or closings**

The Parent Bank opened 88 new branches in 2011.

**3. The branches of associates and subsidiaries**

There are eleven branches of Denizbank AG, which headquarter is located centrally in Vienna, Austria. Three of the branches are located in Vienna, one each in Bregenz, Frankfurt, Linz, Graz, Innsbruck, Floridsdorf, Neustadt and Salzburg.

CJSC Dexia Bank, which headquarter is located in Moscow, operates through one branch

## **SECTION SIX**

### **OTHER DISCLOSURES AND FOOTNOTES**

#### **I. Other explanations related to DFS Group's operations**

##### **1. Explanations related to DFS Group's operations**

In relation with the share purchase agreement signed with American Life Hayat Sigorta A.Ş. (Metlife) on 27 June 2011 for the sales of the equity shares of Deniz Emeklilik, the Bank also signed a life insurance agency agreement with Deniz Emeklilik on the same date with the share purchase agreement for distribution, marketing and sales of life insurance products via the branches of the Bank for 15 years based on a commission and profit sharing plan.

On 7 July 2011, the Bank signed a non-life insurance agency agreement with AXA Sigorta A.Ş. for distribution, marketing and sales of non-life insurance products via the branches of the Bank for 15 years. In accordance with this agreement, Deniz Leasing will also assure leasing risk of customers limited with its own main operational activities via AXA Sigorta A.Ş. for 15 years. AXA Sigorta A.Ş. made an up-front payment of TL 55,000 within the scope of 15 year agency agreement and will be sharing technical profit with Denizbank depending on the performance in the future years. The amount received upfront is deferred and recognized as income over the life of the agency agreement.

On 6 July 2011 and 28 November 2011, Denizbank AG raised its capital by Euro 20 million (TL 51,370) and Euro 95 million (TL 232,456) totally paid by the Parent Bank in cash, respectively.

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 sustainable resolution of the structural problems of Dexia Group, due to the effects of public debts crisis affecting the financial markets. The Board of Directors executed a first set of measures in line with the decisions taken by the French, Belgian and Luxembourg states, aimed at stabilizing the Group's liquidity. In this respect, on 20 October 2011 Dexia SA's entire shareholding in Dexia Bank Belgium was acquired by the Belgian State for EUR 4 billion, to authorize Group CEO to enter into exclusive negotiations with French Banks to maintain support for French operations and to initiate negotiations for the disposal of Dexia BIL (Banque Internationale à Luxembourg), RBC Dexia Investor Services, Dexia Asset Management and Dexia Municipal Agency. 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 a Qatari Investment Group and the remaining 10 % to the Grand Duchy of Luxembourg at an amount of EUR 730 million.

In addition, for the debts of the Group, the guarantee granted by the Belgian, French and Luxembourg States with respective rates of 60.5%, 36.5% and 3% has been approved by the European Commission to raise funding up to maximum EUR 45 billion for a period up to 3 years and is effective as of 22 December 2011.

As of 17 October 2011, Dexia Participation Belgique SA initiated studies for the evaluation of strategic options for its stake in Denizbank and authorized Bank of America Merrill Lynch and White & Case for this process. 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. The sale process is still continuing as of the date of this report.

Within the frame of the investigation of the Competition Board for 8 banks where the Parent Bank is also included, TL 2,160 administrative fine was paid on 21 October 2011. The Parent Bank filed a lawsuit of nullity at the Council of State in request for a stay of execution against the decision of the Competition Board for giving this administrative fine.

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On 25 October 2011, the Parent Bank signed a syndication loan facility from the international markets with coordination of Wells Fargo and Standard Chartered, with a maturity of one year. The syndication loan consists of two tranches; amounting to EUR 432 million and USD 45.5 million, bearing interest at Euribor/Libor+1.3%.

Bonds amounting to TL 350,000, issued on 6 May 2011 with 176 days maturity and 8.43% simple interest rate were repaid on 2 November 2011.

Regarding to decision of the Board of Directors dated 12 October 2011, the Parent Bank issued bank bills and bonds with 175 days maturity and 10.81% simple interest rate amounting to TL 270,458; and with 399 days maturity and 11.03% simple interest rate amounting to TL 29,542 on 2 November 2011.

On 16 December 2011, the Parent Bank and European Bank for Reconstruction and Development (EBRD) signed a loan agreement of EUR 40 million within the scope of Turkey Agribusiness SME Financing Facility (TurAFF) Program to finance investment and working capital needs of SME's. According to the terms of the agreement, total maturity of the loan is 5 years.

**2. Summary information about ratings of the Banks which has been performed by the international risk rating institution**

Moody's*		Fitch Rating's**	
Long Term Foreign Currency Deposits	Ba3/Positive	Long Term Foreign Currency	BBB- /Positive
Short Term Foreign Currency Deposits	NP	Short Term Foreign Currency	F3
Long Term Local Currency Deposits	Baa2	Long Term Local Currency	BBB (follow-up)
Short Term Local Currency Deposits	Prime-2	Short Term Local Currency	F3
Financial Strength Rating	C-	Individual	C
Outlook	Constant	Financial Capacity	bbb-
		Support	2 (Negative follow-up)
		National	AAA (tour)
		Outlook	Constant

\*As of 7 October 2010

\*\*As of 13 November 2011

**3. Subsequent events**

Considering Article 47/A of Capital Market Law; and Article 15, Article 2 and Article 17's 2nd Clause of the Misdemeanor Law, it has been decided to give an administrative fine of TL 45 to Parent Bank, due to wrong doing against Article 5th and Article 10th of "Communiqué on Principles of Public Disclosure of Material Events" Serial: VIII, No: 54 and due to wrong doing against 10th of Capital Markets Board's Article 22nd of "Communiqué on Principles of Public Disclosure of Material Events" Serial: VIII, No: 54 - issued for acts committed after 6 February 2009.

**4. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect the analysis and decision making process of users and foreign operations of the Parent Bank**

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the financial statement users.

## **SECTION SEVEN**

### **INDEPENDENT AUDITORS' REPORT**

#### **I. Information on the independent auditors' report**

DFS Group's consolidated financial statements and footnotes as of 31 December 2011 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 21 February 2012 is presented in front of the financial statements.

#### **II. Disclosures and footnotes prepared by independent auditor**

There are no significant issues and required disclosures and footnotes related to DFS Group's operations, deemed as necessary, which have not been explained in the sections above.