

Interim Activity Report 1Q 2015

DenizBank Financial
Services Group



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

DENİZBANK A.Ş.
2015 1st QUARTER- INTERIM ACTIVITY REPORT
STATEMENT of RESPONSIBILITY

The Interim Activity Report related to the period between 01.01.2015 and 31.03.2015 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 Nr. II-14.1 “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,

07 May 2015

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

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: 714

of Foreign Branches: 43 (including subsidiaries' branches)

of Employees: 14.839

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)

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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	-
JSC 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 715 domestic DenizBank branches, including one in Bahrain, DenizBank AG has 42 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%, 45% (retail deposits), 37% (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 thousand branches. Sberbank promotes banking via remote channels, which include the largest ATM network of Russia of over 90 thousand 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.

Sberbank has international operations in the CIS region in Kazakhstan, Ukraine and Belarus, eight countries in Central and Eastern Europe via Sberbank Europe AG, and 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

The Turkish economy is undergoing a rather challenging period with low industrial growth and subdued demand from main trading partners. A high inflation and depreciating lira prevents the Central Bank to implement more growth supportive measures.

Turkish banking sector remained balanced over the past three quarters, with capital adequacy level above 15%, loan to deposit ratio stable at 116% and relatively stable NPLs at 2.9%. DenizBank's performance is in-line with the sector, demonstrating strong results in the first three months of 2015. DenizBank increased its loans by 7%, continuing to make progress with Sberbank Group targets, while the sector loans increased by 6%.

Reading the needs of the clients and developing its products and services along with new digital innovations, DenizBank continued to provide its customers with a comfortable banking experience through "Digital Deniz", a new generation banking platform where all digital products are offered under one application. Making a difference in the sector, DenizBank's fastPay application earned yet another award on the international arena for its technological infrastructure and ease of use and service quality, being a first prize winner in "Mobile Payment" category of MPE (Merchant Payment Ecosystem Awards).

As an important member of the Sberbank Group, DenizBank will strive to bring financial and operational success with advancing customer satisfaction as it continually improves quality of services to its clients.

HERMAN GREF
CHAIRMAN

MESSAGE FROM THE PRESIDENT AND CEO

In the first three months of 2015, Turkish banking sector continued its cautious growth due to the impacts of recent domestic and foreign-based developments to Turkish economy. DenizBank displayed a similar performance with the sector in asset, loan and deposit growth in the first quarter of the year.

Our consolidated and unconsolidated assets increased by 16% and 14% on a year on year basis & 5% and 6% on a year-to-date basis and reached TL 99,2 billion and TL 73,5 billion, respectively.

DenizBank's consolidated and unconsolidated customer deposits, the main source of funding, reached TL 64,4 billion and TL 43,1 billion, recording 22% and 19% yearly increases, respectively & 4% year-to-date rise. Expanding customer base up 12% year-on-year, parallel to the branch network consisting of 757 branches in 81 provinces of Turkey together with 42 branches of its foreign subsidiaries, have been one of the most important factors in the increase of DenizBank's deposits. Beside deposits, in 2015 DenizBank issued bonds in the amount of TL 671 million, diversifying its funding base.

In the first three months of 2015, DenizBank continued to transfer its funds into the economy with its wide range of product portfolio, and reached its consolidated loans to TL 68,9 billion increasing by 17% y-o-y and 7% y-t-d. Unconsolidated loan volume was realized at TL 46,3 billion, growing by 16% y-o-y and 7% y-t-d.

Our consolidated and unconsolidated shareholders' equity increased by 3% and 2% compared to the end of 2014, reaching TL 7,3 billion and TL 5,8 billion, respectively.

DenizBank reported its consolidated net profit of TL 269 million in the first three months of 2015 while recording TL 187 million unconsolidated net profit. DenizBank recorded 15% of consolidated ROE, higher than the sector average of around 11%.

