Annual Report
2011

DEXIA

DenizBank AG

Contents

Agenda of the Annual General Meeting

Sixteenth Annual General Meeting of DenizBank AG was held on 13 April 2012.

1. Presentation of the Annual Report for 2011, including financial statements and the Supervisory Board's report.

2. Resolution on the distribution of profit

3. Resolution on the release of the Management Board for the 2011 financial year

4. Resolution on the release of Supervisory Board for the 2011 financial year

5. Resolution on the appointment of auditors and bank auditors for the 2013 financial year

6. Appointment of Supervisory Board

Supervisory Board Report

The Supervisory Board has every reason to be proud of the Bank's accomplishments since its acquisition by DenizBank Financial Services Group in September 2002.

Despite the continued challenges posed to the global financial industry, DenizBank AG again delivered a successful result. Bolstered by strong capitalization and a dynamic funding base, DenizBank AG took advantage of the opportunities offered by the market while continuing to apply a strict risk management policy.

The Management Board has reported to the Supervisory Board regarding the expansion of the business in Austria, Germany and Russia, as well in relation to the bank's most significant commitments, investments and other important matters.

During the 2011 financial year the Supervisory Board met four times: on the 18th of March, the 10th of June, the 6th of September and the 29th of December. The duties of the Board were applied in accordance with its legal requirements and the Bank's Articles of Association. The Board is responsible for continuously supervising the activities of the Bank's Management Board. Information about the Bank's intended business strategies, its position, developments and key transactions is communicated both in writing and verbally by the Management Board in a regular, comprehensive and timely manner.

The 2011 DenizBank AG financial statements and its Management Report were prepared in accordance with the UGB (the Austrian Enterprise Code) while the consolidated balance sheet was prepared and audited by Deloitte Wirtschaftsprüfungs GmbH, Vienna.

The Management Board submits regular reports on the extent to which the DenizBank Financial Services Group's risk exposure limits have been utilized. The Supervisory Board also conducts other in-depth examinations of aspects of key risk controls and it has established Audit, Credit Approval and Remuneration Committees to supervise the Bank's business in accordance with its regulatory mandates.

The 2011 DenizBank AG financial statements and its Management Report were prepared in accordance with the UGB (the Austrian Enterprise Code) while the consolidated balance sheet was prepared and audited by Deloitte Wirtschaftsprüfungs GmbH, Vienna. The Supervisory Board and its Audit Committee duly noted and approved the results of the audit: the final examination revealed no deficiencies. The Internal Audit, Control, Compliance & Anti Money Laundering, Risk Management and Credit Risk Management departments each provided the Audit Committee of the Supervisory Board with reports on a regular basis.

With the recommendation of the Audit Committee, the Supervisory Board approved the Management Report, its proposal for the use of net profit and the Balance Sheet in accordance with § 96 (4) of the Corporate Code.

Mr. Marc Lauwers was appointed by the General Assembly on 18 March 2011 to be a member of the Supervisory Board; Mr. Dirk Bruneel resigned from the Supervisory Board on that same date. On 04 November 2011 Mr. Derya Kumru was appointed to the position of Deputy Chairman of the Supervisory Board.

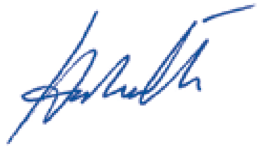
The Supervisory Board has every reason to be proud of the Bank's accomplishments since its acquisition by DenizBank Financial Services Group in September 2002.

We are confident that DenizBank AG will continue to demonstrate successful performance over the coming years. The strength and expertise of the DenizBank Financial Services Group, its Supervisory Board and its shareholders all support the Management Board in its drive toward becoming one of the most influential and admired banks in the region.

Vienna, April 2012

The Supervisory Board

Hakan Ateş
Chairman of the Supervisory Board



Management Board Report

Overall Economic Conditions

In 2011, the European sovereign debt crisis was in its third year and continued to impact the economic growth across the continent with a 0.4% contraction recorded in the Eurozone's economy for 2011. Over the past year, inflation has increased in Europe and in Austria, mainly due to the elevation of mineral oil and food prices. Tightened capital requirements and low interest rates have certainly presented further challenges to banking in Austria. Exposed to this difficult environment, DenizBank AG still succeeded improving its business lines and its competitive position.

From a market perspective, 2011 has been very volatile. Defensive asset classes like gold turned out to be the winners, while prices fell in the unstable equity markets in light of the double-dip recession experienced in parts of Europe and the United States.

Once again, our conservative business model proved to be very strong and resilient with its focus on client-driven business and an active approach to risk management. We were able to gather additional strength through 2011 as we expanded our business in our home markets of Austria, Germany, Turkey and Russia. The impact of the economic slowdown in Austria could thus be offset with our business growth in the emerging economies outside of the Eurozone.

Business Development

The year 2011 was marked by further business growth. We again significantly increased our number of customers, in particular due to our attractive offers for retail depositors, coupled with the service and demand-oriented client support provided by our branches and online banking services (www.denizbank.at in Austria, www.denizbank.de in Germany). With our eleven branches in Austria - in Vienna (5), Bregenz, Graz, Innsbruck, Linz, Salzburg and Wiener Neustadt - as well as our foreign branch in Frankfurt am Main, we have created a powerful service network. With long opening hours, including Saturdays, a phone contact center and our online banking portal, we are always close to our customers and reachable at any time.

Furthermore, we offer our private and corporate customers a foreign payment service which is now increasingly being utilized also by those clients of ours who are not engaged in a constant business relationship with the Bank.

Our cooperation with MoneyGram, which allows quick payment transactions worldwide, will continue, providing our customers with access to more than 260,000 payment offices around the world.

Specializing in foreign trade financing, business contracts and start-ups in Turkey, our Bank is an important partner in many dynamic and growing bilateral trade and investment relationships with both our private and for our corporate customers. Our Turkish parent bank's dense branch network facilitates our broad offerings in terms of foreign trade and business contract services, especially to medium-sized companies. Our customers thereby profit from group-wide synergies across the DenizBank Financial Services Group and the DEXIA Group.

The rapidly expanding DenizBank Financial Services Group owns almost 100% of DenizBank AG. Our parent company, DenizBank A.Ş. Turkey, is one of the six largest private banks in Turkey with 588 branches in Turkey and a workforce of over 9,800. As part of this Turkish group, we maintain our strong focus on our mutual customers.

The DEXIA Group, as the owner of the DenizBank Financial Services Group, is one of the largest financial institutions in the world.

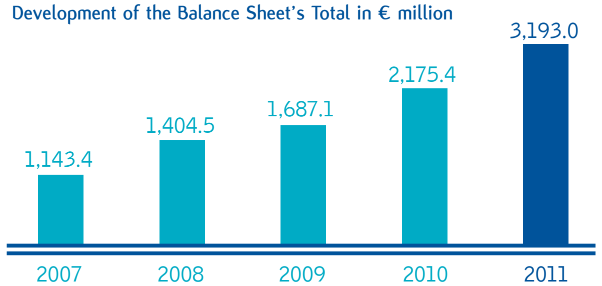
DenizBank AG operates a foreign branch in Frankfurt under the name DenizBank (Wien) AG, Zweigstelle Frankfurt/Main. No significant changes were reported during the reporting year. With local personal advice, a comprehensive online banking platform and a modern contact center each branch can attend to its clients in the best possible way, the result being our constant increase in customer numbers.

DenizBank AG owns 51% of CJSC DenizBank Moscow's share capital. The remaining 49% is held by DenizBank A.Ş. Turkey. This subsidiary contributes primarily to the realization of business opportunities for both of its shareholders' clients.

Review of Balance Sheet Items

The balance sheet total for the 2011 year comes to EUR 3,193.0 million, this being EUR 1,017.6 million above the previous year's figure of EUR 2,175.4 million.

Development of the Balance Sheet's Total in € million



Supported by a strong market presence, loans to customers increased from EUR 1,579.6 million to EUR 2,263.7 million.

During 2011, DenizBank AG had at all times sufficient liquidity and was even able to provide selected bank counterparties with access to its excess liquidity. At the end of the year, the amounts lent to other banks were listed as EUR 693.6 million.

The fixed-income securities portfolio increased from EUR 59.2 million to EUR 80.1 million as at 31 December 2011.

Despite the global financial crisis, we were able to significantly improve our liquidity position while also significantly strengthening our deposit base in our home markets of Austria, Germany, Russia and Turkey. This reflects our customers' vital trust in DenizBank AG. The amounts owed to customers, including savings deposits, increased by 33.9% to EUR 2,574.0 million (2010 EUR 1,922.0 million). This funding was complemented by amounts owed to banks of EUR 269.7 million (2010 EUR 42.7 million).

Our traditional savings book remains in high demand. We could meet our customers increased demand for both security and availability through our optimized product portfolio. Our savings deposits increased more than average: from EUR 755.7 million at year-end 2010 they grew by EUR 142.6 million to stand at EUR 898.3 million by year-end 2011; savings deposits with set maturities accounted for 92.55% of this total amount.

