

Interim Activity Report 2Q 2011

DenizBank Financial
Services Group



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

DENİZBANK A.Ş.
2011 2nd QUARTER- INTERIM ACTIVITY REPORT
STATEMENT of RESPONSIBILITY

The Interim Activity Report related to the period between 01.01.2011 and 30.06.2011 has been prepared regarding the “Regulation on the Preparation and Publication of Annual Report of Banks” of Banking Regulation and Supervision Agency, published in the Official Gazette dated 1 November 2006, Nr. 26333 and “Declaration on Financial Reporting at Capital Markets” of Capital Markets Board, that has been published in the Official Gazette dated 09 April 2008, Nr. 26842, and attached here-with.

Respectfully,

3 August 2011

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

STEFAN L.G. DECRAENE
Member of Board of Directors
and Audit Committee

PHILIPPE J.E. RUCHETON
Member of Board of Directors
and Audit Committee

AYFER YILMAZ
Deputy Chairman of Board of
Directors and Member of
Audit Committee

PIERRE P.F. MARIANI
Chairman of Board of
Directors

SECTION I-INTRODUCTION

ABOUT DENİZBANK

Trade name: Denizbank A.Ş.

Date of Foundation: 25 August 1997

Headquarter: İstanbul

Paid-in Capital: TRY 716,100,000

of Domestic Branches: 539

of Foreign Branches: 13 (including subsidiaries' branches)

of Employees: 10,350

of Subsidiaries, Associates and Jointly Controlled Companies: 15

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

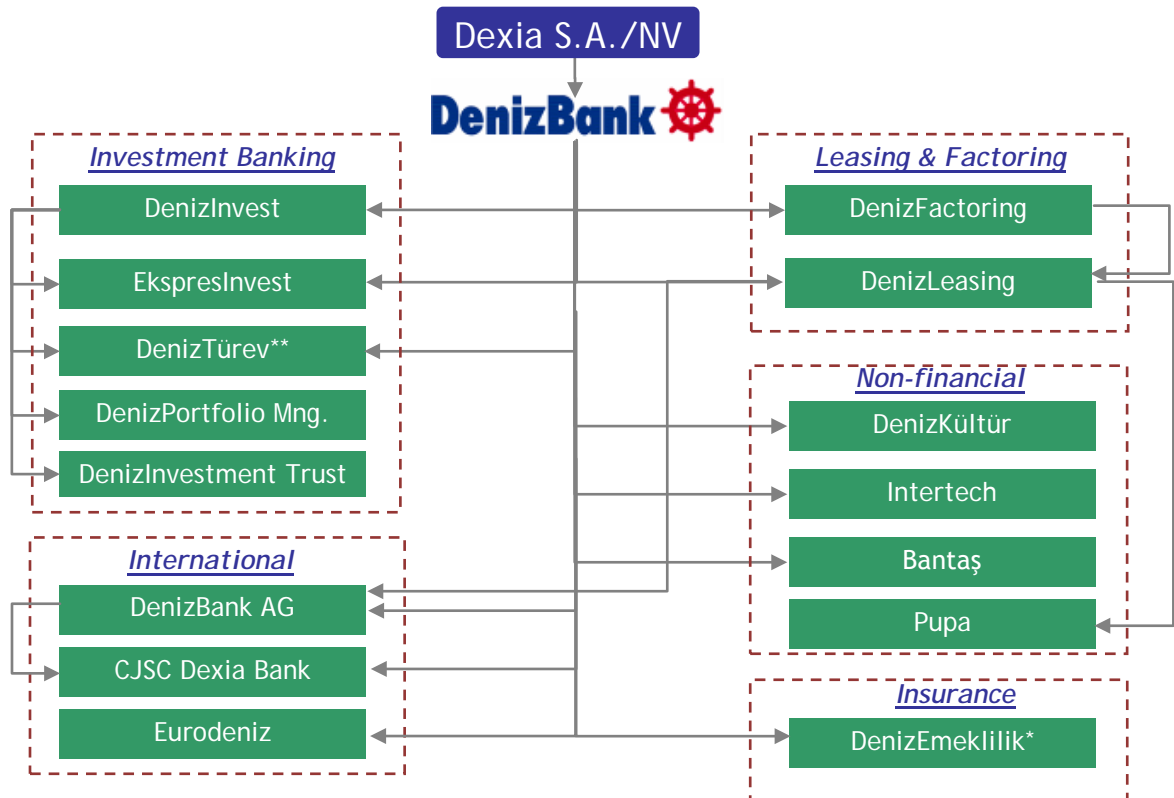
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DENİZBANK FINANCIAL SERVICES GROUP (DFSG)