Thanks to its sales and customer satisfaction oriented approaches in the banking sector, DenizBank has been granted 9 awards; 6 gold, 6 silver and 7 bronze awards in "Awards for Sale and Customer Service" organized in which more than 2.000 corporations from 65 countries competed and which was held by Stevie Awards, one of the most prestigious global award organizations of the business World. With the high scores it obtained in the evaluation of the jury, DenizBank won "Grand Stevie" award granted only to the most valuable companies and was granted 20 awards in total.

In its 18th 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 31 March 2015, 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%

Board of Directors of the Bank, as its meeting held on 11 February 2015, has decided:

- To increase the Bank's share capital from 716.100.000.-TL to 1.816.100.000.-TL;
- The increased amount of 1.100.000.000.-TL to be covered as follows:
 - 94.501.078,19.-TL from the Share Premiums,
 - 3.910.025,59.-TL from the Share Premiums' Inflation Valuation Differences,
 - 189.164.065,04.-TL from the Inflation Valuation Differences of Paid-In Capital,
 - 262.424.831,18.-TL from the Revenues from the Sale of Shares in Subsidiaries and Participations, and of Real Estate,
 - The remaining 550.000.000.-TL to be undertaken in cash by the shareholders and paid before the registration of the share capital increase.

In accordance with the decision of Board of Directors of the Bank regarding the capital increase of our Bank, applications have been made to Capital Markets Board and Banking Regulatory and Supervisory Agency for approval of amendment of the Article 6 "CAPITAL OF THE BANK" of the Bank's Articles of Association and capital increase on 7 April 2015.

TL 550.000.000 in cash for the capital increase was transferred by the main shareholder Sberbank of Russia to a blocked account in our Bank. In line with the permission dated 06.05.2015 of the Banking Regulation and Supervision Agency, the amount is considered as Tier II capital until capital increase process is finalized.

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

There are no material changes in DFSG companies between 01.01.2015 and 31.03.2015.

AMENDMENTS TO ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association between 01.01.2015 and 31.03.2015.

In accordance with the decision of Board of Directors of the Bank regarding the capital increase of our Bank from TL 716.100.000 to TL 1.816.100.000, applications have been made to Capital Markets Board and Banking Regulatory and Supervisory Agency for approval of amendment of the Article 6 "CAPITAL OF THE BANK" of the Bank's Articles of Association on 7 April 2015.

DONATIONS

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

INSTITUTION NAME	Amount (TL)
İLBAK GENÇLİK VE SPOR KULÜBÜ DERNEĞİ	100.000
ODTÜ GELİŞTİRME VAKFI	15.000
OTHER	9.483
TOTAL	124.483

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 60.000.000	177 days	7 January 2015	3 July 2015
Bond	TL 100.000.000	116 days	16 February 2015	12 June 2015
Bond	TL 50.000.000	90 days	6 March 2015	4 June 2015
Bond	TL 56.000.000	175 days	6 March 2015	28 August 2015
Bond	TL 60.000.000	84 days	27 March 2015	19 June 2015
Bond	TL 140.000.000	175 days	27 March 2015	18 September 2015
Bond	TL 65.000.000	105 days	10 April 2015	24 July 2015
Bond	TL 40.000.000	175 days	24 April 2015	16 October 2015
Bond	TL 57.637.900	70 days	24 April 2015	3 July 2015
Bond	TL 42.362.100	175 days	24 April 2015	16 October 2015
TOTAL-Bond	TL 671.000.000			

AMENDMENTS TO RATING NOTES

The amendments to Ratings of DenizBank assigned by Fitch Ratings and Moody's in 2015 are below.

On 16 January 2015, Fitch Ratings revised DenizBanks' Short Term Ratings from 'F3' to 'B', Long Term Ratings from 'BBB-' to 'BB+' and Long Term Ratings' outlook from 'Negative' to 'Stable'. Revising Support Rating from '2' to '3' and National Rating from 'AA+(tur)' to 'AA(tur)', Fitch affirmed Viability Rating as 'bb+'.

