

Interim Activity Report 3Q 2014

DenizBank Financial
Services Group



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

DENİZBANK A.Ş.
2014 3rd QUARTER- INTERIM ACTIVITY REPORT
STATEMENT of RESPONSIBILITY

The Interim Activity Report related to the period between 01.01.2014 and 30.09.2014 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 13 June 2013, Nr. 28676, and attached here-with.

Respectfully,

06 November 2014

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

NİHAT SEVİNÇ

Member of Board of Directors
and Audit Committee

WOUTER G.M. VAN ROSTE

Member of Board of Directors
and Audit Committee

DENIS BUGROV

Member of Board of Directors
and Audit Committee

HERMAN GREF

Chairman of Board of
Directors

SECTION I-INTRODUCTION

ABOUT DENİZBANK

Trade name: Denizbank A.Ş.

Date of Foundation: 25 August 1997

Headquarter: İstanbul

Paid-in Capital: TL 716.100.000

of Domestic Branches: 710

of Foreign Branches: 35 (including subsidiaries' branches)

of Employees: 14.829

of Subsidiaries, Associates and Jointly Controlled Companies: 15

Independent Audit Company: Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of ERNST & YOUNG GLOBAL LIMITED)

Tel: 0 212 336 40 00

Fax: 0 212 336 30 80

Web Site: www.denizbank.com

E-mail: investorrelations@denizbank.com

KEP (registered e-mail): denizbank.resmikurumlar@hs02.kep.tr

DENİZBANK FINANCIAL SERVICES GROUP (DFSG)

Subsidiaries, Associates and Jointly Controlled Companies

Title	Operations	Adress (City/Country)	DenizBank Share (%)	Other DFSG Companies Share (%)
DenizBank AG	Financial	Vienna/Austria	100	-
Eurodeniz International Banking Unit Ltd.	Financial	Nicosia /Cyprus	100	-
CJSC Denizbank Moscow	Financial	Moscow / Russia	49	51
Deniz Yatırım Menkul Kıymetler A.Ş.	Financial	İstanbul / Turkey	100	-
Ekspres Menkul Değerler A.Ş.	Financial	İstanbul / Turkey	71	29
Deniz Portföy Yönetimi A.Ş.	Financial	İstanbul / Turkey	-	100
Deniz Finansal Kiralama A.Ş.	Financial	İstanbul / Turkey	49	51
Deniz Faktoring A.Ş.	Financial	İstanbul / Turkey	100	-
Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Financial	İstanbul / Turkey	-	91
Destek Varlık Yönetim A.Ş.	Financial	İstanbul / Turkey	-	100
İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	Non-Financial	İstanbul / Turkey	100	-
Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	Non-Financial	İstanbul / Turkey	100	-
Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş.	Non-Financial	İstanbul / Turkey	-	100
Deniz Kartlı Ödeme Sistemleri A.Ş.	Non-Financial	İstanbul / Turkey	-	100
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.*	Non-Financial	İstanbul / Turkey	33	-

*Owned 33% by DenizBank and the rest by two other Financial Services Group in Turkey

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 by Dexia, a leading financial group in Europe, and operated under their umbrella for six years. From 28 September 2012 DenizBank operates under the roof of Sberbank of Russia (Sberbank), the largest bank in Russia.

In addition to DenizBank, DenizBank Financial Services Group consists of seven domestic and three international financial subsidiaries, five domestic non-financial subsidiaries and a branch in Bahrain. DenizYatırım Securities, Ekspres Securities, Deniz Real Estate Investment Trust, DenizPortfolio Management, DenizLeasing, DenizFactoring, Destek Asset Management, Intertech, DenizKültür, Deniz Card Payment Systems, Açık Deniz Radio-TV and Bantaş are the Group's domestic companies; EuroDeniz, DenizBank AG and DenizBank Moscow are the international subsidiaries.

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

The Group possesses a service network that reaches all segments of the society throughout Turkey. In addition to the 711 domestic DenizBank branches, including one in Bahrain, DenizBank AG has 34 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.

SBERBANK in BRIEF

Group Profile

Established in 1841, Sberbank is a universal commercial bank with diversified businesses and global presence, playing a significant role in Russia's economy as the largest commercial bank in terms of assets, deposits and loans with market shares of 29%, 46% (retail deposits), 35% (retail loans) and 34% (corporate loans) respectively, (according to Sberbank's calculations). More than 110 million individuals in Russia are clients of Sberbank, representing approximately 77% of the Russian population. Sberbank services over one million corporate clients out of 4,5 million businesses in the country.

Sberbank offers its services through the largest banking distribution network of Russia via over 17.000 branches, located in all 83 sub-federal units of the country. Sberbank promotes banking via remote channels, which include the largest ATM network of Russia of over 89 thousand machines and self-service terminals, as well as Online and Mobile services.