As an Austrian bank, DenizBank AG Austria is subject, without restriction, to the Austrian provisions governing the protection of deposits and investor compensation (Section 93 ff Austrian Banking Act). DenizBank AG is member of the statutory guarantee facility of Banks and Bankers, the Einlagen-sicherung der Banken und Bankiers Gesellschaft m.b.H.

Changes of significant balance sheet positions 2011 in € million	
Balance Sheet	+ 1.018
Loans to Customers	+ 684
Loans to Credit Institutions	+ 230
Amounts owed to Credit Institutions	+ 227
Amounts owed to Customers	+ 652
Thereof savings deposits	+ 143
Shareholder's Equity	+ 101

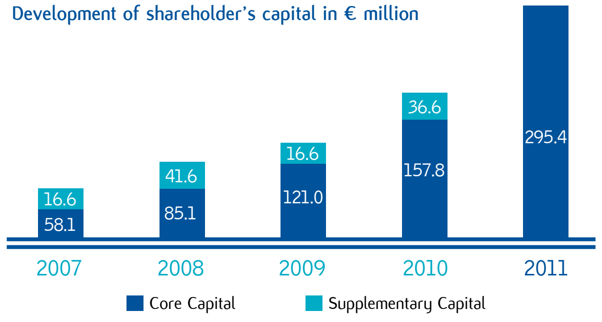
In November 2011, the Bank's total outstanding supplementary capital of EUR 94 million was terminated, repaid in full and substituted by Tier 1 capital subscribed by DenizBank A.Ş. As a result, no subordinated debt is recorded as at year-end 2011.

At the extraordinary general meeting held on August 10, 2011, an increase in subscribed capital was agreed on. Registered shares increased by 11,008, from 49,304 to 60,312 shares, all of which are registered in the name of our shareholders. Our subscribed capital's face value increased by EUR 7,999,843.84, from EUR 35,830,695.92 to EUR 43,830,539.76. This capital increase was issued at 250% with premium and was paid for immediately, in cash, by DenizBank A.Ş. This capital increase was registered in the commercial register dated 27 August 2011.

Due to a decision taken at the 17 November 2011 extraordinary general meeting regarding the repayment of supplementary capital, an additional increase in subscribed capital was concluded. Registered shares increased by 52,289, from 60,312 to 112,601 shares, all of which are registered in the name of the Bank's shareholders. The face value of the subscribed capital increased by EUR 37,999,984.97, from EUR 43,830,539.76 to EUR 81,830,524.73. The capital increase was issued at 250% with premium and was paid for immediately, in cash, by DenizBank A.Ş. This capital increase was registered in the commercial register dated 25 November 2011.

After the allocation of retained earnings and reserves of EUR 22.6 million as per section 23/6 of the Austrian Banking Act, our total qualifying capital came to EUR 294.3 million as at the end of 2011 (2010: EUR 193.1 million). Our capital adequacy ratio of 11.73% on a risk-weighted assessment basis exceeds the legally specified ratio of 8.00% by more than 45%.

Development of shareholder's capital in € million



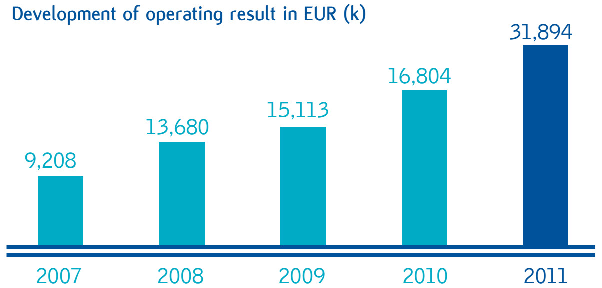
Review of Income Statement Items

Net interest income of EUR 45.0 million and net commission income of EUR 2.4 million reflect our excellent earning position. We can here report an operating income of EUR 47.7 million, which is an increase of EUR 15.1, 46.6%, over the previous year.

Although our investments in personnel and IT continued during the 2011 year and we experienced a business growth of 47%, our operational expenses increased only slightly to EUR 15.8 million (2010: EUR 15.7 million).

Our 2011 operating result, supported by tight cost management, was reported as EUR 31.9 million. (2010: EUR 16.8 million).

Development of operating result in EUR (k)



The total results of our ordinary activities came to EUR 31.3 million (2010: EUR 16.7 million)

Consequently, our net income after taxes was EUR 22.6 million (2010: EUR 15.1 million).

Due to our very positive earning situation and following an allocation of EUR 5.8 million to the reserve as specified in section 23/6 of the ABA, the Management Board proposes to transfer a sum of EUR 16.8 million to retained earnings.

Ratios

	2011	2010	2009	2008	2007
Equity Ratio (%)	11.73	10.07	9.89	11.69	9.93
Return on Equity (%)	9.97	10.77	10.14	17.07	11.83
Earnings before taxes (TEUR)	31,281	16,713	10,645	7,199	8,478
Earnings before income taxes/employee (TEUR)	167.3	93.2	62.9	46.4	52.0
Loan Deposit Ratio (%)	87.94	82.19	74.83	94.47	69.57
Net interest margin	1.68	1.52	1.65	2.06	1.73
Cost Income Ratio	35.39	48.79	48.34	52.46	60.53
Cash flow from operating activities (TEUR)	(2,322)	(39,140)	5,326	(31,433)	9,779
Cash flow from investment activities (TEUR)	(824)	(674)	(1,022)	(11,570)	(1,570)
Cash flow from financing activities (TEUR)	78,366	40,000	0	40,000	0

Business & Support Lines

CORPORATE AND COMMERCIAL BANKING

DenizBank AG serves as an Austrian portal for the Deniz Financial Services Group, with its full array of banking products supplied by a specialized Corporate and Commercial Banking team. DenizBank AG provides every kind of product and service, ranging from but not limited to Cash Loans, Letters of Guarantee, Trade Finance, Cash and Account Management.

Utilizing a customer-oriented approach, DenizBank AG Corporate Banking is well-known for its excellent management of its customer relations, its innovative and flexible perspectives, highly qualified human resources, financial advisory services, the Bank's ability to produce tailor-made services and an extensive product-line including products on demand. The Bank is able to provide all major financial services under one roof, so as to serve as the customers sole banking partner.

RETAIL BANKING

Since its foundation in 1996, DenizBank AG pursued a transparent and considerate business policy, fully aware that its clients' trust is the Bank's main asset. Recent economic and financial developments have proven this policy both appropriate and timeless: a portfolio of over one hundred thousand customers and sustainable growth reaffirm DenizBank AG's successful course in creating a solid banking brand. Today, DenizBank AG is a bank representing competence and trust. This success story can mainly be attributed to the principles of banking, proximity to clients and a transparent product portfolio.

DenizBank AG operates a network of eleven branches in Austria and one German branch in Frankfurt am Main. We combine our branches individual advisory services with the convenience of online banking and the services of our Contact Center. This integrated service approach is highly appreciated by our customers. DenizBank AG also stands for efficiency. Equipped with a lean organizational structure and a state-of-the-art banking system, by offering our customers attractive conditions we pass on to them the advantages of our efficiency.

It is from our clear and transparent product portfolio backed by excellent service levels that we offer to our customers our customized solutions. Furthermore, due to the Bank's consistent focus on classical and conservative banking, DenizBank AG has built a foundation of trust that fulfills our customers growing needs for security and transparency.

TREASURY

DenizBank AG continued to expand its mutual relationships with other financial establishments over 2011, especially with Austrian banks and foreign financial institutions, in line with the Group's standards of focusing on our customers demands.

DenizBank AG's qualified staff possesses international experience, flexibility and competence in treasury dealings. This has made the Bank a successful participant in the international money and capital markets.

The synergy, in terms of shared experience and market access, within the DenizBank Financial Services Group, has delivered the Bank a significant competitive advantage. The services offered by DenizBank AG are centered on the funding of trade flows, especially in the form of (structured) trade finance and its documentation business.

HUMAN RESOURCES

The DenizBank AG Human Resources Department acts as a strategic partner of the Management Board, executing the company's policy in accordance with its mission of spreading the company's culture into each individual business unit.

Staying loyal to the primary principle of recruiting the right person for the right job, DenizBank AG hired 53 new candidates during 2011 while keeping its turnover rate below the sector's average. DenizBank AG is proud to be able to offer promising career paths not only to young people but also to our senior staff by paying special attention to the talents within the organization.

The ongoing training programs provided by the Bank's e-learning system have enabled DenizBank AG to provide access to training to every single Bank employee. While ensuring the completion of the legally-required training on Security, Data Protection, Compliance and Anti-Money-Laundering, staff were also given the opportunity to attend a range of specialist courses. This not only increased the Bank's levels of available technical knowledge but also enhanced long-term employee job satisfaction. In addition, the training entitlements and the development unit have shown that DenizBank AG continues to set high standards in the domain of employee training and development.

DenizBank AG, as a provider of fair organizational opportunities, has been proven to be one of the best workplaces.

REMUNERATION & COMPENSATION REPORT

In line with the EU's revised Capital Requirements Directive and in compliance with changes in the Austrian Banking Act, DenizBank AG has implemented a remuneration policy and established a remuneration committee.