On 26 March 2015, Fitch Ratings affirmed DenizBanks' Long Term Ratings as 'BB+' with 'Stable' outlook, National Rating as 'AA(tur)' with 'Stable' Outlook, Short Term Ratings as 'B', Viability Rating as 'bb+' and Support Rating as '3'.

On 27 February 2015, Moody's revised DenizBank's Long Term Deposit Ratings from 'Ba1' to 'Ba2' with 'Negatif' Outlook. DenizBank's Short Term Deposit Ratings-'Not-Prime', Bank Financial Strength Rating (BCA) -'D-(ba3)' were remained unchanged with 'Stable' outlook. This was an action following the lowering of Sberbank's Short and Long Term Deposit Ratings, BFSR and BCA Ratings on 24 February 2015 after Moody's downgrade action on Russia's Short and Long Term Ratings on 20 February 2015.

DenizBank Financial Services Group
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Section I - Introduction

On 17 March 2015, within the scope of the changes on its bank rating methodology, Moody's announced that BFSR has been withdrawn and BCA will be the only indicator of issuers' standalone intrinsic strength. In this context, DenizBank's BFSR was withdrawn and BCA kept same as 'ba3' in the Credit Opinion dated 15 April 2015. Ratings are as follows:

Moody's*

Long Term Foreign Currency Deposits	Ba2 / Negative
Short Term Foreign Currency Deposits	Not Prime
Long Term Local Currency Deposits	Ba2 / Negative
Short Term Local Currency Deposits	Not Prime
Baseline Credit Assesment (BCA)	ba3

*As of 27.02.2015

FitchRatings**

Long Term Foreign Currency	BB+ / Stable
Short Term Foreign Currency	B
Long Term Local Currency	BB+ / Stable
Short Term Local Currency	B
Viability	bb+
Support	3
National	AA (tur) / Stable

**As of 26.03.2015

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
	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

* Denis Bugrov resigned his duties as of 31 March 2015. No assignment yet.

EXECUTIVE MANAGEMENT

Title	Name	Position	Experience (years)
President & CEO:	Hakan Ateş	President & CEO	33
Executive Vice Presidents:	Mehmet Aydoğdu	Commercial Banking and Public Finance-EVP	17
	Bora Böcügöz	Treasury, Financial Institutions, Private Banking-EVP	25
	Suavi Demircioğlu	Financial Affairs-EVP	24
	Dilek Duman	Information Technology and Support Operations-EVP-Chief Operations Officer	25
	Murat Çelik	Digital Generation Banking-EVP	22
	Tanju Kaya	Administrative Services-EVP	28
	Hayri Cansever	Corporate Banking-EVP	16
	Mustafa Özel	Branch and Central Operations-EVP	26
	Saruhan Özel	Economic Research, Strategy and Project Management-EVP	18
	Gökhan Sun	SME and Agricultural Banking-EVP	22
	İbrahim Şen	Credit Following and Risk Monitoring-EVP	21
	Selim Efe Teoman	Corporate and Commercial Credits - EVP	20
	Ayşenur Hıçkırın	Payment Systems and Non Branch Channels-EVP	18
	Ruslan Abil	Group Reporting and Asset/Liability Management - EVP	18
	Önder Özcan	Managerial Reporting and Budget Planning - EVP	17
	Necip Yavuz Elkin	Human Resources and Deniz Academy-EVP	22
	Burak Koçak	SME Banking- EVP	19
	Oğuzhan Özark	Retail Banking Sales Management - EVP	17
	Cemil Cem Önenç	Private Banking - EVP	18
	Hakan Turan Pala	Corporate and Commercial Credits Analysis - EVP	21
Ayperi Karahan	Retail, SME and Agricultural Banking Loan Allocation-EVP	27	
Edip Kürşad Başer	Corporate Credit Policies-EVP	25	
Ali Murat Dizdar	Chief Legal Advisor	24	
Secretary General:	Kürşad Taçalan	Secretary General	22
Internal Systems:	Ramazan Işık	Head of the Board of Internal Audit	15
	Cem Demirağ	Head of Internal Control Center and Compliance	23
	Sinan Yılmaz	Head of Risk Management	17