In addition to traditional banking (loans, deposits, cards), Sberbank extended its product lines to provide high-end financial advisory services, a selection of Investment Banking solutions and operations on global markets via Sberbank CIB. Sberbank is actively developing insurance business and retail brokerage.

DenizBank Financial Services Group
2014 3rd Quarter Interim Activity Report
Section I - Introduction

Sberbank has substantially extended its international presence beyond the CIS, - Kazakhstan, Ukraine and Belarus, - to eight countries of Central and Eastern Europe via Sberbank Europe AG (former VBI), as well as Turkey via DenizBank. Sberbank has representative offices in Germany and China, a branch in India and operations in Switzerland via Sberbank (Switzerland) AG.

Sberbank's major shareholder is the Central Bank of Russia, which owns 50% of the Bank's share capital plus one voting share, while the remaining shareholder base is represented by international and domestic investors. The Bank's ordinary and preferred shares have been publicly traded in Russia since 1996; Sberbank's American Depositary Shares were listed on the London Stock Exchange, admitted to trading on the Frankfurt Stock Exchange and over the counter in the United States.

*General banking license by the Bank of Russia No. 1481.
Sberbank's official website is www.sberbank.ru.*

MESSAGE FROM THE CHAIRMAN

Turkish economy demonstrated relatively high growth pace among developing countries in the third quarter 2014, despite growing instability in the countries that Turkey exports to. Turkish economy focused on diversification of its exporting markets to withstand continued capital outflow. As such, we believe that Turkey will remain one of the most attractive economies for investment in the Central and Eastern Europe, Middle East and Africa regions.

After a rather challenging for the banking sector first quarter, when the Central Bank of Turkey increased interest rates, the second quarter witnessed loosening of the monetary policy and a rebound in global risk appetite. As a result, Turkish banks have started to demonstrate first signals of balancing.

The Sberbank Group faced new challenges due to changing geopolitical environment in the third quarter 2014, however, despite the headwinds, the Sberbank Group keeps its five-year strategy targets intact, and our Turkish subsidiary contribution to the results would be essential.

Despite market fluctuations that continued in the third quarter of the year, DenizBank demonstrated strong results and outperformed the sector in the first nine months of 2014. While DenizBank increased its loans and deposits by 11,5% and 17,6%, respectively, sector loans and deposits increased by 12,3% and 7,3%, respectively.

Reading the needs of the changing world very well, DenizBank continued to grow its wide range of products and services with new applications in the digital world. By enabling the compatibility option with credit cards of other banks on mobile wallet application fastPay, the Bank increased the number of fastPay users above 467 thousand, thanks to the 63 thousand new users who registered in the third quarter.

Harmonizing banking products and services with technology, DenizBank introduced "Digital Deniz", a new generation banking platform where all digital products are offered under one roof. Products such as "Digital Loan" and "Digital Deposit" differentiate themselves from similar ones with the customer experience and advantageous prices they offer.

DenizBank has been distinguished among the finalists in BAI - Banking Innovation Awards 2014, one of the most prestigious international awards that acknowledge innovations in the digital field, in 3 categories, recognizing 5 of its applications among the "firsts" in the world.

Having become a part of the Sberbank family two years ago, DenizBank steps forward in the Turkish banking sector thanks to its high brand awareness, innovative products and the quality service it provides to customers with its advanced technology. With the support of Sberbank, we believe that DenizBank will continue to exceed customer expectations in services and reach new achievements.

HERMAN GREF
CHAIRMAN

MESSAGE FROM THE PRESIDENT AND CEO

In the first nine months of 2014, Turkish banking sector continued its cautious growth due to the impacts of recent both domestic and foreign-based developments to Turkish economy. Showing a similar performance as in the first half, DenizBank managed to increase its customer deposits both on consolidated and unconsolidated basis by outperforming the sector thanks to its widening branch network and expanding customer portfolio with the contribution of its varied new generation banking. Increasing its assets higher than the sector, DenizBank displayed a similar performance with the sector in loan growth .

Our assets increased by 28% and 26% year on year basis & 18% on a year-to-date basis and reached TL 93,7 billion and TL 70,2 billion, respectively.

DenizBank's consolidated and unconsolidated customer deposits, the main source of funding, reached TL 58,4 billion and TL 39,4 billion, recording 30% and 24% yearly & 18% and 15% year-to-date increases, respectively. Expanding customer base up 17% year-on-year, parallel to the branch network consisting of 745 branches in 81 provinces of Turkey together with 34 branches of its foreign subsidiaries have been one of the most important factors in the increase of DenizBank deposits. Beside deposits, in 2014, DenizBank issued bonds in the amount of TL 2,0 billion and obtained securitization loans amounting to total of USD 410 million with 5-8 years maturity diversifying its funding base.