*On 27 June 2011, DenizBank has signed a Share Transfer Agreement with American Life Hayat Sigorta A.Ş. (MetLife) to sell its shares at 99.86% on DenizEmeklilik. The transfer of the company's shares will be realized upon obtaining required approvals.

**DenizBank has sold its direct and indirect shares at 100% in total on Deniz Türev to Endeks Gayrimenkul ve Madencilik Enerji Sanayi ve Tic. A.Ş. and the share transfer has been completed on 19 July 2011.

DENİZBANK in BRIEF

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

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

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

The Group possesses a service network that reaches all segments of the society throughout Turkey. In addition to the 540 domestic DenizBank branches, including one in Bahrain, DenizBank AG and CJSC Dexia Bank have 12 branches in total. In addition, thanks to its Alternative Distribution Channels, DenizBank enables both individual and corporate customers all over the world to carry out financial transactions over the internet.

DEXIA in BRIEF

Group Profile

Dexia is a European banking group, with about 35,200 members of staff and core shareholders' equity of EUR 19.3 billion as at 31 March 2011. The Group carries out its activities principally in Belgium, Luxembourg, France and Turkey.

Business Lines

Retail and Commercial Banking

Dexia offers a wide range of retail, commercial and private banking services to over 8 million customers.

Dexia ranks among the three largest banks in Belgium and Luxembourg. In Belgium, Dexia serves its 4 million customers through a network of approximately 850 branches. The Luxembourg operation is the international wealth management centre within the Group; it also covers the country with a nationwide network of branches. Dexia also holds a strong position in Turkey, through DenizBank, which currently stands in sixth position among privately-held banks and serves its customers through a nationwide network of some 540 branches. Besides the retail and commercial banking activities, DenizBank is a fully-fledged bank, with a significant corporate activity and offering its clients asset management services and insurance products.

The Group aims to continue developing its commercial franchises in Belgium and Luxembourg and to capture the significant growth potential of Turkey. The objective is to increase the proportion of income from its retail and commercial banking activities (approximately 60% of the Group's total income, including 29% from Turkey) and to achieve a client base of 10 million (4 million in Belgium and Luxembourg, 6 million in Turkey) by 2014.

Public and Wholesale Banking

Dexia plays a major role in the financing of local facilities and infrastructures, the health and social housing sectors and the social economy, principally in Belgium and France.

Dexia is also active;

- in the field of project finance, adopting a selective approach and in sectors such as infrastructures and renewable energies, both in Europe and North America;
- in the field of corporate banking in Belgium, where Dexia focuses on medium-sized corporates, whilst maintaining an opportunist presence with large corporates.

In addition, the Group is established in Germany, with an access to the Pfandbriefe market.

Close to its clients and fully in tune with their requirements, Dexia is constantly developing and widening its range of products and services. The aim is to go well beyond the role of specialist lender, offering clients of the business line integrated solutions (treasury management, budget optimisation, IT solutions and so on) most suited to their needs.

Asset Management and Services

This business line consists of three activities (asset management, investor services and insurance), characterised by attractive growth outlook based on a diversified clientele and strong collaboration with the Group's other commercial franchises.

With EUR 86.3 billion of assets under management as at 31 March 2011, Dexia Asset Management is the Group's asset management centre. Its four management centres (in Belgium, France, Luxembourg and Australia) serve a broad client base.