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	28
	Wouter Van Roste	Member	25
<i>Corporate Governance and Nomination Committee:</i>	Deniz Ülke Arıboğan	Member	28
	Timur Kozintsev	Member	15
	Tanju Kaya	Member	28
	Yeliz Koraşlı Özdemir	Member	15
<i>Remuneration Committee:</i>	Sergey Gorkov	Member	20
	Nihat Sevinç	Member	28
<i>Credit Committee:</i>	Alexander Vedyakhin	Member	15
	Derya Kumru	Member	22
	Hakan Ateş	Member	33
	Sergey Gorkov	Associate Member	20
	Timur Kozintsev	Associate Member	15

Executive Committees

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

Within the Context of Corporate Governance;

42 Board decisions, 2 Audit Committee decisions and 2 Corporate Governance and Nomination Committee decisions were adopted between 1 January 2015 and 31 March 2015.

SECTION III- FINANCIAL INFORMATION

SUMMARY FINANCIAL HIGHLIGHTS

Summary Consolidated Financial Highlights (TL millions)				
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Securities ⁽¹⁾	12.357	11.664	8.369	7.601
Net Loans ⁽²⁾	68.919	64.564	58.723	56.466
Banks	19	19	19	19
Total Assets	99.233	94.403	85.879	79.668
Customer Deposits ⁽³⁾	64.417	61.831	52.688	49.702
Time	51.666	50.462	40.568	39.091
Demand	12.752	11.369	12.120	10.611
Borrowings ⁽⁵⁾	8.580	7.889	11.105	10.018
Sub-ordinated Loans	4.332	3.923	3.038	2.354
Securities Issued ⁽⁵⁾	3.428	3.393	2.690	2.587
Shareholders' Equity	7.347	7.161	6.364	6.088
Paid-in Capital	716	716	716	716
Non-cash Loans	22.260	20.452	19.184	18.416
Interest Income	1.911	7.080	1.687	5.454
Interest Expense	-1.001	-3.453	-845	-2.443
Net Interest Income after Provisions	558	2.675	571	1.983
Non-interest Income	502	1.276	403	1.612
Non-interest Expense	-707	-2.736	-619	-2.327
Net Income	269	939	278	1.011
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Number of Branches ⁽⁴⁾	757	758	725	713
Number of Employees	14.839	14.979	14.732	14.413
Number of ATMs	4.106	3.989	3.793	3.749
Number of POS Terminals	195.689	191.148	194.674	185.980
Number of Credit Cards	3.161.130	3.098.579	2.846.837	2.717.839

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⁾ Excludes bank deposits

⁽⁴⁾ Includes subsidiaries' branches

⁽⁵⁾ Securities issued by Special Purpose Entity DFS Funding Corp. are reported under Securities Issued

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Summary Unconsolidated Financial Highlights (TL millions)				
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Securities ⁽¹⁾	11.087	9.822	6.731	6.135
Net Loans	46.271	43.096	40.021	38.637
Banks	9.966	9.951	8.874	7.882
Total Assets	73.488	69.474	64.187	59.427
Customer Deposits ⁽²⁾	43.054	41.552	36.118	34.328
Time	34.814	34.188	27.480	26.939
Demand	8.240	7.364	8.637	7.389
Borrowings	7.890	7.508	9.684	9.123
Sub-ordinated Loans	4.332	3.923	3.038	2.354
Securities Issued	1.553	1.622	1.540	1.371
Shareholders' Equity	5.790	5.683	5.104	4.915
Paid-in Capital	716	716	716	716
Non-cash Loans	22.216	20.422	19.120	18.326
Interest Income	1.537	5.744	1.375	4.515
Interest Expense	-843	-2.838	-691	-2.007
Net Interest Income after Provisions	354	2.019	431	1.540
Non-interest Income	531	1.121	379	1.143
Non-interest Expense	-651	-2.509	-571	-2.069
Net Income	187	566	190	454
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Number of Branches	715	716	699	689
Number of Employees	13.039	13.187	13.066	12.822
Number of ATMs	4.106	3.989	3.793	3.749
Number of POS Terminals	195.689	191.148	194.674	185.980
Number of Credit Cards	3.161.130	3.098.579	2.846.837	2.717.839