In the first nine months of 2014, DenizBank continued to transfer its funds into the economy with its wide range of products portfolio, and reached its consolidated loans to TL 62,9 billion increasing by 20% y-o-y and 11% y-t-d. Unconsolidated loan volume was realized at TL 42,4 billion, growing by 14% y-o-y and 10% y-t-d. With a considerable contribution of Sberbank while achieving a 16% growth in corporate segment particularly in energy and tourism sector with the financial support provided to the investments through project finance, on the retail side 25% increase in total of SME and agri loans were effective in overall growth. DenizBank performed a limited increase in consumer and credit card loans reaching TL 11,2 billion and TL 4,1 billion, respectively.

Our consolidated and unconsolidated shareholders' equity increased by 13% and 11% compared to the end of 2013, reaching TL 6,9 billion and TL 5,4 billion, respectively. Together with the subordinated loan amounting to EUR 115 million obtained in the third quarter, the total amount of the subordinated loans from our main shareholder Sberbank reached USD 1.195 million.

DenizBank reported its consolidated net profit of TL 777 million in the first nine months of 2014 while recording TL 503 million unconsolidated net profit. While profitability ratios have been decreasing in sector general, DenizBank recorded 16% of consolidated ROE, higher than the sector average of around 12%.

In its 10th anniversary of its foundation, DenizBank Private Banking has been granted an award in the category of "Best Private Bank Turkey 2014" by one of the world's leading financial portal, Global Banking and Finance Review thanks to its successful business model and network synergy with DenizBank.

Thanks to its innovative approaches in banking sector, DenizBank has been granted 3 gold and 6 bronze awards in "International Business Awards" organized by Stevie Awards, one of the most prestigious global organizations of the business world in which banks from Turkey competed as well as participants from more than 60 countries.

DenizBank has become finalist in 5 different innovation projects in three categories at 2014 BAI - Finacle Global Banking Innovation Awards given in the field of technology by the prestigious institution of financial services sector, USA based Bank Administration Institute (BAI). In such a platform where 200 applications from more than 120 financial institutions on a global scale participated, our bank became the only bank as a finalist among 8 different institutions joining from Turkey. Besides, DenizBank also became finalist in two fields thanks to its innovative application fastPay in scope of Financial World Innovation Awards 2014.

In its 17th year, DenizBank will continue to write new success stories together with the Sberbank family, driven by dynamism of being a young bank and self-confidence of the unique success story achieved with a devoted work.

HAKAN ATEŞ
THE PRESIDENT AND CEO

CHANGES IN SHAREHOLDING STRUCTURE AND PAID-IN CAPITAL

As of 30 September 2014, DenizBank's shareholding structure is presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

Shareholders	Number of Shares	Nominal Value (TL)	% of Shares
Sberbank of Russia	715.044.303,335	715.044.303	99,85%
Other	33,981	34	0,00%
Publicly Traded	1.055.662,684	1.055.663	0,15%
Total	716.100.000,000	716.100.000	100,00%

SHARES HELD BY THE MANAGEMENT

DenizBank's President and CEO Hakan Ateş has 11,327 shares, corresponding to 0,000002% of the capital.

CHANGES IN DFSG COMPANIES

DenizBank AG, headquartered in Austria, opened 10 new branches and reached 34 branches in the first nine months of 2014.

At the meeting of its Board of Directors held on 6 February 2014, Deniz Real Estate Investment Trust (Deniz REIT) was decided to be merged with Pupa Real Estate Rental and Management Services through the simplified merger method within the framework of the related regulations. An application was submitted to the Capital Markets Board on 11 February 2014. CMB approved the application with a decision dated 15 May 2014 and the merger transaction was registered on 11 June 2014.

As a result of the mandatory tender call made in Borsa Istanbul on 23 January 2013, the share of DenizYatırım Securities (DenizYatırım) in Deniz REIT increased to 91,38%.

The paid-capital of Eurodeniz, 100% of its shares owned by DenizBank, was increased from USD 1,3 million to USD 3,5 million.

The paid-capital of DenizYatırım, 99,96% of its shares owned by DenizBank, was increased from TL 55 million to TL 150 million.

The company name of Deniz Varlık Yönetim A.Ş. (Deniz Asset Management) was changed to Destek Varlık Yönetim A.Ş. (Destek Asset Management).

The company name of Ekspres Yatırım Menkul Değerler A.Ş. (Ekspres Invest) was changed to Ekspres Menkul Değerler A.Ş. (Ekspres Securities).

DenizBank's and Deniz Faktoring's 34,6% and 16,4% shares in Deniz Leasing was transferred for TL 188,7 million and 89,3 million, respectively to Denizbank AG, Austria based bank of the Group.

AMENDMENTS TO ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association between 01.01.2014 and 30.09.2014.