The investor services business is conducted by RBC Dexia Investor Services, a joint venture with Royal Bank of Canada, which offers its expertise in global custody, fund and pension administration and shareholder services to institutions all around the world. Total assets under administration amounted to EUR 2,064 billion as at 31 March 2011.

Dexia's insurance activities are mainly concentrated on the Belgian and Luxembourg markets. The Group offers a complete range of life and non-life insurance products to retail, commercial and private banking clients as well as to Dexia's public and semi-public clients, through a banking-insurance approach and through a network of tied agents.

Ratings

The Group's main operating entities operating on the long-term capital markets, Dexia Bank Belgium, Dexia Crédit Local and Dexia Banque Internationale à Luxembourg, are rated A+ by Fitch, A3 by Moody's and A by Standard & Poor's. Three of Dexia's European subsidiaries (Dexia Municipal Agency, Dexia Kommunalbank Deutschland and Dexia LDG Banque) issue Triple-A rated secured bonds.

MESSAGE FROM THE CHAIRMAN

Nearly three years have passed following the crisis which started in the last quarter of 2008. We have observed global banks change shells with the US and EU being in the first place in especially the first half of the three-year crisis period. Large amounts of loss were written and capital injections were made with the support of governments accordingly. Banks which could not adapt to this process either merged or were transferred to public sector. The structuring in the global financial sector continues in 2011. We can see that global banks are observing their business models, exiting some countries and rapidly increasing their assets in markets having high growth ratios. Authorities are trying to ensure that the same problems are not re-encountered by taking the necessary precautions. For this purpose, a vast range of studies and assessments are ongoing on bringing additional capital requirements and BASEL 3 preparations for banks having vital importance on a global scale.

Public debts and budgetary problems which started off in Greece in the second half of the period following the three-year crisis which is felt quite intensely due to the concerns of the case spreading to other countries are followed closely nowadays. The fear of a potential default problem having a chain reaction on banks and other companies and spreading to other countries with the loss of consumer confidence is affecting the global financial markets negatively. We have observed that a series of actions were taken under the leadership of central banks and the IMF with saving packages being in the first place in order to eliminate this risk. Accordingly, countries having high current account deficits and public indebtedness ratios have taken into course austerity measures and privatization programs.

The economic growth in the second quarter of 2011 slowed down due to natural disaster with secondary effects of the Tsunami disaster in Japan being in the first place and the increase in oil prices as a result of the crisis in the Middle East. When this was accompanied by the measures on cooling down economies due to the concern of inflation in emerging economies, distress on global growth rose once more. Primary indicators in the third quarter of the year show that economic activities are recovering once more. As the US Central Bank FED has announced that they have a series of instruments kept side in order to take new measures to support economic growth in the US has strengthened the belief that global economic recovery will continue in coming days.

Turkey has attracted a lot of attention growing by 11% in Q1 of 2011 following the annual growth rate of 8.9% in 2010. This growth mainly derived from private consumption and investment expenditures accordingly as it was the case in 2010. The contribution of external demand was weaker due to the effects of the global crisis abroad. The increase tendency in foreign trade continued in this sense.

On the other hand, the fact that the risk elements increased in developed countries made it necessary for the Turkish authorities to take regulatory precautions as a measure. As from the end of the last year, the regulations made by the Central Bank about reserve requirements and the new steps taken by the BRSA in 2011 Q2 have been the important support points indicating that the increase in the current account deficit will slow down in the coming periods. The weak performance of TL in the recent months which positively affects competitive power and the decline in energy prices draw attention as the other bases that can slow down the increase in current account deficit. Parallel to this, we observed that the positive evaluations of credit rating agencies about Turkish economy increased in recent months. I believe that Turkey's credit rating, which is already

considered as “investment grade” by the markets, will be at the deserved levels by rating agencies in the near future.

Although the fact that the steps taken in order to slow down the increase in the current account deficit were applied through the banking sector led to decline to some extent in the profit figures announced in the first five months compared to the last year’s figures, both the decline in NPL provisions and the strong evolution of fees and commissions will continue to support the profitability of the sector in the coming periods.