The purpose of the remuneration policy is to maintain a solid and efficient remuneration system and to ensure sound and effective risk management within DenizBank AG. All employees whose professional activities could have a material impact on DenizBank AG`s risk profile and who may subject the Bank to material financial risks fall under the scope of the remuneration policy. These policies aim to avoid staff taking any risk not in strict accordance with the Bank's risk absorption capabilities. The remuneration policy contributes to safeguarding the Bank's sound capital base while incorporating measures to avoid any conflicts of interest.

The remuneration committee contributes to the prevention of excessive risk-taking and endeavors to develop remuneration policies consistent with effective risk management. The committee has been constituted to enable the exercise of competent and independent judgment on remuneration policies and practices, as well as to consider each incentive associated with the management of risk, capital and liquidity. The chair and the members of the remuneration committee are members of the DenizBank AG's Supervisory Board, none of whom perform any executive function for the Bank. The committee consists of three members each of whom are appointed for a period of three years. The remuneration committee cooperates with those aspects of the Management Board's quantitative and qualitative goals that deal with the long term strategy of avoiding any conflict of interest.

DenizBank AG Employee Profile	2010	2011	% Change
Employee Information			
Staff at the head office	94	117	+24%
Staff in the branches	73	74	+0.01%
Total staff	167	191	+14%
Demographic Profile			
Male	75	89	+18%
Female	92	102	+11%
Average age	32	31	
Educational Profile			
University degree	43	44	+0.2%
Postgraduate degree	124	147	+18%
Number of staff fluent in one foreign language	164	188	+15%
Number of nationalities	5	8	+60%

Remuneration at DenizBank AG is performance-related and is awarded in such a way that it promotes sound risk management while not inducing any excessive risk-taking. Individual total remuneration is based on a combination of individual performance, business unit performance and the overall results of the Bank. The Management Board implements its long term strategy by agreeing on individual, departmental and company goals with senior staff. When assessing individual performance, financial as well as non-financial criteria are taken into account. Compensation is composed of a payment in cash indexed to the Bank's share price; 50% of any gross bonus payment is deferred over a period of five years. At the end of each year, this amount is indexed against the share price (with a maximum variability of 10%) and a predefined percentage of this resultant amount is granted to the beneficiary. The total variable remuneration obligations cannot significantly worsen the Bank's equity positions.

IT & OPERATIONS

Efficiency is a key component of any corporation's profitability. The positive change in the Bank's cost-income ratio, falling from 48.8% in 2010 to 35.4% in 2011, underlines DenizBank AG's success in this area. However, more important than efficiency is the full compliance of our processes and support systems with legal requirements. In order to fulfill ever increasing levels of regulatory stipulations, the number of staff in the IT/Organization Department increased during 2011.

In 2011, the roll-out of our new core banking application, "Inter-Next", a system produced by InterTech A.Ş. which is also a member of the DenizBank Financial Services Group, was completed. DenizBank AG now has a modern, service-oriented core banking system in place, a system that covers all areas of banking other than securities transactions. Thanks to this system's flexibility, we could speed up the process of other improvements in support functions across the Bank's business processes. During 2011, we focused on enriching our internal reporting information, automating risk analysis and on completing the improvements in our legally-driven adoptions of our AML software, respectively.

In the domain of Information Technology and Network/System Management, DenizBank Financial Services Group's corporate standards are harmonized while undergoing continuous improvement. These same standards have been implemented also in Austria and Germany, taking into account local regulations and requirements. All changes are overseen by the IT-Security Officer who is responsible for monitoring the Bank's IT-processes' compliance to these standards.

The process management team has reviewed and further improved the Bank's process documentation, in cooperation with each of its business lines' process owners. Furthermore, the team has started to systematically evaluate each of the Bank's operational risks through self-assessments. The process was introduced in association with Risk Management, who are responsible for evaluating the results.

In 2011, the European interbank payment platform Target2 and a domestic version of SEPA were both successfully introduced. Beyond this, a project to completely replace the securities settlement system is on-going; the work is planned for completion during Q1 2012.

COMPLIANCE AND ANTI-MONEY LAUNDERING

The DenizBank AG Compliance Officer is in close contact with the Management Board. Our internal compliance guidelines, based on the Standard Compliance Code used by Austrian banks and on the international money laundering regulations currently in force are compulsory for all our employees during their daily work. Their adherence to these rules and regulations is regularly evaluated by independent compliance and anti-money-laundering supervisors.

Leading on from the dynamic changes caused by the past years economic restructurings, the AML and Compliance departments were affected once more in 2011 by the Bank's focus on closer monitoring of its external legal obligations coupled with enhanced due diligence in everyday business relationships. Because of this, the Management Board is well aware of the sensitive and important work these departments undertake. Assessing and minimizing legal and reputational risks is one of the basic measures that will ensure the proper functioning of banking operations, the delivery of professional client service and lead to the forging of strong and confident relationships with financial authorities.

Given this environment, the Compliance and AML Officer remains in close contact with DenizBank AG's entire Management Board. The Compliance and AML Officer gives independent strategic recommendations regarding all AML and compliance issues. All compliance and AML relevant guidelines and manuals are continuously being reviewed and each legislative change is immediately considered.

Staff training was given to each employee twice during 2011 with additional training, during November, for new staff. The focus of this staff training was not only to inform the Bank's employees about all relevant regulations and legal obligations, but also to ensure that all staff had correct operating instructions for their daily business activities. One of the main focuses in 2011 was more exacting branch audits. The main objective of these branch audits is to make operations more efficient and to guarantee that uniform procedures, complying with the Bank's legal framework, are used throughout the Bank.

Besides the manual monitoring of compliance in accordance with national and trans-national legislation, a functional IT infrastructure is essential to automatically control, monitor and limit AML and compliance risks. For this reason, IT infrastructure is being continuously developed in accordance with legal changes.

With a well-functioning IT infrastructure and an experienced, professional and effective AML and Compliance team, DenizBank AG is sufficiently prepared to meet all future challenges faced by the banking community.

FINANCIAL CONTROL AND ACCOUNTING

Accounting and Financial Control operate as two separate departments within the same division. The Accounting Department is responsible for maintaining and managing all of DenizBank AG's financial records. Additional tasks handled by the Department are the preparation of external and internal MIS reports, including IFRS statements for consolidation purposes, internal budgeting, budget realization and statutory reporting.

The Financial Control Department aims to give reasonable, timely, independent and objective assurance that all transactions comply with the principles of sound financial management, transparency, efficiency and effectiveness.

Furthermore, the Financial Control Department seeks to ensure the compliance of all transactions with the relevant legislation, internal policies and applied controls through the use of a systematic and disciplined approach to the evaluation of risk. The Financial Control Department also works to improve the effectiveness of the Bank's control and governance processes. The extensive controls already in place allow for reliable financial reporting throughout the organization, which directly leads to more solid financial management at DenizBank AG.

The Financial Control Department is an important part of DenizBank AG's internal control system (ICS). The Department cooperates closely with Risk Management, Audit and Legal departments, as well as with the Compliance and AML Officer.

The newly-implemented core banking system with its enhanced reporting abilities lets DenizBank AG conduct only minimum manual interferences in transactions in order to execute financial control.

RISK REPORT

Selective risk-taking in accordance with our business strategy, and the active management of such risks, are both core banking functions of DenizBank AG. Through our risk policy we aim for the early systematic identification of risks so that we can manage and ring-fence such risks in accordance with our business strategy. Risk Management is an integral component of DenizBank AG's corporate strategy, thus reaching into every area of the Bank.

To this end, all internal and regulatory actions are promptly studied.

To secure adequate capitalization against all relevant risks and subsequently, the ongoing operations of the Bank, appropriate procedures and systems are in place at DenizBank AG. All banking and operational risks are managed, controlled and limited through the appropriate methods.

Risk Management is an integral component of the strategic management of DenizBank AG and involves all areas of the Bank.

Risk Strategy

DenizBank AG follows certain general risk policy principles, including the regular involvement of the Management Board in the Bank's daily business, securing the risk bearing ability of the Bank and the avoidance of conflicts of interest. In addition to these principles, we have defined an adequate overall bank risk strategy. This risk strategy is characterized by a conservative approach to operational bank risks and the acceptance of risk only in such areas of business where we have adequate systems and knowledge in place to properly assess each relevant risk. The Bank's risk appetite (i.e. its willingness to take financial risks) is a further element of our basic strategic considerations and is defined under two scenarios: going concern (normal scenario) and liquidation (worst case scenario).

Structure and Organization of Risk Management

The Management Board of DenizBank AG has the ultimate responsibility for risk management. The Management Board decides the risk strategy and approves all general risk management principles, including relevant limits and control procedures for each type of risk. An independent Risk Management Department and a Risk Committee assist the Board in the execution of its duties. The main responsibilities of these entities are the identification and evaluation of risk, risk management and risk control.

The Supervisory Board controls risk strategy and organizational structures on a regular basis ensuring that the Management Board takes the necessary steps required to identify, measure, control and limit risk while, at the same time, maintaining the efficiency of internal controls.

The Credit Risk Management Department is responsible for portfolio management, credit risk steering, monitoring of the loan book and rating of the Bank's credit exposures. One of the key elements of the credit approval process is a detailed risk assessment of each credit customer, where the creditworthiness of the counterparty is evaluated by an internal rating model that assigns each rating based on the probability of default as determined for that particular customer class. The algorithms of the rating procedures are annually recalibrated given default histories and other external and internal factors.