TYPE AND AMOUNT OF THE CAPITAL MARKET INSTRUMENTS ISSUED

List of capital market instruments issued by DenizBank in 2014 are as follows:

Funding	Amount	Maturity	Issue Date	Maturity Date
Bond	TL 75.000.000	75 days	8 January 2014	24 March 2014
Bond	TL 125.000.000	147 days	8 January 2014	4 June 2014
Bond	TL 115.000.000	114 days	10 February 2014	4 June 2014
Bond	TL 81.830.000	102 days	24 March 2014	4 July 2014
Bond	TL 183.170.000	170 days	24 March 2014	10 September 2014
Bond	TL 135.333.408	95 days	31 March 2014	4 July 2014
Bond	TL 152.290.488	163 days	31 March 2014	10 September 2014
Bond	TL 85.000.000	177 days	21 April 2014	15 October 2014
Bond	TL 57.600.000	112 days	4 June 2014	24 September 2014
Bond	TL 127.400.000	179 days	4 June 2014	30 November 2014
Bill	TL 15.000.000	728 days	4 June 2014	1 June 2016
Bond	TL 157.967.322	89 days	4 July 2014	1 October 2014
Bond	TL 62.032.678	179 days	4 July 2014	30 December 2014
Bond	TL 80.000.000	140 days	23 July 2014	10 December 2014
Bond	TL 40.000.000	103 days	8 September 2014	17 December 2014
Bond	TL 12.640.000	98 days	10 September 2014	17 December 2014
Bond	TL 197.360.000	177 days	10 September 2014	6 March 2015
Bond	TL 90.000.000	98 days	1 October 2014	7 January 2015
Bond	TL 110.000.000	177 days	1 October 2014	27 March 2015
Bond	TL 16.990.000	91 days	15 October 2014	14 January 2015
Bond	TL 53.010.000	124 days	15 October 2014	16 February 2015
TOTAL-Bill-Bond	TL 1.972.623.896			

DONATIONS

List of donations made by DenizBank in the first nine months of 2014 are as follows:

INSTITUTION NAME	Amount (TL)
TÜRK EĞİTİM DERNEĞİ	81.226
GALATASARAY SPOR KLÜBÜ DERNEĞİ	4.163
CERRAHPAŞA TIP FAKÜLTESİ	4.000
İSTANBUL TEKNİK ÜNİVERSİTESİ VAKFI	2.500
TÜRK EĞİTİM VAKFI	1.080
TEMA VAKFI	232
ÇAĞDAŞ YAŞAMI DESTEKLEME DERNEĞİ	100
TOTAL	93.301

AMENDMENTS TO RATING NOTES

The amendments to Ratings of DenizBank assigned by Fitch Ratings and Moody's in 2014 are below.

On 3 June 2014, Moody's revised DenizBank's long term deposit ratings to 'Ba1' from 'Baa3', short term deposit ratings to 'Not Prime' from 'Prime3', bank financial strength rating (BCA) to 'D-(ba3)' from 'D+(ba1) and ratings outlook as 'stable'.

On 15 April 2014, Fitch Ratings affirmed DenizBanks' short term ratings (F3) and long term ratings (BBB-) and revised long term ratings' outlook from 'stable' to 'negative', viability rating from 'bbb-' to 'bb+' and national rating from 'AAA(tur)' to 'AA+(tur)'.

Ratings are as follows:

Moody's*

Long Term Foreign Currency Deposits	Ba1 / Stable
Short Term Foreign Currency Deposits	Not Prime
Long Term Local Currency Deposits	Ba1 / Stable
Short Term Local Currency Deposits	Not Prime
Bank Financial Strength Rating (BCA)	D-(ba3) / Stable

*As of 03.06.2014

FitchRatings**

Long Term Foreign Currency	BBB- / Negative
Short Term Foreign Currency	F3
Long Term Local Currency	BBB- / Negative
Short Term Local Currency	F3
Viability	bb+
Support	2
National	AA+ (tur) / Negative

**As of 15.04.2014

SECTION II - MANAGEMENT and CORPORATE GOVERNANCE

BOARD of DIRECTORS

Title	Name	Position	Beginning-End Date of Tenure
Chairman of the Board of Directors:	Herman Gref	Chairman-Non-executive	Sep 2012- Dec. 2015
Board Members:	Deniz Ülke Arıboğan	Vice Chairman-Independent	Dec 2012- Dec 2015
	Hakan Ateş	Member-Executive	Jun 1997- Dec 2015
	Derya Kumru	Member-Executive	Dec 2012- Dec 2015
	Nihat Sevinç	Member-Independent	Dec 2012- Dec 2015
	Wouter G.M. Van Roste	Member-Non-Executive	Jun 2009- Dec 2015
	Denis Bugrov	Member-Non-executive	Sep 2012- Dec 2015
	Vadim Kulik	Member-Non-executive	Sep 2012- Dec 2015
	Alexander Vedyakhin	Member-Executive	Nov 2012 - Dec 2015
	Igor Kondrashov	Member-Non-executive	Dec 2012 - Dec 2015
	Artem Dovlatov	Member-Non-executive	Mar 2014 - Dec 2015
	Alexander Morozov	Member-Non-executive	Dec 2012 - Dec 2015
	Sergey Gorkov	Member-Non-executive	Sept 2012- Dec 2015
	Timur Kozintsev	Member-Non-executive	July 2013- Dec 2015