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⁽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⁾ 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			
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Capital Adequacy Ratio (%)	12,60	12,87	12,10	12,13
Return on Average Equity (%)	14,8	14,2	17,9	17,2
Free Capital ⁽¹⁾	5.463	5.397	4.846	4.604
Free Capital Ratio ⁽²⁾ (%)	5,50	5,72	5,64	5,78
	Unconsolidated			
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Capital Adequacy Ratio (%)	13,53	14,09	13,41	12,83
Return on Average Equity (%)	13,1	10,7	15,2	9,1
Free Capital ⁽¹⁾	2.648	2.623	2.122	2.066
Free Capital Ratio ⁽²⁾ (%)	3,60	3,78	3,31	3,48

⁽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			
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Non-performing Loans/Total Cash Loans Ratio (%)	3,2	3,0	2,9	2,8
Non-performing Loans Provision Ratio (%)	106,4	112,4	119,1	120,3
Loan Loss Provisions/Total Cash Loans Ratio (%)	3,5	3,4	3,5	3,4
Cost of Risk (%)	1,2	1,1	1,0	1,5
	Unconsolidated			
	31.03.2015	31.12.2014	31.03.2014	31.12.2013
Non-performing Loans/ Total Cash Loans Ratio (%)	4,1	3,8	3,7	3,5
Non-performing Loans Provision Ratio (%)	113,6	120,0	125,8	128,0
Loan Loss Provisions/ Total Cash Loans Ratio (%)	4,7	4,6	4,6	4,5
Cost of Risk (%)	1,8	1,5	1,4	2,0

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 three months of 2015 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% at the end of 2014.. In 2014, consumer loans showed a 15 % growth at the level of targeted by Central Bank of the Republic of Turkey 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 2014 ended same as 2013 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 March 2015 data*:

-Loan volume (excluding financial sector loans)	TL 1.301 billion
TL Loan volume (excluding financial sector loans)	TL 911 billion
FX Loan volume (excluding financial sector loans)	USD 150 billion
-Deposit Volume (excluding interbank deposits)	TL 1.122 billion
TL Deposit Volume (excluding interbank deposits)	TL 670 billion
FX Deposit Volume (excluding interbank deposits)	USD 174 billion

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In the first quarter of 2015, the total loan volume of the banking sector increased by 6% compared to the end of 2014 and by 21% compared to the same period of the previous year and reached TL 1.301 billion. In the first quarter of 2015, mortgage, general purpose, commercial and corporate loans became the segments with priority impact on total loan increase. Consumer loans indicated a 4% increase compared to 2014 year-end rates and while a 15% increase year-on-year basis. On the other hand, credit card loans remained flat in the first three months of the year and while decreased 5% on year-on-year basis. Commercial and corporate loans including SME loans grew by 8% in the first three months. While completing the year of 2014 at level of 2,88% from its highest level of 5,8% during the crisis, the total NPL ratio decreased by 2bps to 2,86% as at March 2015.

Total deposits reached TL 1.122 billion by increasing 16% compared to the same period of 2014 and only 5% according to 2014-end. The sector's total equity as of March rose by 16% y-o-y and reached TL 235 billion. The net profit of the banking sector in the first three months was realized as TL 6,7 billion recording a 10% y-o-y increase.

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

FURTHER INFORMATION

- 1- To view the material disclosures made in Public Disclosure Platform, click the link below:
<http://www.denizbank.com/en/investor-relations/announcements/default.aspx>
- 2- To download DenizBank 31.03.2015 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 2014 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>