Upon the rapid growth of recent years, banking sector assets grew by about 13% in the first half of 2011. As were the recent years, the growth in assets was realized on credits and the increase in credits was realized as 23% in the first half of the year. Although the growth in deposits remained below credits with 6%, the fact that credits will slow down in the second half of the year with the impact of the measures taken will be an important factor that will reduce the fund needs of banks. Moreover, thanks to the confidence in the Turkish economy, banks are able to support their funding needs with long term resources from foreign wholesale markets. The capital strength of the banking sector and successful liquidity management will act as an important support in the economy reaching its growth potential in the coming years. While the new policy approach of the Central Bank will support the extension of funding maturities of banks especially on the TL side, it will also provide a robust basis for the healthy and stable growth of the banking system.

PIERRE MARIANI
CHAIRMAN

MESSAGE FROM THE PRESIDENT AND CEO

DenizBank achieved to increase her assets, customer deposits and equity both on consolidated and unconsolidated basis with a successful performance higher than the sector averages in the second quarter of 2011. DenizBank has increased her assets by 16% on a consolidated and 13% on an unconsolidated basis compared to the year-end 2010 and reached TRY 39 billion 188 million and TRY 31 billion 158 million, respectively.

DenizBank increased her consolidated customer deposits, the main source of funding, by 19% in the first six months of 2011, reaching TRY 23 billion 393 million. The unconsolidated customer deposits reached TRY 16 billion 706 million, increasing by 9% according to the end of 2010, relatively higher than the sector average of 6%. Besides, DenizBank continued to obtain low-cost and long-term funding sources from several international institutions to support her priority sectors.

DenizBank acquired a securitization loan in the amount of EUR 300 million against workers’ remittances from WestLB, EIB (European Investment Bank), EBRD (European Bank for Reconstruction and Development), IFC (International Finance Corporation) ve DEG (Deutsche Investitions und Entwicklungsgesellschaft) to finance mid-size sustainable energy efficiency projects, agricultural customers and SMEs operating in the food and beverages sector. In addition, DenizBank got permission from CMB for issuing bank bonds up to a maximum amount of TL 2 billion. At the beginning of May, we completed first part of the issue of discounted bank bonds amounting TL 500 million in total and restored trust to our bank with high-rate demands. Moreover, DenizBank got the permission from CMB for

issuing bonds up to a maximum amount of USD 750 mn to be purchased by foreign real persons and authorized 4 development banks for completion of the process. Our bonds, planned to be issued, are rated as Ba1 and BBB- by Moody's and Fitch, respectively.

Serving as a financial supermarket with an extensive product portfolio and providing funding to all sectors of the economy DenizBank reached her consolidated loans TL 28 billion 343 million, increasing 19% in the first six months.. Unconsolidated loans realized as TL 21 billion 14 million. Consumer loans grew by 26% y-t-d in total thanks to 29% increase in auto loans, 24% and 29% increase in general purpose and mortgage loans, respectively. The growth in credit card loans, doubling the sector average, realized as 22% in the first half. In the second quarter of 2011, DenizBank kept her leading place with her 121% loan to deposit ratio and 72% loan to asset ratio.

Our consolidated and unconsolidated shareholders' equity increased by 11% and 7% compared to the end of 2010, reaching TL 4 billion 49 million and TL 3 billion 371 million, respectively. DenizBank recorded 14.36% and 14.92% capital adequacy ratios on consolidated and unconsolidated basis, respectively, both of which are relatively higher than the international standards.

DenizBank considers support for the agriculture industry as part of her social responsibility mission as well as a good business proposition. DenizBank kept her first place among private banks and agricultural loans reached TL 2 billion as a result of the innovations offered to producers.

Besides her financial achievements, DenizBank continued her sponsorships of İDSO (Istanbul State Symphony Orchestra), TAYK (Turkish Off-Shore Racing Club) and 2nd International Istanbul Opera Festivals a leading supporter of culture and art facilities in the second quarter of 2011.

DenizBank became one of the banks extending its service network most by opening 40 new branches in the first six months of 2011 and reached 540 branches country-wide.