EXECUTIVE MANAGEMENT

Title	Name	Position	Experience
President & CEO:	Hakan Ateş	President & CEO	32 years
Executive Vice Presidents:	Mehmet Aydođdu	Commercial Banking and Public Finance-EVP	16 years
	Bora Bócügöz	Treasury, Financial Institutions, Private Banking-EVP	24 years
	Suavi Demirciođlu	Financial Affairs-EVP	23 years
	Dilek Duman	Information Technology and Support Operations-EVP-Chief Operations Officer	24 years
	Murat Çelik	Digital Generation Banking-EVP	21 years
	Tanju Kaya	Administrative Services-EVP	27 years
	Hayri Cansever	Corporate Banking-EVP	15 years
	Mustafa Özel	Branch and Central Operations-EVP	25 years
	Saruhan Özel	Economic Research, Strategy and Project Management-EVP	17 years
	Gökhan Sun	SME and Agricultural Banking-EVP	21 years
	İbrahim Şen	Credit Following and Risk Monitoring-EVP	20 years
	Selim Efe Teoman	Corporate and Commercial Credits - EVP	19 years
	Ayşenur Hıçkırın	Payment Systems and Non Branch Channels-EVP	17 years
	Ruslan Abil	Group Reporting and Asset/Liability Management - EVP	17 years
	Önder Özcan	Managerial Reporting and Budget Planning - EVP	16 years
	Necip Yavuz Elkin	Human Resources and Deniz Academy-EVP	21 years
	Burak Koçak	SME Banking- EVP	18 years
	Ođuzhan Özark	Retail Banking Sales Management - EVP	16 years
	Cemil Cem Önenç	Private Banking - EVP	17 years
	Hakan Turan Pala	Corporate and Commercial Credits Analysis - EVP	20 years
Ayperı Karahan	Retail, SME and Agricultural Banking Loan Allocation-EVP	26 years	
Ali Murat Dizdar	Chief Legal Advisor	22 years	
Secretary General:	Kürşad Taçalan	Secretary General	21 years
Internal Systems:	Ramazan Işık	Head of the Board of Internal Audit	14 years
	Cem Demirađ	Head of Internal Control Center and Compliance	22 years
	Sinan Yılmaz	Head of Risk Management	16 years

COMMITTEES

Committees Reporting to the Board of Directors

- Audit Committee
- Corporate Governance and Nomination Committee
- Remuneration Committee
- Credit Committee

Title	Name	Position	Experience/ years
<i>Audit Committee:</i>	Nihat Sevinç	Member	27
	Wouter Van Roste	Member	24
	Denis Bugrov	Member	18
<i>Corporate Governance and Nomination Committee:</i>	Deniz Ülke Arıboğan	Member	27
	Timur Kozintsev	Member	14
	Tanju Kaya	Member	27
	Yeliz Koraşlı Özdemir	Member	14
<i>Remuneration Committee:</i>	Sergey Gorkov	Member	19
	Nihat Sevinç	Member	27
<i>Credit Committee:</i>	Alexander Vedyakhin	Member	14
	Derya Kumru	Member	21
	Hakan Ateş	Member	32
	Sergey Gorkov	Associate Member	19
	Timur Kozintsev	Associate Member	14

Executive Committees

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

Within the Context of Corporate Governance;

124 Board decisions, 5 Audit Committee decisions and 11 Corporate Governance and Nomination Committee decisions were adopted between 1 January 2014 and 30 September 2014.