Credit risk steering for the overall credit portfolio is performed for specific industry groups, currencies and rating classes.

Within the framework of overall bank risk management governance, Controlling, Internal Audit and Compliance departments also execute the control and supervision of business-relevant risks.

Overall Bank Risk Management

DenizBank AG follows the principle of proportionality when applying risk management in relation to risks relevant to the Bank. Besides meeting the minimum capital requirements (Pillar I) and increased disclosure (Pillar III), the Basel II framework also requires an intensified consideration and specification of adequate overall bank risk management accompanied by the provision of risk capital on the basis of bank-specific risk profiles (Pillar II).

With regards to the calculation of regulatory minimum capital requirements in accordance with Pillar I, DenizBank AG applies the standard regulatory methods for evaluating market risk, the standard approach for credit risk and the basic indicator approach for operational risk. Information disclosures in line with Pillar III are implemented on a superordinate group level.

The requirements of Pillar II are implemented at DenizBank AG through the application of an individual bank ICAAP (Internal Capital Adequacy Assessment Process) on an overall level.

DenizBank AG has an adequate system for the steering, controlling and supervision of all risks in proportion to the business conducted. The well-established internal control system of DenizBank AG ensures that all essential risks are identified and assessed on a regular basis so that prompt responses can be generated.

A comprehensive, objective and transparent disclosure of all risks to the DenizBank AG Management and Supervisory boards is part of the regular risk monitoring process.

Standardized risk reporting is performed at regular intervals, providing an adequate level of information in relation to the Bank's essential positions in relation to all relevant parties and decision-making bodies, enabling a prompt evaluation of all respective risks.

In line with its conservative risk strategy DenizBank AG prefers to develop its business with companies that are known within the Group (DenizBank Financial Services Group and DEXIA), as transactions with these customers, with whom the Bank has a sound and longstanding business relationship, offer the most security. As a result of the Bank's execution of mutual business with the parent company and its strong engagement with Turkey, DenizBank AG is strongly dependent on economic developments in Turkey. DenizBank AG is managing the relevant risks based on its professional knowledge and competence, its adequate risk management system and strong support of parent company DenizBank A.Ş., which is one of the strongest private banks in Turkey.

The definition of limits for all risks, and the procedures to control such risks, both require compliance with the Bank's risk-bearing ability limitations and with all parameters defined by the Board.

Workshops, internal and external training sessions beyond basic risk management increase the Bank employees' risk awareness.

Risk-bearing analyses are the basis of DenizBank AG's risk strategy, as the risk associated with some businesses is only covered up to a certain proportion of the aggregate risk cover. The definition of such risk cover categories and a framework of these categories, in turn, limits the scope and volume of business risk.

Quantification of risk-bearing abilities includes the risks of unexpected losses from each of the following material risk categories. Each of these must be identified and then assessed on a regular basis, so that prompt responses can be undertaken:

Credit Risk	Default risk as determined by the classic loan business Issuer risk as listed in the trading and bank book Counterparty risk Concentration risk
Market Risk	Losses of value caused by changed market conditions, in terms of interest rates, currencies, shares, options and balance-sheet-structure-based risk
Operational Risk	Inadequacy or failure of internal processes, employees, the system, or external events
Other Risk	Liquidity risk (only refinancing risk) Business risk Regulatory and Compliance risk Reputation risk

Specific systems are utilized for the calculation of potential market risks, reflecting various risk categories. The quantification of interest rate change risks in terms of the Bank's overall level of risk is determined via a sensitivity analysis based on a parallel shift of the yield curve. The effect of FX risk changes on the Bank's overall level of risk is determined through the use of a Value at Risk (VaR) calculation, based on the RiskMetrics model. The VaR calculation incorporates all of the Bank's positions, its trading book and all existing derivatives.

To hedge market risks related to loans denominated in a foreign currency, foreign currency derivatives are used. Those are supplemented, to a lesser extent, with interest rate swaps and options.

Financial Derivative Instruments in € million	
FX Forwards and FX Swaps	1,867
Interest Rate Swaps	94
Options	7
Total	1,968

The quantitative assessment and consideration of credit risk in relation to risk-bearing ability is undertaken through a modified IRB foundation method.

When calculating unexpected losses in connection to credit risks, an internal credit ratings default risk (PD) for each debtor is internally calculated or estimated. The algorithms of this rating procedure are annually recalibrated on the basis of the default history, as well as in response to external and internal factors.

For the quantification of operational risk, the basic regulatory indicator method is utilized.

Business risk is considered whenever determining the available risk coverage capital, with a percentage haircut applied to this risk coverage capital under the Bank's liquidation scenario.

The quantifications of other risks (liquidity, reputation, regulatory & compliance risks) are determined through a percentage premium on top of the risk potential of the aforementioned quantifiable risks.

The risk-bearing analysis ensures the continued existence of the Bank. From their respective models, risks for each risk category are added to an overall potential loss value in order to assess the sustainability of these risks; following this, each such potential loss is compared to the available risk coverage capital under both going-concern and liquidation scenarios.

Risk coverage capital is defined as the sum of all of the Bank's financial means available for the provision of risk cover.

At DenizBank AG, we have defined three risk cover categories. Risk coverage capital is ranked according to its public awareness and availability; individual risk cover positions can be allocated to one or more risk cover categories.

Consequently, risk coverage capital consists mainly of available capital and the reserves, including unrealized gains and all available interim profits. Hidden reserves are not considered in the liquidation scenario.

The Risk Committee regularly controls the Bank's risk-bearing ability. Under both scenarios, the utilization of the aggregate risk during 2011 was, at all times, well within the Bank's risk coverage capital.

To simulate an extraordinary increase in the overall potential for risk and in order to quantify the subsequent impact on earnings and risk coverage capital, DenizBank AG runs several stress tests. Such tests create scenarios under which certain extraordinary external events cause an increase in risk. These tests resulted in a positive assessment of the available risk coverage capital for such scenarios.

Liquidity Risk Management

In the context of the Basel III framework, DenizBank AG's liquidity risk management process was reviewed and extended as a process parallel to ICAAP. As part of the overall Bank Risk Management Process, DenizBank AG strives to implement adequate methods for efficient liquidity risk management in terms of proportionality. The Bank also has robust internal strategies and procedures for the measurement, steering and control of liquidity risks and adequate liquidity buffers as specified in section 25/1 of the ABA.

The purpose of liquidity risk management is to ensure the unrestricted ability of the Bank to meet its financial obligations at all times, not only under normal conditions but, also in stress situations. Such unrestricted ability is ensured if, at all times, cash outflows are covered by cash inflows and other liquidity measures, such as liquidity buffers.

Liquidity sub-risks, insolvency, refinancing and market liquidity are relevant to DenizBank AG.

To determine insolvency risk, various instruments are applied, such as liquidity flow and GAP analysis, stress testing and liquidity coverage ratio. The risk potential for refinancing risk is considered to be a percentage premium on top of the quantifiable risks within the Bank's risk-bearing analysis, with the level of such a premium (risk buffer) depending on the respective scenario (going concern, liquidation). Market liquidity risk is considered through haircuts taken on the collateral value of eligible securities.

Liquidity flow represents an overall view of liquidity positions over a period, comparing expected inflows and outflows within a specific maturity bracket and identifying a gap (net positive or negative cash flow balance) for each such bracket, enabling active management of liquidity positions.

In addition, appropriate scenarios are considered for the liquidity report. These are differentiated into a general market scenario (syncratic stress scenario), an institution-specific scenario (idiosyncratic stress scenario) and a regulatory stress scenario for the BIS (Bank for International Settlements).

The Liquidity Coverage Ratio is the primary control value of DenizBank AG's liquidity position and it is calculated as the amount of highly liquid assets (liquidity buffer) required for the coverage of net liquidity outflows for one month.

Liquidity buffers must be freely available unrestricted liquid assets (surplus liquidity or additional realizable liquidity), available for the coverage of short-term liquidity needs under stress conditions. The maintenance of a liquidity buffer and its active control are integral parts of DenizBank AG's liquidity risk management. For the calculation of the liquidity coverage ratio, the requirement for short-term net liquidity is mapped against the current value of the liquidity buffer.

Daily liquidity management ensures adequate liquidity beyond the minimum threshold of 30 days, thus being sufficient to maintain long term business operations. A shorter period of five days is also considered to ensure the solvency of the Bank even under extreme short term stress scenarios. Intraday liquidity management and planning derives from DenizBank AG's liquidity position, which is defined based on the value of the Liquidity Coverage Ratio.

DenizBank AG, through its effective and efficient risk-management, regards itself well-positioned for both current business activities and future challenges.

Research & Development

Because of our business model there are no significant research and development activities, other than HR development.

Significant Developments after the Reporting Date

The name of our subsidiary, CJSC Dexia Bank Moscow, was changed to CJSC DenizBank Moscow during February 2012. No other significant events occurred after the balance sheet date.

Preview and latest developments

2012 is expected to be an important year for DenizBank AG, a year in which the results of 2011's strategic, financial and technological developments are harvested.