DenizBank left behind another highly effective year in terms of financial as well operational results as a result of her effective risk-oriented management policy that conforms to internationally-accepted corporate governance standards and reached TL 426 million consolidated net profit, increasing 30% y-o-y and TL 269 million unconsolidated net profit in the first half of 2011.

HAKAN ATEŞ
THE PRESIDENT AND CEO

CHANGES IN SHAREHOLDING STRUCTURE AND PAID-IN CAPITAL

As of 30 June 2010, DenizBank's shareholding structure is presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

Shareholders	Number of Shares	Nominal Value (TRY)	% of Shares
Dexia Participation Belgique SA	714,945,285.045	714,945,274	99.84%
M. Cem Bodur	11.327	11	0.00%
Hakan Ateş	11.327	11	0.00%
Ayfer Yılmaz	11.327	11	0.00%
Publicly Traded	1,154,680.974	1,154,681	0.16%
Total	716,100,000.000	716,100,000	100.00%

SHARES HELD BY THE MANAGEMENT

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

CHANGES IN DFSG COMPANIES

In the Board of Directors Meeting dated 24 June 2011; it was decided to sign a Share Transfer Agreement regarding the sale of shares of 99.86% that our Bank has in Deniz Emeklilik ve Hayat A.Ş. (DenizEmeklilik) with a capital of TL 24,500,000 to American Life Hayat Sigorta A.Ş. (MetLife) for an amount of EUR 161,931,500 on 27 June 2011. Transfer of the company's shares will be realized upon obtaining required approvals from the Undersecretariat of Treasury and the Competition Board.

In the Board of Directors dated 6 July 2011, it was decided to increase the capital of Denizbank AG, subsidiary of DenizBank headquartered in Austria, amounting to EUR 20,000,000 and undertake all of the increase by our Bank.

DenizBank has sold its direct and indirect shares at 100% in total on Deniz Türev Menkul Değerler A.Ş. to Endeks Gayrimenkul ve Madencilik Enerji Sanayi ve Tic. A.Ş. for an amount of TL 9,022,500 and USD 1,500,000 and the share transfer has been completed on 19 July 2011.

AMENDMENTS TO ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association between 01.01.2011 and 30.06.2011.

DONATIONS

List of donations made by DenizBank in 2011 are as follows:

INSTITUTION NAME	Amount (TRY)
TÜRK EĞİTİM DERNEĞİ	13,500
TOPLUM GÖNÜLLÜLERİ VAKFI	4,000
TÜRK EĞİTİM VAKFI	3,130
ROTARY SAĞLIK MESLEK LİSESİ	2,000
ANADOLU ÇAĞDAŞ EĞİTİM VAKFI (ANAÇEV)	500
TÜRKİYE OMURİLİK FELÇLİLERİ DERNEĞİ	161
EGE ORMAN VAKFI	60
TEMA VAKFI	58
DİĞER	2,070
TOTAL	25,479

AMENDMENTS TO RATING NOTES

There is no amendments to the Current Ratings of DenizBank assigned by Fitch Ratings and Moody's between 01.01.2011-30.06.2011. Fitch Ratings affirmed all DenizBank's ratings on 8 June 2011. In addition, Fitch Ratings assigned a new rating called "Viability Rating" with 19-point scale (same as long-term rating scale with lower case) due to the migration of the scale of Individual Rating to a more familiar long-term rating scale. Individual Rating will be withdrawn on 31 December 2011. Ratings are as follows:

Moody's*

Long Term Foreign Currency Deposits	Ba3/Positive
Short Term Foreign Currency Deposits	NP
Long Term Local Currency Deposits	Baa2/Stable
Short Term Local Currency Deposits	Prime-2
Financial Strength Rating	C-
Outlook	Stable

*As of 07.10.2010

FitchRatings**

Long Term Foreign Currency	BBB-/Positive
Short Term Foreign Currency	F3
Long Term Local Currency	BBB/Positive
Short Term Local Currency	F3
Individual	C
Viability	bbb-
Support	2
National	AAA (tur)
Outlook	Stable