SECTION III- FINANCIAL INFORMATION

SUMMARY FINANCIAL HIGHLIGHTS

Summary Consolidated Financial Highlights (TL millions)				
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Securities ⁽¹⁾	11.048	7.601	7.894	8.656
Net Loans ⁽²⁾	62.941	56.466	52.362	38.801
Subsidiaries ⁽³⁾	71	19	82	18
Net Fixed Assets	575	573	512	456
Net Investment Properties	128	120	0	0
Total Assets	93.745	79.668	73.276	56.495
Customer Deposits ⁽⁴⁾	58.427	49.702	44.849	34.985
Time	46.415	39.091	35.185	27.950
Demand	12.012	10.611	9.664	7.034
Borrowings	12.137	10.985	9.577	7.003
Sub-ordinated Loans	3.867	2.354	2.251	888
Securities Issued	1.939	1.620	1.319	769
Shareholders' Equity	6.880	6.088	5.986	5.665
Paid-in Capital	716	716	716	716
Non-cash Loans	19.428	18.416	16.838	12.381
Interest Income	5.220	5.454	4.019	4.806
Interest Expense	-2.581	-2.443	-1.715	-2.337
Net Interest Inc. after Provisions	1.972	1.983	1.486	1.742
Non-interest Income	1.017	1.612	1.225	952
Non-interest Expense	-1.982	-2.327	-1.597	-1.739
Net Income	777	1.011	874	720
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Number of Branches ⁽⁵⁾	745	713	701	624
Number of Employees	14.829	14.413	14.166	11.618
Number of ATMs	3.868	3.749	3.667	3.180
Number of POS Terminals	197.383	185.980	170.459	122.567
Number of Credit Cards	3.071.672	2.717.839	2.759.708	2.191.590

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

⁽¹⁾ It is the sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

⁽²⁾ Includes factoring and leasing receivables.

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

⁽⁴⁾ Excludes bank deposits

⁽⁵⁾ Includes subsidiaries' branches

DenizBank Financial Services Group
2014 3rd Quarter Interim Activity Report
Section III - Financial Information

Summary Unconsolidated Financial Highlights (TL millions)				
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Securities ⁽¹⁾	9.158	6.135	6.624	7.392
Net Loans	42.364	38.637	37.209	28.191
Subsidiaries ⁽²⁾	1.566	1.577	1.359	1.004
Net Fixed Assets	528	550	495	443
Total Assets	70.192	59.427	55.720	44.198
Customer Deposits ⁽³⁾	39.409	34.328	31.655	25.807
Time	30.931	26.939	24.978	20.816
Demand	8.479	7.389	6.676	4.991
Borrowings	10.280	9.123	8.028	5.398
Sub-ordinated Loans	3.867	2.354	2.251	888
Securities Issued	1.489	1.371	1.121	772
Shareholders' Equity	5.445	4.915	4.925	5.030
Paid-in Capital	716	716	716	716
Non-cash Loans	19.379	18.326	16.639	12.106
Interest Income	4.243	4.515	3.347	4.095
Interest Expense	-2.114	-2.007	-1.406	-1.953
Net Interest Inc. after Provisions	1.504	1.540	1.149	1.476
Non-interest Income	852	1.143	914	1.131
Non-interest Expense	-1.819	-2.069	-1.482	-1.614
Net Income	503	454	419	813
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Number of Branches	711	689	680	610
Number of Employees	13.084	12.822	12.684	10.280
Number of ATMs	3.868	3.749	3.667	3.180
Number of POS Terminals	197.383	185.980	170.459	122.567
Number of Credit Cards	3.071.672	2.717.839	2.759.708	2.191.590

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

⁽¹⁾ It is the sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

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

⁽³⁾ Excludes bank deposits

ASSESSMENT of FINANCIAL POSITION and RISK MANAGEMENT

DenizBank continues its activities profitably, without compromising asset quality and strengthens its shareholder's equity. The share of the Bank's fixed asset investments in the shareholder's equity is at low levels. 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.

Return on Equity and Capital Adequacy (TL millions)				
	Consolidated			
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Capital Adequacy Ratio (%)	12,74	12,13	12,75	13,09
Return on Average Equity (%)	16,0	17,2	20,0	14,0
Free Capital ⁽¹⁾	5.186	4.604	4.530	4.258
Free Capital Ratio ⁽²⁾ (%)	5,53	5,78	6,18	7,54
	Unconsolidated			
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Capital Adequacy Ratio (%)	14,31	12,83	13,49	14,62
Return on Average Equity (%)	12,9	9,1	11,2	18,1
Free Capital ⁽¹⁾	2.512	2.066	2.373	2.810
Free Capital Ratio ⁽²⁾ (%)	3,58	3,48	4,26	6,36

⁽¹⁾ 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

⁽²⁾ Free Capital Ratio = Free Capital / Total Assets

Asset Quality				
	Consolidated			
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Non-performing Loans/Total Cash Loans Ratio (%)	3,3	2,8	3,2	3,5
Non-performing Loans Provision Ratio (%)	110,9	120,3	114,2	101,2
Loan Loss Provisions/Total Cash Loans Ratio (%)	3,6	3,4	3,6	3,6
Cost of Risk (%)	0,9	1,5	1,5	1,6
	Unconsolidated			
	30.09.2014	31.12.2013	30.09.2013	31.12.2012
Non-performing Loans/ Total Cash Loans Ratio (%)	4,1	3,5	3,8	4,1
Non-performing Loans Provision Ratio (%)	119,2	128,0	121,2	107,4
Loan Loss Provisions/ Total Cash Loans Ratio (%)	4,9	4,5	4,6	4,4
Cost of Risk (%)	1,3	2,1	2,1	2,1

RISK MANAGEMENT POLICIES

The Risk Management Group carries out comprehensive risk management activities which play a critical role in the identification of DenizBank's operational strategies. The Group is responsible for creating, auditing and reporting necessary policies and procedures to identify, measure, analyze and monitor risks, which are primarily real or potential risks including the risk/return ratio of cash flows. These policies and procedures follow the principles set by the Bank's executive management and Risk Management Group and approved by the Board of Directors.