Return to a re-formulated Retail Banking Strategy

In line with our business model, the existing retail banking strategy has been re-formulated in order to increase DenizBank AG's mind, heart and wallet share in the marketplace. Based on this new strategy, a plan to expand the distribution network has been prepared and approved for implemented in 2012 in order for the Bank to increase its proximity to its target market segments. This expansion plan targets strong coverage in order to improve the Bank's service quality.

The new strategy also includes an integrated marketing communication plan which is expected to increase the exposure of the DenizBank AG brand to its target market segments. From conventional to social media, DenizBank AG aims to create the best communication mix, producing the best return on its investment. Upon the successful implementation of our new retail banking strategy, we expect to sustain and accelerate the Bank's profitable growth via branches, call center and through online banking platform.

Strengthened Capital Base and Tier 1 Ratio

In order to be ready for upcoming regulatory and Basel III requirements and thanks to our shareholders, we have strengthened our equity structure by injecting additional capital and we have replaced our previously issued subordinated bonds. This strengthened our Tier 1 ratio and resulted in the Bank fulfilling its Basel III requirements before their introduction.

Introduction of a State-of-Art Banking Platform and other New Technologies

The growth of our customer base and an increased transaction volume created the need for the implementation of a technologically-advanced banking platform that can support the growth of the business in terms of scalability and continuity. The migration of the banking system was completed during 2011 with the full implementation of a state-of-art banking platform, what we have called "InterNext", that provides full integration between front office, back office and all supporting functions. This new banking platform is expected to increase overall operational efficiency and consequently, directly contribute to the profitability of the Bank. Another important technological improvement has been achieved in the Bank's communication systems. In order to increase the efficiency of our communications within Austria, as well within the DenizBank Financial Services Group (DFSG) as a whole, we have implemented a highly advanced central phone system.

What's next in 2012 ?

With the current economic conditions in Europe expected to continue on into 2012, no significant economic growth is expected due to general deleveraging across the economic environment. Upcoming regulatory standards and the market environment will both push financial institutions in Europe to focus more on their financial stability. On the other hand, the key to business growth will remain in the emerging economies. Our strong financial position and current business model, which focuses on our local market as well as on the German, Turkish and Russian markets, provides us with an opportunity to grow in a sustainable and profitable way. In terms of our business potential, we expect that the strong position and international experience of DFSG will keep providing us with many business opportunities in Europe, Turkey and also in Russia. Together with our well-designed market strategy and current business model, we expect to increase our growth and profitability in 2012.

We would like to express our sincere thanks to all of our employees, who through their excellent team spirit have played such a vital role in achieving our remarkable performance. Our thanks also go to our main shareholder the DenizBank Financial Services Group, our business partners and in particular, to our clients who have entrusted us with their financial business.

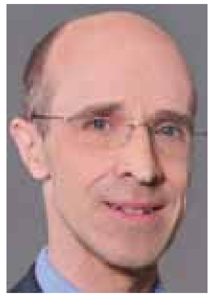
Vienna, March 26th, 2012
The Management Board

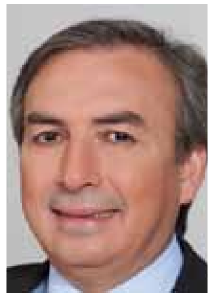
Ahmet Mesut Ersoy Chairman	Dr. Thomas Roznovsky Member
Mehmet Ulvi Taner Member	Dr. Edin Güçlü Sözer Member

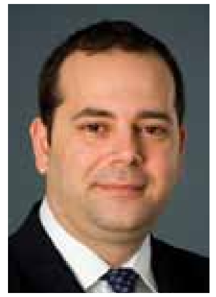
Directors and Officers of the Bank

DenizBank AG Management Board


Ahmet Mesut ERSOY
Chairman of the Management Board, CEO

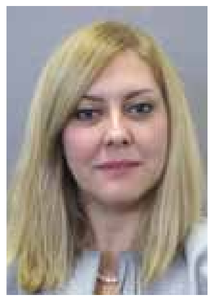

Dr. Thomas ROZNOVSKY
Management Board Member

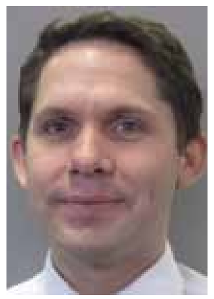

Mehmet Ulvi TANER
Management Board Member


Dr. Edin Güclü SÖZER
Management Board Member

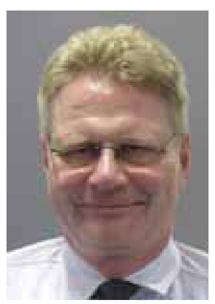
Group Managers


Christian MAYR
Division Head
Treasury

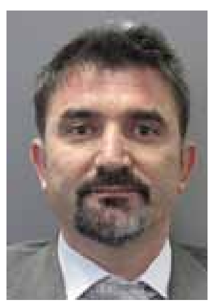

Asli KURT-KUDUG
Division Head
Controlling & Accounting


Daniel MAYR, MSc.
Division Head
IT & Organization

Department Heads

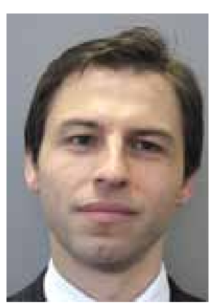

Ingo SCHLINKE
Internal Audit


Melek AY
Risk Management


Özgür KAYA
Credit Risk Management


Sibel TAN
Human Resources

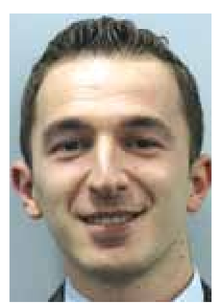
Legal Department


Muzaffer LALE
Accounting Department


Mag. Osman SAGLAM
Backoffice


Mag. Mihter UĞUR
Credit & Trade Operations

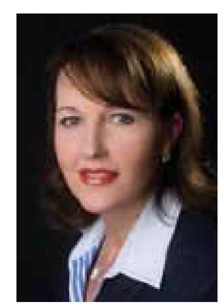

Markus SCHÄFFER
IT Infrastructure


Levent KORKMAZ
Contact Center

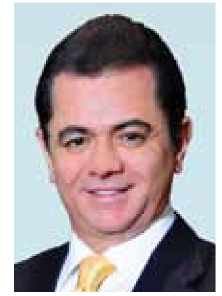

Mag. Yanki EYÜBOGLU
Retail Marketing


Burcu SALAFUR
Core Banking Applications


Astrid VALEK
Business Development


Tanja NINOW
AML & Compliance

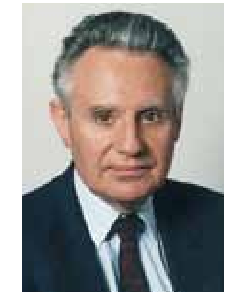
Supervisory Board


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


Derya Kumru
Vice Chairman
Istanbul, Executive Vice President of DenizBank A.Ş.


Wouter van Roste
Member
Istanbul, Member of the Board of Directors, DenizBank A.Ş.


Marc Lauwers
Member
Brussel, Vice President of the Management Board Belfius Bank

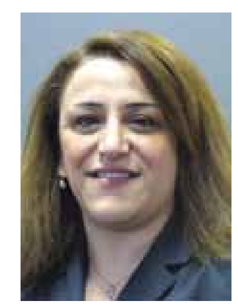

Dr. Kurt Heindl
Member
Vienna, Former Member of the Parliament, Consultant

Representatives of the Austrian Federal Ministry of Finance Banking Supervision Division

Andreas Staritz
Director
International Financial Institutions

Mag. Lisa Mandl
Director
Deputy- International Financial Institutions

Branches in Austria


MMag. Tülay KORKMAZ
Division Head Branches Austria

Frankfurt Branch


Berin KUTLUTAN
Branch Representative
Branch Manager Market

Balance Sheet

Summary of the balance sheet 31 December 2011

Assets

	12/31/2011 EUR	EUR	Prior Year Thousand EUR
1. Cash and balances with central banks		96.239.174,33	21.019
2. Treasury bills			
a) Treasury bills and similar bills		40.063.000,00	19.830
3. Loans and advances to credit institutions			
a) repayable on demand	17.267.391,22		15.118
b) other loans and advances	676.291.800,01		448.887
		693.559.191,23	464.005
4. Loans and advances to customers		2.263.664.893,68	1.579.568
5. Bonds and other fixed income securities			
a) issued by public sector entities	21.931.510,27		12.352
b) issued by other borrowers	18.062.621,89		27.014
		39.994.132,16	39.366
6. Shares and other non-fixed income securities		754.798,36	1.407
7. Investments in subsidiaries			
thereof: credit institutions		16.453.424,78	16.453
8. Intangible fixed assets		1.095.533,62	1.314
9. Tangible fixed assets		2.448.766,43	2.575
10. Other assets		34.490.998,72	27.502
11. Deferred expenses		4.224.374,87	2.364
		3.192.988.288,18	2.175.403
Off-balance sheet items			
1. Foreign assets		2.958.423.188,00	2.063.412