**As of 21.07.2011

SECTION II - MANAGEMENT and CORPORATE GOVERNANCE

BOARD of DIRECTORS

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

EXECUTIVE MANAGEMENT

Title	Name	Position	Experience
President & CEO:	Hakan Ateş	President & CEO	30 years
Executive Vice Presidents and Executive Committee Members:	Mustafa Aydın	Retail, SME and Agricultural Banking Loan Allocation-EVP	24 years
	Mehmet Aydoğdu	Commercial Banking and Public Finance-EVP	14 years
	Bora Böcügöz	Treasury and Private Banking-EVP	22 years
	Suavi Demircioğlu	Financial Affairs-EVP	21 years
	Dilek Duman	Information Technology and Support Operations-EVP-Chief Operations Officer	22 years
	Gökhan Ertürk	Retail Banking-EVP	18 years
	Tanju Kaya	Administrative Services-EVP	25 years
	Derya Kumru	Wholesale Banking-EVP	24 years
	Mustafa Özel	Branch and Central Operations-EVP	23 years
	Saruhan Özel	Economic Research, Strategy and Project Management-EVP	15 years
	Gökhan Sun	SME and Agricultural Banking-EVP	19 years
	İbrahim Şen	Corporate Banking-EVP	18 years
	Cem Demirağ	Head of Internal Control Center and Compliance- Member of Executive Committee	20 years
	Ali Murat Dizdar	Chief Legal Counsel - Member of Executive Committee	20 years
	Aysun Mercan	Secretary General	29 years
Head of Internal Audit:	Frank B.J. Plingers	Head of the Board of Internal Audit	16 years

AUDITORS

Name	Position	Experience
Cem Kadirgan	Auditor	25 years
Mehmet Uğur Ok	Auditor	36 years

COMMITTEES

Committees Reporting to the Board of Directors

- Corporate Governance and Nomination Committee
- Audit Committee

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

Executive Committees

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

Within the Context of Corporate Governance;

19 Board Decisions were adopted in the Board Meetings held between 1 April 2011 and 30 June 2011.

Audit Committee met on 4 May 2011. Independent auditors' report on the first quarter of 2011 financials was presented and approved to present those figures to the Board of Directors. At the same meeting, the activity reports for the first quarter of 2011 of Internal Audit, Internal Control, Compliance, Risk Management and Operational Risk were also presented. Regarding the appointment of the Head of the Board of Internal Audit, as well as by the Audit Committee a decision was taken on May 24, 2011.

Corporate Governance and Nomination Committee met 5 times and took 5 decisions in order to make proposal to Board of Directors for nomination of top executives. In accordance with the proposals of the Committee the appointments of 5 Senior Vice President and 1 Executive Vice President have been realized.

On 20 June 2011, Frank B.J. Plingers was appointed and commenced his duty as the Head of Internal Audit with an Executive Vice President status in lieu of Eglantine Delmas whose term of office has been expired.

SECTION III- FINANCIAL INFORMATION

SUMMARY FINANCIAL HIGHLIGHTS

Consolidated Financial Highlights (TRY million)

	30.06.2011	31.12.2010	30.06.2010	31.12.2009
Cash & Banks	4,279	4,201	3,168	3,079
Securities*	4,311	4,444	3,494	3,247
Net Loans	28,343	23,790	20,884	18,558
Net Fixed Assets	339	322	274	277
Total Assets	39,188	33,853	28,908	25,943
Customer Deposits	23,393	19,713	16,616	14,701
Time	19,608	15,984	13,644	12,030
Demand	3,785	3,730	2,973	2,672
Funds Borrowed	6,245	7,047	5,442	5,279
Sub-ordinated Loans	829	770	775	759
Shareholders' Equity	4,049	3,659	3,270	2,968
Paid-in Capital	716	716	716	716
Non-cash Loans	10,098	7,636	6,168	5,094
Interest Income	1,559	2,814	1,411	2,987
Interest Expense	-688	-1,025	-482	-1,123
Net Interest Income after Provisions	661	1,282	637	1,172
Non-interest Income	523	676	306	629
Non-interest Expense	-773	-1,341	-627	-1,196
Net Income	426	616	327	605
Number of DenizBank Branches	540	500	451	450
Number of Employees	10,350	9,561	9,052	8,698
Number of ATMs	1,120	941	735	660
Number of POS Terminals	106,612	89,399	82,287	81,038
Number of Credit Cards	1,728,502	1,485,991	1,404,870	1,313,237