Depending on the type of process involved, the Risk Management Group works in collaboration with the Audit Committee, Assets and Liabilities Committee, Credit Committee, Risk Committee, and the Internal Control and Compliance, and Internal Audit Departments as regards both policies and practices.

>> The Group periodically reports risk analyses to the Audit Committee and Assets and Liabilities Committees so as to guide them in determining and monitoring risk limits and developing risk management strategies.

>> Monitoring, analysis, assessment and modeling of credit risk are conducted, based on credit type, by the credit allocation departments of the related groups, namely the Credit Committee, Risk Committee and Risk Management Group. Results pertaining to credit risk are reported to the Board of Directors.

>> While each business unit is responsible for managing its own operational risk, the Risk Management Group sets policies and monitors and reports activities in coordination with the Internal Control, Compliance, and Internal Audit Department. Assessments are performed by the Risk Committee and the Audit Committee.

Risk management policies consist of risk identification, measurement and management processes. DenizBank conducts its banking activities by strictly adhering to risk management policies that aim to analyze risks and manage them within acceptable limits. DenizBank has adopted this as an integral principle in all of its operations to develop systems that comply with Basel II, and other guiding international risk management principles.

DenizBank has formulated risk management policies with regards to Sberbank's Group approach as seen below:

Market Risk

The Bank conducts its activities in the money and capital markets in accordance with its risk policies and limits. DenizBank measures market risk using the internationally accepted Value at Risk (VaR) method, which is known for its dynamic structure that adapts easily to changing market conditions. VaR quantifies the loss of value that the portfolio of the Bank and its financial subsidiaries might suffer at a given time and confidence interval as a result of fluctuations in risk factors. VaR analyses are supported by scenario analyses and stress tests. This method allows for 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. The Bank has formulated risk policies and established risk based limits with regards to its trading activities in money and capital markets.

Basel II/Credit Risk

In line with BRSA's regulations on Basel II, the Risk Management Group manages the calculation of legal credit risk weighted assets in the 1.Structural Block, in coordination with the Financial Affairs Group. Within the scope of the 2.Structural Block, the Bank calculates the annual general stress test according to its plans and scenarios; whereas the Internal Capital Assessment Process Report is prepared by Bank management and other departments in coordination. In order to ensure compliance with Basel II credit risk internal assessment methods, the Group participates in the development of the necessary credit risk models and coordinates efforts to integrate these with the data infrastructure. The Group is also in charge of the quality control and reporting of the credit levels yielded by the current internal credit assessment models.

DenizBank manages credit risk under four main groups: Corporate and Commercial Credits Group, Retail, SME and Agricultural Banking Credits Allocation Group, Credit Follow Up and Risk Monitoring Group, Credit Methodologies Group. Corporate and Commercial Credits Group performs credit analysis and allocation on the client basis for wholesale banking customers. Retail, SME and Agricultural Banking Credits Allocation Group while performs credit analysis on portfolio basis for retail banking clients, allocates credits individually. Credit Follow Up and Risk Monitoring Group is responsible for ensuring healthy operation of early warning systems, collection of credits, administrative and legal follow up of the credits. Credit Methodologies Group prepares credit policy and methodology documents, participates at credit risk models development and prepares reports of credit portfolio. Risk and limit controls are being made automatically by core banking system, the internal rating is applied to all clients as a part of credit risk management. Denizbank has 13 credit region offices in order to maintain effective customer and credit risk management.

Liquidity Risk

Liquidity adequacy is monitored within defined limits to ensure that the Bank has sufficient liquidity and reserves under any condition. While analyzing liquidity adequacy, any negative developments that may arise as a result of a change in market conditions or customer behavior are taken into account. The adequacy of existing liquidity and reserve opportunities are tested against these worst-case scenarios.

Operational Risk

All events bearing operational risk for the Bank and its subsidiaries are recorded in a manner that captures the causes and impacts of events and collections. Events that are frequent or significant are discussed by Internal Control, the Internal Audit Department and the concerned department, and corrective/preventive measures are put into practice. Potential operational risk is assessed by means of Risk and Control Self-Assessment. The adequacy of risk mitigation measures are reviewed during this study and new measures are implemented whenever deemed necessary. The Risk Management Group is also in charge of the coordination of the Business Continuity Program.