Liabilities and Shareholders' Equity

	12/31/2011 EUR	EUR	Prior Year Thousand EUR
1. Amounts owed to credit institutions			
a) repayable on demand	35.481.020,87		35.231
b) with agreed maturity dates or periods of notice	234.214.313,32		7.484
		269.695.334,19	42.715
2. Amounts owed to customers			
a) Savings deposits			
thereof:			
aa) repayable on demand	66.936.427,72		85.327
bb) with agreed maturity dates or periods of notice	831.388.446,07		670.345
		898.324.873,79	755.672
b) Other liabilities			
thereof:			
aa) repayable on demand	327.559.959,03		370.036
bb) with agreed maturity dates or periods of notice	1.348.085.948,38		796.254
		1.675.645.907,41	1.166.290
		2.573.970.781,20	1.921.962
3. Other liabilities		44.934.618,12	13.725
4. Deferred income		4.469,51	6
5. Provisions			
a) Provisions for severance payments	251.953,00		247
b) Provisions for taxes	7.528.006,95		1.382
c) Other provisions	1.250.129,12		959
		9.030.089,07	2.588
6. Supplementary capital		0,00	36.634
7. Subscribed capital		81.830.524,73	35.831
8. Capital reserves			
a) share premium		115.624.203,46	46.624
9. Retained earnings			
a) other retained earnings		73.115.654,90	56.330
10. Reserve according to section 23/6 ABA		24.782.613,00	18.989
		3.192.988.288,18	2.175.403
Off-balance sheet items			
1. Contingent liabilities		124.061.047,19	76.227
thereof:			
Guarantees and assets pledged as collateral assets		124.061.047,19	76.227
2. Commitments		108.531,03	270
3. Total qualifying capital according to section 23/14 ABA		294.257.462,47	193.094
4. Legal minimum capital requirement according to section 22/1 ABA		200.771.388,76	153.453
thereof:			
legal minimum capital requirements pursuant to section 22/1/1 & 4 ABA		200.487.059,42	153.073
5. Foreign liabilities		1.182.169.799,54	745.983

Profit and Loss Statement

Income Statement for the financial year 2011

	EUR	2011 EUR	Prior Year Thousand EUR
1. Interest and similar income		137.763.371,52	90.126
thereof:			
from fixed-income securities EUR 2,108,366.04 (p.a.: EUR 1,777,000)			
2. Interest and similar expenses		-92.717.886,16	-60.849
I. NET INTEREST INCOME		45.045.485,36	29.277
3. Fee and commission income		4.657.928,95	3.715
4. Fee and commission expenses		-2.242.471,37	-1.117
5. Income from financial transactions		166.142,99	506
6. Other operating income		41.496,18	139
II. OPERATING INCOME		47.668.582,11	32.520
7. General administrative expenses			
a) Personnel expenses			
thereof:			
aa) Salaries	-6.478.628,42		-5.899
bb) Social security contributions and other compulsory contributions	-1.613.903,43		-1.530
cc) Other employee benefits	-180.644,33		-164
dd) Expenses for pension benefits	-90.355,03		-88
ee) Expenses for severance payments and contributions to external pension funds	-121.055,49		-118
		-8.484.586,70	-7.799
b) Other administrative expenses		-6.048.383,73	-6.512
		-14.532.970,43	-14.311
8. Depreciation and amortization in respect of intangible and tangible fixed assets		-1.168.385,04	-1.268
9. Other operating expenses			
		-73.695,30	-137
III. OPERATING EXPENSES		-15.775.050,77	-15.716
IV. OPERATING RESULT		31.893.531,34	16.804
10. Expenses from the valuation of loans and allocation to provisions for contingent liabilities and for loan risks		-1.154.973,60	-1.985
11. Income from the valuation of loans and allocation to provisions for contingent liabilities and for loan risks		533.244,56	1.893
12. Income from the valuation of securities held as financial fixed assets		9.158,60	0
V. PRE-TAX PROFIT FOR THE YEAR		31.280.960,90	16.712
13. Taxes on income		-7.533.997,48	-1.387
14. Taxes, other than taxes on income		-1.167.643,38	-222
VI. PROFIT FOR THE YEAR		22.579.320,04	15.103
15. Changes in reserves			
thereof: Allocation to the reserve according to section 23/6 ABA EUR 5,793,938.00 (p.a.: EUR 5,143,000)		-22.579.320,04	-15.103
VII. NET PROFIT		0,00	0

Development of Fixed Assets

Development of fixed assets as of December 31, 2011

		Acquisition costs January 1, 2011 EUR	Additions EUR	Disposals EUR	Adjustments EUR	Acquisition costs December 31, 2011 EUR	Accumulated Depreciation EUR	Book value December 31, 2011 EUR	Book value January 1, 2011 EUR	Depreciation for the year EUR
I.	Intangible fixed assets									
1.	Software and rights	5,290,025.43	238,843.11	103,875.94	107,775.20	5,532,767.80	4,553,154.18	979,613.62	1,206,041.32	573,046.01
2.	Payments on account	107,775.20	115,920.00	0.00	-107,775.20	115,920.00	0.00	115,920.00	107,775.20	0.00
3.	Low value assets - Software	0.00	2,132.25	2,132.25	0.00	0.00	0.00	0.00	0.00	2,132.25
		5,397,800.63	356,895.36	106,008.19	0.00	5,648,687.80	4,553,154.18	1,095,533.62	1,313,816.52	575,178.26
II.	Tangible fixed assets									
1.	Installations in third parties' buildings	2,814,960.19	313,107.33	68,744.41	0.00	3,059,323.11	1,356,520.76	1,702,802.35	1,709,967.83	296,379.07
2.	Fixture, furniture and office equipment	3,266,084.87	169,332.45	304,933.72	0.00	3,130,483.60	2,384,519.52	745,964.08	864,931.99	279,309.63
3.	Low value assets	0.00	17,518.08	17,518.08		0.00	0.00	0.00	0.00	17,518.08
		6,081,045.06	499,957.86	391,196.21	0.00	6,189,806.71	3,741,040.28	2,448,766.43	2,574,899.82	593,206.78
III.	Financial assets									
1.	Treasury bills and similar bills									
2.	Bonds and other fixed income securities	19,830,500.00	0.00	0.00	0.00	19,830,500.00	0.00	19,830,500.00	19,830,500.00	0.00
	issued by other borrowers	19,959,400.00	0.00	2,993,400.00	0.00	16,966,000.00	0.00	16,966,000.00	19,959,400.00	0.00
3.	Investments in subsidiaries	16,453,424.78	0.00	0.00	0.00	16,453,424.78	0.00	16,453,424.78	16,453,424.78	0.00
4.	Shares and other non-fixed income securities	358,049.07	0.00	352,980.00	0.00	5,069.07	0.00	5,069.07	358,049.07	0.00
		56,601,373.85	0.00	3,346,380.00	0.00	53,254,993.85	0.00	53,254,993.85	56,601,373.85	0.00
		68,080,219.54	856,853.22	3,843,584.40	0.00	65,093,488.36	8,294,194.46	56,799,293.90	60,490,090.19	1,168,385.04

Consolidated Statement of Changes in Equity for the 2011 Financial Year

Consolidated Statement of Changes in Equity for the 2011 Financial Year

in EUR	Subscribed capital	Capital reserves	Retained earnings	Reserve according to Section 23/6 ABA	Net loss/profit	Majority interests	Minority interests	Total
Equity 1/1/2011	35.830.696	46.624.144	57.133.804	18.988.675	1.185.326	159.762.644	17.719.054	177.481.698
Capital increase	45.999.829	69.000.060				114.999.889		114.999.889
Valuation of equity			-390.711			-390.711	-375.389	-766.100
Currency translation differences			-63.682			-63.682	-61.185	-124.867
Valuation net profit/loss					-13.477	-13.477	-12.948	-26.425
Profit for the year			16.785.382	5.793.938	2.479.292	25.058.612	2.382.065	27.440.677
Equity 12/31/2011	81.830.525	115.624.204	73.464.793	24.782.613	3.651.141	299.353.275	19.651.597	319.004.872

Notes to the Annual Financial Statement

I. General Information

The annual financial statements of DenizBank AG as of 31 December 2011 were prepared in accordance with generally accepted accounting principles and they provide a true and fair view of the Company's financial and earnings position.

The valuation and the presentation of all of the items in the financial statements are in accordance with the provisions of the Austrian Commercial Code (ACC) and with the special rules of the Austrian Banking Act (ABA).

Accounting policies

The structure of the Balance Sheet and the Profit and Loss Statement for the 2011 year complies with the requirements of Appendix 2 to Article 1 in section 43 of the ABA. Items having no value during this financial year and the previous year have been omitted. The principle of completeness has been applied and the valuation of the assets, provisions and liabilities follows the general rules of individual assessment and valuation under the assumption of a going concern.

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

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

Assets

Available for sale securities are measured at the lower of their historical cost or market price at the balance sheet date. Securities held for trading are valued at their market price at the balance sheet date. Securities intended to be held as long-term investments are valued at their historical cost pursuant to section 56/2 of the ABA. All bonds refer to fixed interest bearing bonds that have been admitted to the stock exchange for trading and to domestic or foreign securities issued by states, credit institutions or companies. Fixed interest bearing trading bonds that have not been admitted to the stock exchange are shown among other receivables.