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

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

** Includes factoring and leasing receivables.

Unconsolidated Financial Highlights (TRY million)

	30.06.2011	31.12.2010	30.06.2010	31.12.2009
Cash & Banks	3,807	3,222	2,462	2,709
Securities*	4,158	4,280	3,348	2,976
Net Loans	21,014	18,459	16,108	14,171
Net Fixed Assets	330	314	267	260
Total Assets	31,158	27,660	23,519	21,205
Customer Deposits	16,706	15,272	12,942	11,163
Time	13,858	12,354	10,673	9,029
Demand	2,847	2,917	2,269	2,134
Funds Borrowed	5,333	5,836	4,509	4,483
Sub-ordinated Loans	829	770	775	759
Shareholders' Equity	3,371	3,141	2,880	2,630
Paid-in Capital	716	716	716	716
Non-cash Loans	9,798	7,474	6,093	5,042
Interest Income	1,349	2,465	1,240	2,553
Interest Expense	-570	-878	-410	-906
Net Interest Income after Provisions	581	1,116	562	1,106
Non-interest Income	377	529	274	465
Non-interest Expense	-689	-1,187	-561	-1,040
Net Income	269	458	275	532
Number of DenizBank Branches	540	500	451	450
Number of Employees	9,208	8,573	8,086	7,789
Number of ATMs	1,120	941	735	660
Number of POS Terminals	106,612	89,399	82,287	81,038
Number of Credit Cards	1,728,502	1,485,991	1,404,870	1,313,237

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

ASSESSMENT of FINANCIAL POSITION and RISK MANAGEMENT

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

Shareholders' Equity and Capital Adequacy (TRY million)

Consolidated	30.06.2011	31.12.2010	30.06.2010	31.12.2009
Capital Adequacy Ratio (%)	14.36%	15.70%	15.90%	16.72%
Shareholders' Equity	4,049	3,659	3,270	2,968
Return on Average Equity (%)	22.1%	18.6%	21.0%	23.0%
Free Capital *	3,283	2,872	2,434	2,154
Free Capital Ratio ** (%)	8.4%	8.5%	8.4%	8.3%

Unconsolidated	30.06.2011	31.12.2010	30.06.2010	31.12.2009
Capital Adequacy Ratio (%)	14.92%	16.43%	17.41%	19.02%
Shareholders' Equity	3,371	3,141	2,880	2,630
Return on Average Equity (%)	16.5%	15.9%	19.9%	22.8%
Free Capital *	2,282	2,023	1,801	1,565
Free Capital Ratio ** (%)	7.3%	7.3%	7.7%	7.4%

* Free Capital = Shareholders' Equity - Net Non-performing Loans - Subsidiaries - Deferred

Tax Assets - Tangible and Intangible Fixed Assets - Prepaid Expenses - Fixed Assets to be disposed of

** Free Capital Ratio = Free Capital / Total Assets

DenizBank Asset Quality

Consolidated	30.06.2011	31.12.2010	30.06.2010	31.12.2009
Non-performing Loans/ Total Cash Loans Ratio (%)	3.2%	4.4%	5.1%	5.5%
Non-performing Loans Provision Ratio (%)	116.8%	105.6%	101.3%	94.3%

Unconsolidated	30.06.2011	31.12.2010	30.06.2010	31.12.2009
Non-performing Loans/ Total Cash Loans Ratio (%)	3.6%	4.8%	5.6%	6.0%
Non-performing Loans Provision Ratio (%)	127.3%	112.3%	105.6%	99.9%

RISK MANAGEMENT POLICIES

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

Market Risk

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

DenizBank has formulated risk policies and established risk-based limits with regards to her trading activities in money and capital markets.