Structural Interest Rate Risk

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

GENERAL OUTLOOK of THE TURKISH ECONOMY and THE BANKING SECTOR

Evaluations regarding the developments in Turkish Economy and banking sector in the first nine months of 2014 have been summarized below.

The fact that Turkey's current account deficit reached 9,7% of the GDP in 2011 as a result of rapid GDP growth at the level of 9% both in 2010 and 2011 pushed authorities starting with the Central Bank of the Republic of Turkey to take some measures to slow down the economy through credit growth; consequently Turkish economy grew by 2,2% in 2012 with a performance below the average growth of the previous 10 years. With the effect of the measures taken, current account deficit decreased by 3,6 points in 2012 down to 6,1% of the GDP while the inflation decreased by 4,3 points to the level of 6,2%. In the year 2013, Turkish economy grew 4,0%, better than in 2012 driven by revival of domestic demand although this growth figure is still below Turkey's potential. Acceleration in GDP growth was accompanied by growing current account deficit, which is a structural problem of Turkey. Upon the current account deficit reaching 8,1% of the GDP in 2013, authorities took a series of measures in the beginning of 2014 such as limiting number of installments for credit card purchasing, introducing the obligation of equity contribution for some types of loans and implementing single, consolidated limit for credit cards of consumers with all issuers in order to curb the current account deficit in a structural way and to develop savings. Furthermore, increase in interest rates on a global scale and deteriorated inflationary expectations upon annual inflation rate reaching 7,4% in Turkey led the Central Bank of the Republic of Turkey to increase the policy rate to 10,0% at the beginning of 2014. Driven by all these factors, growth rate of banking sector credits, mainly credit cards had a considerable deceleration in the first quarter of 2014. With the help of the increasing global risk appetite, interest rates decreased in the second quarter of 2014. Parallel to the decrease on the risk premium, Central Bank of the Republic of Turkey which increased policy rates by 300bps in January, cut the policy rate in the rest of the year by 175 bps in total to 8,25% in July. However, Central Bank of the Republic of Turkey discontinued interest rate cuts due to the decreasing risk appetite and being the inflation above target parallel to the increased geopolitical risks in the third quarter. In the first nine months of the year, consumer loans showed a moderate growth of 5% due to macro-prudential measures and interest rate hikes in the beginning of the year.

Parallel to the decrease of internal and external imbalances, rating agencies upgraded sovereign ratings. Fitch Ratings and Moody's upgraded Turkey's long term foreign currency ratings to investment grade of BBB- and Baa3, respectively. Budget discipline was also a supporting drive on rating upgrades. Thus 2013 ended with a very low budget deficit as 1,2% and public debt to GDP ratio has been still below 40%. Medium Term Program also indicates the fact that this budget discipline will be continued until 2017. Parallel to this view, it will be possible to decrease budget deficit to 0,3% and public debt to GDP will force to levels below 30% in 2017.

Evaluation of the banking sector according to the September 2014 data*:

-Loan volume (excluding financial sector loans)	TL 1.165 billion
TL Loan volume (excluding financial sector loans)	TL 836 billion
FX Loan volume (excluding financial sector loans)	USD 147 billion
-Deposit Volume (excluding interbank deposits)	TL 1.029 billion
TL Deposit Volume (excluding interbank deposits)	TL 628 billion
FX Deposit Volume (excluding interbank deposits)	USD 178 billion

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In the first nine months of 2014, the total loan volume of the Banking sector increased by 12% compared to the end of 2013 and by 19% compared to the same period of the previous year and reached TL 1.165 billion. In the first three quarter of 2014, mortgage, general purpose, commercial and corporate loans became the segments with priority impact on total loan increase. Contrary to the 2013 trend, consumer loans indicated a %5 increase compared to 2013 year-end rates and while a 8% increase year-on-year basis. On the other hand, credit card loans decreased by 8% and 7%, in the nine months and year-on-year basis, respectively. Commercial and corporate loans including SME loans grew by 16% in the first nine months. While completing the year of 2013 at level of 2,7% from its highest level of 5,8% during the crisis, the total NPL ratio increased to 2,87%, as a result of 19% rise in NPL portfolio compared to the end of 2013 as at September 2014.

Total deposits reached TL 1.029 billion by increasing 14% compared to the same period of 2013 and only 7% according to 2013-end. The sector's total equity as of September rose by 16% y-o-y and reached TL 219 billion. The net profit of the banking sector in the first nine months was realized as TL 18,8 billion recording a 6% 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 Public Disclosure Platform, click the link below:
<http://www.denizbank.com/en/investor-relations/announcements/default.aspx>
- 2- To download DenizBank 30.09.2014 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 2013 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>