A trading book pursuant to section 22n/1 ABA has been kept since 01 January 2005. This amounts to EUR 1.16 million (31-Dec-2010: EUR 1.45 million).

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

A write-up pursuant to section 208 of the ACC was not carried out because of reasons related to the determination of taxable income.

The forbearance in write-up for tax purposes amounted to EUR 0.00 million (2010: EUR 0.57 million).

Intangible and tangible fixed assets are recorded at their net book value and are depreciated using a straight-line method over their estimated economic useful lives. Management has estimated the useful economic lives of its investments in leased buildings to be 10 years and for those in software, furniture and office equipment to be from 2 to 10 years.

Low value assets with acquisition costs of up to EUR 400.00 are fully depreciated in their year of acquisition pursuant to section 13 of Austrian Income Tax Act. They are shown in the enclosed table "Development of Fixed Assets" under the columns "additions", "disposals" and "depreciation during the year". Commitments arising from the use of tangible assets not disclosed in the balance sheet are EUR 1.01 million (31-Dec-2010: EUR 1.01 million) for the following fiscal year and EUR 5.07 million (31-Dec-2010: EUR 5.04 million) for the following five years.

Liabilities

The provision for severance payments was calculated by an actuarial method using an interest rate of 3.5% utilizing an assumed retirement age of 60 years for women and 65 years for men. The provisions for severance payments pursuant to section 14 of the Austrian Income Tax Act are valued at EUR 258,586.00.

Provisions for deferred tax liabilities under section 198/9 of the ACC have been calculated and recorded as EUR 6,630 (31-Dec-2010: section 198/10 of the ACC not recorded; EUR 5,100).

Other provisions take into account all risks and pending losses which emerged during the current or past financial year up until the effective date of the balance sheet and are measured utilizing the principle of prudence. Other provisions refer mainly to unused vacation days and bonuses payable to personnel. Liabilities are accounted for at either their face value or at the amount repayable.

1. Assets

Cash and balances with Central Banks

Cash and balances with Central Banks increased by EUR 75.22 million to EUR 96.24 million (31-Dec-2010: EUR 21.02 million).

Treasury Bills

This item amounts to EUR 40.06 million as at the balance sheet date (31-Dec-2010: EUR 19.83 million).

Loans and Advances to Credit Institutions

Loans and advances to credit institutions increased by EUR 229.55 million to reach EUR 693.56 million. Loans to affiliated companies came to EUR 598.01 million (31-Dec-2010: EUR 339.05 million) as at the balance sheet date, EUR 5.50 million thereof being subordinated. This position is not comprised of fiduciary transactions.

Loans and Advances to Customers

Loans and advances to customers increased by EUR 684.09 million, from EUR 1,579.57 million on 31 December 2010 rising to EUR 2,263.66 million as at the balance sheet date. This position includes loans to affiliated companies of EUR 123.89 million (31-Dec-2010: EUR 24.00 million).

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

Amounts of EUR (k) due from

	Credit Institutions		Customers	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Up to 3 months	571,322	148,849	199,201	129,833
3 months up to 1 year	78,147	271,240	326,146	230,416
1 year up to 5 years	11,300	15,573	947,757	908,511
More than 5 years	15,523	15,498	790,259	290,259

Regional classification of loans and advances to credit institutions and non-banking institutions:

Loans and advances of EUR (k) to

	Credit Institutions		Customers	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Turkey	43,838	55,935	2,042,249	1,461,296
Austria	41,732	48,402	4,955	7,657
Other countries	607,989	359,669	216,461	110,614

Bonds and Other Fixed-Income Securities

Bonds and other fixed-income securities increased from EUR 39.37 million to EUR 39.99 million as of the balance sheet date.

At the balance sheet date, the Bank held listed securities with a book value of EUR 4.98 million and non-listed securities with a book value of EUR 11.98 million valued as fixed assets pursuant to section 56/1 of the ABA. Those securities listed as available for sale amounted to EUR 22.62 million while the securities held for trading amounted to EUR 0.41 million as of 31 December 2011.

There are no fixed interest-bearing securities with a remaining maturity of less than one year. Securities with a nominal value of EUR 41.69 million have been pledged to banks. There are no repurchase Agreements pursuant to section 50/4 of the ABA.

Financial Instruments pursuant to section 237a/1/1 ACC

The non-current financial assets measured above their fair value: Bonds' hidden burdens arise from fluctuations in their market value. Any lasting decrease in their issuer's solvency can not be ascertained. Due to these reasons, no impairment has been recorded.

of EUR (k)	Book value 12/31/2011	Hidden burdens	Book value 12/31/2010	Hidden burdens
Treasury bills	19.831	1.065	19.831	412
Bonds and other fixed income securities	16.966	1.358	19.959	754

Shares and Other Non-Fixed-Income Securities

As at 31 December 2011, shares in non-listed companies held by the Bank were valued at EUR 0.01 million while equity funds and shares of listed companies amounted to EUR 0.75 million.

Shares in equity funds with a total value of EUR 0.75 million and shares in companies with a value of EUR 0.00 million have been accounted for as held for trading.

Investments in Subsidiaries

In December 2003, a 51% share in CJSC Deniz Bank Moscow (formerly CJSC Dexia Bank Moscow) was acquired. DenizBank AG, Vienna received a Letter of Comfort, dated March 20, 2009, from the main shareholder, DenizBank A.Ş., stating that any losses to be recorded in the books of DenizBank AG arising in any way whatsoever from its investment in Deniz Bank, Moscow will be irrevocably covered by DenizBank A.Ş.. Taking into consideration a net profit of EUR 4.76 million for the 2011 year; shareholders' equity in CJSC Deniz Bank Moscow amounts to EUR 40.11 million as at 31 December 2011.

Intangible Fixed Assets

Intangible fixed assets total EUR 1.1 million (31-Dec-2010: EUR 1.31 million) and consist mainly of purchased software.

Tangible Fixed Assets

Investments in fixed assets totalling EUR 0.50 million have been reduced by depreciation amounting to EUR 0.60 million. Tangible assets decreased by 0.12 million EUR, from EUR 2.57 million to EUR 2.45 million. The development of fixed assets is shown in detail in the enclosed table "Development of Fixed Assets" pursuant to section 226 of the ACC.

Other Assets

This position mainly contains clearing positions of EUR 34.50 million.

Other assets contain deferred interest income of EUR 33.75 million payable after the date of the balance sheet.

Total Assets

The Total Assets of DenizBank AG amounted to EUR 3,192.99 million (31-Dec-2010: EUR 2,175.40 million) as at 31 December 2011, exceeding the previous year's amount by EUR 1,017.59 million. Total assets not denominated in Euro are reported as EUR 1,858.71 million. Liabilities denominated in currencies other than the Euro total EUR 766.31 million.

Off Balance Sheet Items

The total foreign assets are EUR 2,958.42 million (31-Dec-2010: EUR 2,063.41 million).

2. Liabilities and Shareholders' Equity

Amounts owed to Credit Institutions

Deposits by banks increased by EUR 226.99 million, from EUR 42.71 million to EUR 269.70 million. Deposits by affiliated companies totalled EUR 227.82 million as at the balance sheet date (31-Dec-2010: EUR 7.48 million).

Amounts owed to Customers

Customers' deposits increased from 1,921.96 million EUR to 2,573.97 million EUR as at 31 December 2011. Deposits by affiliated companies amount to EUR 0.87 million (31-Dec-2010: EUR 20.00 million). Savings deposits increased by EUR 142.65 million to EUR 898.32 million as at 31 December 2011. The percentage of deposits with an agreed maturity or period of notice is 92.55%. These deposits do not contain any guilt-edged securities. This position contains no fiduciary transactions.

Liabilities with agreed maturity dates have the following remaining maturities:

Amounts of EUR (k) due from

	Credit Institutions		Customers	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Up to 3 months	193.214	7.484	732.362	268.329
3 months up to 1 year	3.000	-	448.132	528.566
1 year up to 5 years	38.000	-	1.061.738	668.265
More than 5 years	-	-	4.179	547

Other Liabilities

Other liabilities totalled EUR 44.93 million as of the balance sheet date, an increase of EUR 31.20 million in comparison to the previous year. This item includes accrued interest expenses of EUR 23.17 million payable after the balance sheet date.

A further position, amounting to EUR 19.88 million, relates to internal FX adjustments which comprise foreign exchange adjustments between the Bank's on-balance cash transactions and its off-balance forward transactions. These transactions mainly concern EUR/USD foreign exchange swaps.

Deferred Income

Deferred income totaling EUR 4,469.51 consists mainly of deferrals of discounted letters of credit.

Provisions

The total provisions come to EUR 9.03 million (31-Dec-2010: EUR 2.59 million), an increased of EUR 6.44 million over the previous year. This position is comprised of provisions for severance payments (EUR 0.25 million), provisions for tax payments (EUR 7.53 million) and other provisions (EUR 1.25 million) which mainly refer to personnel expenses.

Supplementary Capital

In 2011 all subordinated liabilities were paid off. Total supplementary capital now amounts to EUR 0.00 million (31-Dec-2010: EUR 36.63 million).