Structural Interest Rate Risk

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

Liquidity Risk

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

Basel II/Credit Risk

The Risk Management Group undertakes efforts for compliance with Basel II/CRD criteria. Basel II consolidated credit risk is being calculated monthly using the standard method and monitored regularly since June 2008. DenizBank's Basel II dataset has been used for the consolidated reports of Dexia since September 2008.

As a part of Basel II preparation efforts, development of internal credit risk assessment models has been scheduled based on a well-defined plan and the modeling of necessary parameters has been completed for the most part.

Operational Risk

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

GENERAL OUTLOOK OF THE TURKISH ECONOMY AND THE BANKING SECTOR

Evaluations regarding the developments in Turkish Economy and banking sector in the first six months of 2011 have been summarized below.

While the recovery in the global economy has continued getting stronger, the differentiation in growth rates has led effects of the developed countries in the global economy to be weakened. It is expected that the global economy will grow by 4.5% in 2011 and 2012. While the expected growth rate for developed economies is 2.5%, it rose to 6.5% for developing economies.

The Turkish economy, which became the fastest growing economy in Europe with an 8.9% growth rate in 2010, has been sixteenth largest economy of the world and sixth largest economy of Europe. In 2010 year end, GDP per capita exceeded USD 10,000 again. Turkish economy has continued to grow increasingly in 2011 and recorded 11% growth in the first quarter of 2011. Unemployment rate which was 12% at the end of 2010, decreased to 9.9% in April 2011. It is expected that Turkey will reach high growth rates over after 2011 as well. Stable political environment, budget discipline, low indebtedness rate and high growth rates have drawn the attention of rating agencies and helped Turkey approach the "investment grade". It is doubtless that one of the elements that supported the Turkish economy was the robust banking sector.

Evaluation of the banking sector according to the data* as of June 2011:

-Loan volume (excluding financial sector loans)	TL 635 billion
TL Loan volume (excluding financial sector loans)	TL 452 billion
FX Loan volume (excluding financial sector loans)	USD 105 billion
-Deposit Volume (excluding interbank deposits)	TL 656 billion
TL Deposit Volume (excluding interbank deposits)	TL 456 billion
FX Deposit Volume (excluding interbank deposits)	USD 125 billion

In the first six months of 2011, the total loan volume of the Banking sector increased by 23% compared to the end of 2010 and by 44% compared to the first half of 2010 and reached TL 635 billion. In the first half of 2011, general purpose loans, commercial and corporate loans are the segments with priority impact on total loan increase. Consumer and credit card loans realized a higher increase compared to the first quarter without slowing down. While general purpose loans rose by 25%, the increase in commercial and corporate loans approached to 18%. While the growth of SME loans in five months was around 11%. Even if the growth rate of SME loans slowed down in the second quarter, the twelve-month performance of SME loans was still high with its 46% growth. The NPL ratio of SMEs which was 7.6% at the end of 2009 and fell to 4.5% at the end of 2010 decreased further to 3.6% as of May 2011. The NPL ratio of all loans which reached up to 5.8% during the crisis dropped to 3.1% at the end of May and 2.9% at the end of June 2011.

Total deposits reached TL 656 billion by increasing only 6% in the first six months. The sector's total equity rose by 4% y-t-d and reached TL 142 billion. The net profit of the banking sector in the first five months realized as TL 8.4 billion, recording an 18% y-o-y decrease.

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

FURTHER INFORMATION

- 1- To view the material disclosures made in ISE, click the link below:
<http://www.denizbank.com/en/investor-relations/announcements/default.aspx>
- 2- To download DenizBank 30.06.2011 consolidated and unconsolidated financial statements and footnotes click the link below.
<http://www.denizbank.com/en/investor-relations/financial-information/financial-figures.aspx>
- 3- To download 2010 Annual Report for further information about the main activities of DenizBank click the link below:
<http://www.denizbank.com/en/investor-relations/annual-reports/default.aspx>