Subscribed Capital

At the extraordinary general meeting held on August 10, 2011 an increase in subscribed capital was agreed on. The number of registered shares increased by 11,008 shares, from 49,304 shares to 60,312 shares. The face value of the total subscribed capital increased by EUR 7,999,843.84, from EUR 35,830,695.92 to EUR 43,830,539.76. The issue price of this capital increase was 250% and was payable immediately in cash. The capital increase was registered in the commercial register on 27 August 2011.

On November 17, 2011, another extraordinary general meeting took place at which the number of registered shares was increased from by 52,289 shares, from 60,312 shares to 112,601 shares. The face value of the Bank's subscribed capital increased by EUR 37,999,984.97to EUR 81,830,524.73. The issue price of this capital increase was 250%, payable immediately in cash. The capital increase was registered in the commercial register on 25 November 2011.

Subscribed capital amounted to EUR 81,830,524.73 as at 31 December 2011, divided into 112,601 shares which are each registered in the name of their principal shareholders.

Capital Reserves

Capital reserves increased from by EUR 69.00 million, from EUR 46.62 million to EUR 115.62 million following the issue of new shares at a 250% premium.

Retained Earnings

After an increase in reserves under section 23/6 ABA, management decided to allocate EUR 16.79 million to retained earnings from the year's profit.

Reserves Pursuant to Section 23/6 ABA

This obligatory reserve had increased by EUR 5.79 million as of 31 December 2011. The mandatory reserve totaled EUR 24.78 million as of the balance sheet date.

Off Balance Sheet Items

Contingent liabilities including guarantees amount to EUR 124.06 million. Foreign liabilities amount to EUR 1,182.17 million (31-Dec-2010: EUR 745.98 million).

Total qualifying capital pursuant to section 23/14 ABA

of EUR (k)	12/31/2011	12/31/2010	12/31/2009
Subscribed capital	81.831	35.831	27.831
Capital reserves	115.624	46.624	34.624
Retained earnings	73.116	56.330	46.370
Reserve pursuant to section 23/6 ABA	24.782	18.989	13.845
Less book value of intangible fixed assets	-1.096	-1.314	-1.653
Core capital	294.257	156.460	121.018
Supplementary capital	0	36.634	16.634
Total qualifying capital	294.257	193.094	137.652
As a percentage of the assessment basis according to section 22 ABA	11,73%	10,07%	9,89%

Additional Information

Statement of derivative financial instruments that have not been settled:

Purchase and sell market value

of EUR (k)	Nominal value	Positive market value	Negative market value
FX transactions	1,866,887	1,696	23,424
Interest Rate Swap	93,780	2,734	2,734
Options	7,033	0	0
Total	1,967,700	4,430	26,158

A negative market value of foreign exchange forward transactions totaling EUR 19.88 million has been recorded in other liabilities. Other than that there was no need to make any provision for contingent losses in relation to the negative market value of derivatives.

The exposure values of derivative financial instruments pursuant to Annex 2 of section 22 of the ABA have been calculated using the Mark-to-Market Method. Interest rate swaps have been valued for the remaining duration of their contracts by their discounted future cash flows based on market interest rates in effect on the balance sheet date. To determine the fair value of a forward transaction, its contracted forward rate and its forward rate as of the balance sheet date is compared for the forward transaction's remaining duration. This resulting value is then discounted by the market interest rate of the respective currency in effect on the balance sheet date. The Black-Scholes-Model is the basic valuation model used for options.

3. Profit and Loss Account

Net Interest Income

The net interest result including interest from fixed-income securities, interest expenses and other similar expenses increased by EUR 15.77 million to EUR 45.05 million. The interest expenses for supplementary capital were EUR 2.35 million (2010: EUR 1.01 million).

Here the Net Interest Income is split by geographic market:

Net Interest Income

in EUR (k)	2011	2010
Austria	52,459	36,762
Germany	(7,413)	(7,485)
Total	45,045	29,277

Operating Income

Operating income including net interest income, net fee and commission income, net trading result and other operating revenues increased by EUR 15.15 million, or 46.58%, to EUR 47.67 million.

Operating Expenses

Operating expenses increased by EUR 0.06 million, from EUR 15.72 million to EUR 15.78 million.

Personnel expenses increased by EUR 0.68 million to EUR 8.48 million (2010: EUR 7.80 million).

Other administrative expenses, including rent and leasing expenses, decreased from EUR 6.51 million to EUR 6.05 million, a total decrease of EUR 1.01 million.

Operating Result

Our operating result increased by EUR 15.09 million to EUR 31.89 million.

Pre-Tax Profit for the year

The pre-tax profit for the year is reported as EUR 31.28 million, this being EUR 14.57 million, or 87.17%, higher than this same result for the 2010 year (EUR 16.71 million).

Taxes on Income

Due to a double tax agreement between Turkey and Austria, a fictitious withholding tax for interest income for the year 2011 (2010: EUR 2.74 million) was not able to be fully offset.

Profit for the year

The profit for the year increased from EUR 15.10 million to EUR 22.58 million, an increase of 49.50% or EUR 7.48 million, after taking into account all taxes.

Changes in Reserves

The changes in the Bank's reserves total EUR 22.58 million. These comprise an allocation to the reserves under section 23/6 of the ABA (EUR 5.79 million) and an allocation to retained earnings of EUR 16.79 million.

Retained and Distributed Earnings

The net profit of the financial year 2011 was allocated to the profit reserves. This position now amounts to EUR 0.00 million.

Other Information

DenizBank AG is included in the consolidated financial statements of its ultimate parent company, Dexia S.A., Brussels and of DenizBank A.Ş., Istanbul (its subgroup).

DenizBank AG prepares its consolidated financial statements in Vienna. Its consolidated financial statements are deposited at each of its respective locations.

On a monthly average basis, the Company employed 180 employees (2010: 177 employees).

The remuneration for the members of the Management Board totalled EUR 735,965.76 (2010: EUR 656,054.60). Commitments of EUR 19,500.00 (2010: EUR 10,500.00) were assumed for the Management Board. The expenses for severance payments and retirement pay for the members of the Management Board and executives pursuant to section 80/1 of the Austrian Stock Corporation Act were EUR 12,453.59 (2010: EUR 76,220.02). Expenses for severance payments and retirement pay for non-executive employees totalled EUR 311,653.02 (2010: EUR 160,025.56) including expenses for severance payments of EUR 149,505.09 (2010: EUR 7,635.73) and expenses in relation to the employee welfare fund of EUR 75,648.72 (2010: EUR 71,816.45).

In 2011 the audit expenses were EUR 221,605.40, the expenses for tax advice totalled 13,063.05 and expenses for consulting were EUR 3,932.39

The emoluments of the Supervisory Board were EUR 99,838.71.

The members of the Supervisory Board are listed here:

Hakan Ateş, Chairman
Derya Kumru, Deputy-Chairman
Dirk Bruneel, Deputy-Chairman (until March 18, 2011)
Dr. Kurt Heindl, Member
Wouter van Roste, Member
Marc Lauwers, Member (since April 02, 2011)

The following State Commissioners were appointed:

Amtsdirektor Andreas Staritz
MR Mag. Lisa Mandl, Deputy

The following are those members of the Management Board for the 2011 financial year up until the date of the preparation of financial statement:

Ahmet Mesut Ersoy, Chairman (since October 1, 2011)
Martijn van Mancius, Chairman (until September 30, 2011)
Dr. Thomas Roznovsky, Member
Mehmet Ulvi Taner, Member
Dr. Edin Güçlü Sözer, Member (since December 19, 2011)

The company is registered in the commercial register of the commercial court of Vienna under number FN 142199t.

Vienna, March 26th, 2012
Management Board

Ahmet Mesut Ersoy
Chairman

Dr. Thomas Roznovsky
Member

Mehmet Ulvi Taner
Member

Dr. Edin Güçlü Sözer
Member

Auditor's Report

6. Auditor's Report

Tz 26 Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of DenizBank AG, Vienna for the fiscal year from 01 January 2011 to 31 December 2011. These financial statements comprise the Balance Sheet as of 31 December 2011, the Income Statement for the fiscal year ended 31 December 2011, and the accompanying notes.

Management's Responsibility for the Financial Statements and for the Accounting Records

The Company's management is responsible for all accounting records and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and the regulations of the Austrian Banking Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of the Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria, the Austrian Standards on Auditing and the Austrian Standards on the Auditing of Banks. Those standards require that we comply with professional guidelines and that we plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures so as to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and its fair presentation of its financial statements so that the auditor can design audit procedures that are appropriate to the circumstances. However, these activities are not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes an evaluation of the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained forms a sufficient and appropriate basis upon which to provide our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with all legal requirements and give a true and fair view of the financial position of DenizBank AG as of 2011, and of its financial performance for the fiscal year from 01 January 2011 to 31 December 2011 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether any other disclosures are misleading with respect to the Company's position. The auditor's report also must contain a statement as to whether the management report is consistent with the financial statements.

In our opinion, the management report is consistent with the financial statements.

Vienna, 26th March 2012

Deloitte Audit Wirtschaftsprüfungs GmbH

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